



Nonresidents/Part-Year Residents 2008

Your last name Social Security number Your residency status in 2008: [] Nonresident of Minnesota; Resident of (state) [] Minnesota resident from (mm/dd/yyyy) to (mm/dd/yyyy)

Read the instructions for this schedule, which are on a separate sheet. Before you can complete this schedule, you must complete lines 1 through 13 of Form M1.

Table with 3 columns: Description, A. Total amount, B. Minnesota portion (see instructions). Rows include Income (lines 1-11), Deductions and subtractions (lines 12-21), and Tax calculation (lines 22-27).

Stock No. 10080808

You must include this schedule with Form M1. Also enter amounts from lines 23 and 24 of this schedule on lines 14a and 14b of Form M1.

Schedule M1NR Instructions 2008

Nonresidents/Part-Year Residents

What's new?

You are required to include, as Minnesota source income, wages received for work performed while a Minnesota resident but deferred to a year when you were a nonresident. Include this income on line 1, column B.

Who must file

If you were a nonresident or part-year Minnesota resident in 2008, you may reduce your Minnesota tax by completing Schedule M1NR. To determine if you are a full-year resident, part-year resident or nonresident for tax purposes, see Fact Sheet 1, *Residency*.

You must file a Minnesota Form M1 and Schedule M1NR, if you and your spouse received **gross income** assignable to Minnesota of \$8,950 or more, including income passed through to you from all fiduciaries (line 18 of Schedule KF), partnerships (line 17 of Schedule KPI), and S corporations (line 17 of Schedule KS).

Gross income is income before any deductions and expenses. Gross income does not include military pay to the extent that you can subtract it.

If you are married and one spouse is a Minnesota resident, you must file a joint Minnesota return if you are filing a joint federal return. Be sure to include Schedule M1NR when you file your return.

If your Minnesota gross income is below the minimum filing requirement (less than \$8,950), and you had tax withheld or paid estimated tax, follow the steps below to complete your Schedule M1NR:

- 1 Complete lines 1–11 of Schedule M1NR.
- 2 Skip lines 12–22.
- 3 Enter a zero on line 23.
- 4 Enter the amount from line 11, column A, on line 24.
- 5 Then complete the rest of the schedule.

Be sure to enter the appropriate amounts from your Schedule M1NR on lines 14a, 14b and 14 of Form M1 and include the schedule when you file your return.

If you were a resident of Michigan, North Dakota or Wisconsin for all of 2008, do not complete this schedule if your only Minnesota source income is exempt due to reciprocity (see page 5 of the M1 instructions). Complete Schedule M1NR only if you received income from sources in Minnesota that does not qualify under reciprocity. (Income that qualifies for reciprocity includes wages, salaries, tips, commissions, bonuses, fees and similar compensation for work performed in Minnesota.)

Column A instructions

Round amounts to the nearest whole dollar.

Enter the appropriate amount from your 2008 federal or Minnesota income tax return, as instructed for each line.

Column B instructions

Round amounts to the nearest whole dollar.

Assign income or expenses to Minnesota according to the following instructions. However, if you are a partner or a shareholder, enter the amounts from the Schedule KPI or KS and follow the instructions with that schedule.

Line 1, column B

Wages, salaries, tips, etc.

Include wages, salaries and tips, commissions and bonuses received while a Minnesota resident. For nonresidents, include the amounts received from work performed in Minnesota while a nonresident, including amounts earned in a prior year but received in 2008.

Do not include on line 1, column B:

- Minnesota income earned while a resident of Michigan, Wisconsin or North Dakota that is covered under a reciprocity agreement, or
- military pay received while a *nonresident* (from line 23 of Schedule M1M).

Line 2, column B

Interest and ordinary dividend income

Include the interest and dividends you earned (or credited to your account) while you were a Minnesota resident.

Do not include any interest or mutual fund dividends you received from U.S. bonds.

Line 3, column B

Business income (loss)

Include net business income or loss incurred while a Minnesota resident, and amounts from Minnesota sources earned while a nonresident. Be sure to include income you received from operating a qualified business in a Job Opportunity Building Zone (JOBZ) in Minnesota.

Do not include income from personal or professional service performed in Minnesota while a resident of Michigan, North Dakota or Wisconsin.

Line 4, column B

Capital gain (loss)

Include net capital gain or loss received while a Minnesota resident, and net capital gain or loss from Minnesota sources received while a nonresident. Also include gains you received from the sale or exchange of real or tangible personal property used by a qualified business located in a JOBZ zone.

