

CHAPTER 8031
DEPARTMENT OF REVENUE
INCOME AND FRANCHISE TAXES
PARTNERSHIPS

8031.0100 INCOME AND CREDITS OF PARTNER.

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Subpart 1. [Repealed, 26 SR 435]

Subp. 2. [Repealed, 26 SR 435]

Subp. 3. **Gross income of a partner.** Where it is necessary to determine the amount or character of the gross income of a partner, gross income shall include the partner's distributive share of the partnership, that is, the amount of gross income of the partnership from which was derived the partner's distributive share of partnership taxable income or loss (including items described in Minnesota Statutes, section 290.31, subdivision 2, clause (1), (a) to (f)). For example, a partner is required to include the partner's distributive share of partnership gross income:

A. in computing gross income for the purpose of determining the necessity of filing a return (Minnesota Statutes, section 290.37);

B. in determining the application of the provision permitting the spreading of income for services rendered over a 36-month period (Minnesota Statutes, section 290.071, subdivision 2); and

C. in determining a partner's "gross income from farming" (Minnesota Statutes, section 290.09, subdivision 21).

In determining the applicability of the 6-1/2 year period of limitation on assessment and collection provided in Minnesota Statutes, section 290.49, subdivision 3 (relating to omission of more than 25 percent of gross income), a partner's gross income includes the partner's distributive share of partnership gross income. In this respect, the amount of partnership gross income from which was derived the partner's distributive share of any item of partnership income, gain, loss, deduction, or credit (as included or disclosed in the partner's return) is considered as an amount of gross income stated in the partner's return for the purposes of Minnesota Statutes, section 290.49, subdivision 3. For example, A, who is entitled to one-fourth of the profits of the ABCD partnership, which has \$10,000 gross income and \$2,000 taxable income, reports only \$300 as A's distributive share of partnership profits. A should have shown \$500 as A's distributive share of profits, which amount was derived from \$2,500 of partnership gross income. However, since A included only \$300 on the return without explaining in the return the difference of \$200, A is regarded as having stated in the return only \$1,500 (\$300/\$500 of \$2,500) as gross income from the partnership.

Statutory Authority: *MS s 270.06; 270C.06; 290.52*

History: *17 SR 1279; 26 SR 435; L 2005 c 151 art 1 s 114*

8031.0200 [Repealed, L 1987 c 268 art 1 s 128]

8031.0300 [Repealed, 26 SR 435]

8031.0400 [Repealed, L 1987 c 268 art 1 s 128]