

**462D.06 SUBTRACTION; ADDITION; ADDITIONAL TAX.**

Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an account holder is allowed a subtraction from federal adjusted gross income equal to interest or dividends earned on the first-time home buyer savings account during the taxable year.

(b) The subtraction under paragraph (a) is allowed each year for the taxable years including and following the taxable year in which the account was established. No person other than the account holder is allowed a subtraction under this section.

Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account holder must add to federal adjusted gross income the following amounts:

(1) the amount in excess of the total contributions for all taxable years that is withdrawn and used for other than eligible costs, or for a transfer permitted under section 462D.04, subdivision 2; and

(2) the amount remaining in the first-time home buyer savings account at the close of the tenth taxable year that exceeds the total contributions to the account for all taxable years.

(b) For an account that received a transfer under section 462D.04, subdivision 2, the ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year that applies to either account under that clause.

Subd. 3. **Additional tax.** The account holder is liable for an additional tax equal to ten percent of the addition under subdivision 2 for the taxable year. This amount must be added to the amount due under section 290.06. The tax under this subdivision does not apply to:

- (1) a withdrawal because of the account holder's or designated qualified beneficiary's death or disability;
- (2) a disbursement of assets of the account under federal bankruptcy law; and
- (3) a disbursement of assets of the account under chapter 550 or 551.

**History:** *1Sp2017 c 1 art 1 s 41; 1Sp2019 c 6 art 1 s 69,70*