Nonresidents: If you sold a partnership interest and the gain was taxable to Minnesota and to your home state, see Schedule M1CRN.

Line 5, column B

IRA distributions and pensions and annuities

Include IRA distributions and pension and annuity payments received while a Minnesota resident.

Line 6, column B

Net income from rents, royalties, partnerships, S corporations, estates and trusts

Include income or loss reported on federal Schedule E from rents, royalties, partnerships, S corporations, estates and trusts recognized while a Minnesota resident, and amounts from Minnesota sources recognized while a nonresident.

Line 7, column B

Farm income (loss)

Include net farm income or loss incurred while a resident, and amounts from a Minnesota farm while a nonresident.

Line 8, column B

Other income

Include *other* income you received while a Minnesota resident and amounts from lines 14 and 21 of Form 1040 you received from Minnesota sources while a nonresident. (*Include all Minnesota gambling winnings.*)

Line 9, column B

Interest and dividends from non-Minnesota state or municipal bonds

Include the interest and dividends you earned from non-Minnesota state or municipal bonds while a Minnesota resident.

Line 10, column B

Other additions required by Minnesota

Include on line 10 the additions from lines 4 through 7 and 10 of your Schedule M1M that are attributable to income not taxable to Minnesota earned while a Minnesota resident or from Minnesota sources earned while a nonresident.

Line 12, column B

Certain business expenses

Include any business expenses paid while a Minnesota resident and from income earned as a performing artist or fee-basis government official that you earned in Minnesota while a nonresident.

If you are a member of the Reserves or National Guard, include any travel expenses paid while a resident and for meetings in Minnesota while a nonresident.

Line 13, column B

Pension plans

To determine your:

- *Minnesota Keogh deduction:* Multiply your federal Keogh deduction by the percentage you determined in step 1 of line 16.
- *Minnesota IRA, SEP or SIMPLE plan deduction:* Multiply your federal deduction by the percentage your Minnesota earned income is to your federal earned income (without lowering your wages by self-employment losses). For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received. Subtract deductible Keogh contributions and self-employment tax deductions (Schedule SE) from that total.

If your spouse also worked, determine the spousal deduction in the same way. Use only your spouse's earned income plus your spouse's federal IRA, SEP or SIMPLE plan deduction.

Line 14, column B

Health savings account and Archer MSA deductions

Add your health savings account deduction from line 25 of Form 1040 and the Archer MSA deduction included on line 36 of Form 1040. Multiply the result by the percentage your Minnesota earned income is to your federal earned income.

For purposes of this deduction only, earned income includes wages, self-employment income and all other earned income, plus all taxable alimony received.

Line 15, column B

Moving expenses

Include moving expenses paid while a Minnesota resident or that were attributable to a move into Minnesota.

Line 16, column B

Self-employment tax and self-employed health insurance

Follow the steps below:

- 1 Multiply line 27 of Form 1040 by the percentage that your Minnesota self-employment income is to your total self-employment income. (*Total self-employment income is the sum of lines 1a, 1b and 2 of federal Schedule SE.*) The result is your Minnesota self-employment tax deduction _____
- 2 Determine the amount you received from self-employment in Minnesota that is included on line 2 of the worksheet for line 29 of Form 1040 (or line 13 of the worksheet found in Publication 535) _____
- 3 Divide step 2 by line 2 of the worksheet (or line 13 of the worksheet found in Publication 535) _____
- 4 Multiply line 29 of Form 1040 by step 3. The result is your Minnesota self-employed health insurance deduction. _____
- 5 Add step 1 and step 4 _____

Enter the result from step 5 on line 16, column B.

Line 17, column B

Deductions for alimony paid and student loan interest

Part-year residents: Add the following items and enter the same total on line 17, column A and column B:

- alimony paid while a Minnesota resident included on line 31a of Form 1040, and
- the portion of federal student loan interest deduction (from line 33 of Form 1040 or line 18 of Form 1040A) that represents interest paid while a Minnesota resident.

Nonresidents: Enter zero on line 17, column A and column B.

Line 18, column B

Penalty on early withdrawal of savings

Enter the penalty on early withdrawal you paid while a Minnesota resident.

Line 20, column B

Net U.S. bond interest and active duty military pay received by a nonresident

The net amount of U.S. bond interest and active duty military pay received as a nonresident are not included in column B of lines 1 or 2. Therefore, there is no need for you to subtract these amounts on line 20, column B.

Line 21

JOBZ income subtractions

Enter the JOBZ zone income you were able to subtract on your Form M1 in both columns A and B.

Line 25

The result on line 25 is the percentage of Minnesota income to federal income.