

**290.0132 INDIVIDUALS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.**

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction" means an amount that shall be subtracted from federal taxable income in computing net income for the taxable year to which the amounts relate.

(b) The subtractions in this section apply to individuals, estates, and trusts.

(c) Unless specifically indicated or unless the context clearly indicates otherwise, no amount deducted, subtracted, or otherwise excluded in computing federal taxable income is a subtraction under this section.

Subd. 2. **Exempt interest.** Net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes, but exempt from state income tax under the laws of the United States, is a subtraction.

Subd. 3. **Overpayment of income tax.** The amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, is a subtraction, whether the amount is received as a refund or as a credit to another taxable year's income tax liability.

Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following amounts paid to others for each qualifying child are a subtraction:

(1) education-related expenses; plus

(2) tuition and fees paid to attend a school described in section 290.0674, subdivision 1, clause (4), that are not included in education-related expenses; less

(3) any amount used to claim the credit under section 290.0674.

(b) The maximum subtraction allowed under this subdivision is:

(1) \$1,625 for each qualifying child in kindergarten through grade 6; and

(2) \$2,500 for each qualifying child in grades 7 through 12.

(c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

Subd. 5. **Elderly and disabled.** The subtraction base amount allowed under section 290.0802 is a subtraction.

Subd. 6. **Gain on forced sale of farm property; foreclosure.** Income realized on disposition of property exempt from tax under section 290.491 is a subtraction.

Subd. 7. **Charitable contributions for taxpayers who do not itemize.** To the extent not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code is a subtraction.

Subd. 8. **Subnational foreign taxes.** (a) For individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year is a subtraction, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit.

(b) For purposes of this subdivision, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit.

**Subd. 9. Delayed bonus depreciation.** (a) In each of the five taxable years immediately following the taxable year in which an addition is required under section 290.0131, subdivision 9, or 290.0133, subdivision 11, for a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation is a subtraction.

(b) For purposes of this subdivision, "delayed depreciation" means the amount of the addition made by the taxpayer under section 290.0131, subdivision 9, or 290.0133, subdivision 11, for a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the taxable year of the addition. The resulting delayed depreciation cannot be less than zero.

**Subd. 10. Job opportunity building zone income.** (a) Job opportunity building zone income as provided under section 469.316 is a subtraction.

(b) This subdivision expires beginning with taxable years beginning after December 31, 2020.

**Subd. 11. National Guard and reserve compensation.** (a) Compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program, is a subtraction.

(b) For purposes of this subdivision, "active service" means:

(1) state active service as defined in section 190.05, subdivision 5a, clause (1); or

(2) federally funded state active service as defined in section 190.05, subdivision 5b, and includes service performed under section 190.08, subdivision 3.

**Subd. 12. Armed forces active duty compensation paid to Minnesota residents.** Compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10, or the authority of the United Nations, is a subtraction.

**Subd. 13. Organ donation expenses.** (a) An amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation, is a subtraction.

(b) For purposes of this subdivision:

(1) "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;

(2) "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person;

(3) "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that the expenses may be subtracted under this subdivision only once; and

(4) "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code.

(c) An individual may claim the subtraction in this subdivision for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur.

Subd. 14. **Section 179 expensing.** In each of the five taxable years immediately following the taxable year in which an addition is required under section 290.0131, subdivision 10, or 290.0133, subdivision 12, for a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under section 290.0131, subdivision 10, or 290.0133, subdivision 12, for a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the taxable year of the addition, is a subtraction. If the net operating loss exceeds the addition for the taxable year, a subtraction is not allowed under this subdivision.

Subd. 15. **Nonresident military service compensation.** For nonresidents of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in United States Code, Appendix, title 50, section 511(2), is a subtraction.

Subd. 16. **National service educational awards.** National service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program are a subtraction.

Subd. 17. **Discharge of indebtedness income; reacquisition of business indebtedness.** (a) Discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code is a subtraction. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under Minnesota Statutes 2014, section 290.01, subdivision 19a, clause (13), and is recognized for the taxable year under the federal income tax.

(b) This subdivision expires beginning with taxable years beginning after December 31, 2019.

Subd. 18. **Net operating losses.** The amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c), is a subtraction.

Subd. 19. **Disallowed itemized deductions.** The amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code is a subtraction.

Subd. 20. **Disallowed personal exemption.** The amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.

Subd. 21. **Military service pension; retirement pay.** To the extent included in federal taxable income, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction must not include any amount used to claim the credit allowed under section 290.0677.

*[See Note.]*

Subd. 22. **Railroad track maintenance expenses.** The amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code is a subtraction.

**History:** 1961 c 213 art 4 s 1; Ex1961 c 51 s 1; 1971 c 206 s 1; 1973 c 711 s 1; 1974 c 201 s 1; 1975 c 226 s 2; 1975 c 349 s 4; 1977 c 376 s 1; 1977 423 art 1 s 1; 1978 c 674 s 30; 1978 c 721 art 6 s 1; 1978 c 763 s 2; 1979 c 303 art 1 s 1; 1980 c 607 art 1 s 1; 1981 c 178 s 3; 1981 c 254 s 2; 1981 c 261 s 20; 1Sp1981 c 1 art 9 s 5; 3Sp1981 c 3 art 3 s 2; 1982 c 207 s 4; 1982 c 523 art 1 s 1; art 40 s 1; 3Sp1982 c 1 art 5 s 2; 1983 c 342 art 1 s 4; 1984 c 514 art 1 s 2; art 2 s 5; 1Sp1985 c 14 art 1 s 10; 1986 c 398 art 21 s 1; 1987 c 268 art 1 s 13; 1988 c 719 art 1 s 4; art 3 s 12; 1989 c 28 s 5,25; 1992 c 549 art 9 s 4; 1995 c 255 art 3 s 1; 1997 c 231 art 5 s 2; art 6 s 4; 1Sp1997 c 4 art 13 s 1; 1998 c 389 art 6 s 4; 1999 c 243 art 2 s 4; art 3 s 3; 2000 c 260 s 50; 2000 c 490 art 4 s 5; 1Sp2001 c 5 art 9 s 3; 2002 c 377 art 2 s 5; 2003 c 127 art 3 s 7; 1Sp2003 c 21 art 1 s 3; 2005 c 151 art 6 s 13; 1Sp2005 c 3 art 3 s 7; art 4 s 4; art 10 s 2; 2007 c 1 s 2; 2008 c 154 art 3 s 3; art 4 s 3; art 11 s 11; 2008 c 277 art 1 s 97; 2008 c 366 art 4 s 4; 2009 c 88 art 1 s 4; art 7 s 7; 2010 c 187 s 2; 2010 c 389 art 3 s 9; 2011 c 112 art 6 s 2; 2012 c 294 art 2 s 9; 2013 c 143 art 6 s 7; 2014 c 150 art 1 s 11; 2014 c 308 art 4 s 12; 2016 c 158 art 3 s 9,31; 2016 c 189 art 13 s 57

**NOTE:** Minnesota Statutes 2014, section 290.01, subdivision 19b, clause (21), was repealed and reenacted as section 290.0132, subdivision 21, by Laws 2016, chapter 158, article 3, sections 9 and 32. Minnesota Statutes 2014, section 290.01, subdivision 19b, clause (21), was also amended by a superseding act, Laws 2016, chapter 189, article 13, section 57, which has been codified as 290.0132, subdivision 21. See Laws 2016, chapter 158, article 3, sections 9, 31, and 32; Laws 2016, chapter 189, article 13, section 57.