

290.45 Tax paid when return filed. Subdivision 1. **Payment in instalments.** *The tax imposed by this chapter shall be paid at the time fixed for filing the return on which the tax is based, except that at the election of the taxpayer the tax may be paid in two equal instalments, the first of which shall be paid at the time fixed for filing the return, and the second on or before six months thereafter; provided, that the tax imposed upon an estate or trust shall be paid at the time the return is filed if the return is filed after the fifteenth day of March following the close of the calendar year or after the fifteenth day of the third month following the close of the fiscal year. If any instalment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid shall become due and payable. They shall be paid to the commissioner or to the local officers designated by the commissioner with whom the return is filed as hereinbefore provided.*

Sec. 3. Application. The provisions of this chapter are applicable to all taxable years beginning after December 31, 1950.

Approved April 20, 1951.

CHAPTER 608—H. F. No. 640

An act relating to taxes on or measured by net income; amending Minnesota Statutes 1949, Section 290.08.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1949, Section 290.08, is amended to read:

290.08 Exemptions from gross income. The following items shall not be included in gross income:

- (1) The value of property acquired by gift, devise, bequest or inheritance, but the income from such property shall be included in gross income; the income received under a gift, devise, bequest or inheritance of a right to receive income shall also be included in gross income. Amounts paid, credited, or to

be distributed at intervals, under the terms of the gift, devise or inheritance, shall be included in gross income of the recipient to the extent paid, credited, or to be distributed out of income;

(2) Amounts received under a life insurance contract payable by reason of the death of the insured, whether in a single sum or in instalments; but the interest accruing after December 31, 1932, and paid by the insurer on any such amount held by it after the death of the insured shall be included in gross income. This paragraph shall not apply with respect to so much of a payment under a life insurance, endowment, or annuity contract, or any interest therein, as is includible in gross income under section 290.072;

(3) Amounts received, other than those specified in clause (2), and other than amounts received as annuities, under a life insurance, or endowment contract; but, if such amounts when added to the amounts received under such contract before the taxable year (after deducting from the aggregate of amounts received such proportion as is represented by interest accrued prior to January 1, 1933) exceed the aggregate premiums or consideration paid, whether or not paid during the taxable year, then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to three per cent of the aggregate premiums or consideration paid for such annuity, whether or not paid during the taxable year, until the aggregate amount excluded from gross income under the income tax laws of this state plus the amounts received prior to January 1, 1933 (after deducting such proportion of such aggregate amount and amounts received as is represented by interest accrued prior to January 1, 1933), in respect to such annuity equal the aggregate premiums or consideration paid for such annuity. The amount which a transferee for a valuable consideration of any such contract, or interest therein, shall be permitted to exclude from his gross income shall be the actual value of the consideration paid by him plus the amount of the premiums and other sums subsequently paid by him hereunder. This paragraph shall not apply with respect to so much of a payment under a life insurance, endowment, or annuity contract, or any interest therein, as is includible in gross income under section 290.072;

(4) Amounts received as compensation for personal injuries or sickness by the injured or sick taxpayer, whether received under accident or health insurance contracts, workmen's compensation acts, any plan maintained by employers for such purpose, or by way of damages received in any suit or by agreement; also amounts received as compensation for the death of any member of the taxpayer's family, whether received under insurance contracts, workmen's compensation acts, any plan maintained by employers for such purposes, or by way of damages received in a suit or by agreement; and amounts received under any arrangement entered into by the taxpayer to provide a fund specifically intended to defray the funeral expenses of himself or any member of his family. The words "compensation" and "damages," as used in this clause, shall include reimbursement for medical, hospital, and funeral expenses in connection with such sickness, injury, or death;

(5) Amounts, *including interest*, received by any person from the United States or from the State of Minnesota or any of its political or governmental subdivisions, either as a refund of contributions to, or by way of payments as a pension, public employee retirement benefit, unemployment compensation benefit, social security benefit or railroad retirement or unemployment compensation benefit, family allotment, or other similar allowance;

(6) Interest upon obligations of the State of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(7) Interest upon obligations of the United States, its possessions, its agencies, or its instrumentalities, so far as immune from state taxation under federal law; provided, that salaries, wages, fees, commissions or other compensation received from the United States, its possessions, its agencies, or its instrumentalities shall be excluded from gross income for all taxable years ending prior to January, 1939; provided, that salaries, wages, fees, commissions, or other compensation received from the United States, its possessions, its agencies, or its instrumentalities for taxable years ending prior to January 1, 1939, shall be excluded only to the extent that salaries, wages, commissions, fees and other compensation received from the State of Minnesota, its political or governmental subdivisions, its municipalities, or its governmental

agencies or instrumentalities for that year are excluded from gross income under the federal revenue acts; provided, that salaries, wages, fees, commissions, or other compensation received from the United States, its possessions, its agencies, or its instrumentalities by federal employees residing in "federal areas" shall be excluded from gross income for all taxable years ending prior to January 1, 1941;

(8) The rental value of the premises occupied by the taxpayer as his home, or for his business, except where the occupancy by such taxpayer of such premises for such purposes constitutes in whole or in part the consideration received by him in connection with a transaction such that, had such consideration been received thereunder in cash or other property, the amount thereof would have been required, either in whole or in part, to be included in his gross income;

(9) The value of food and goods produced by the taxpayer and consumed or used by his immediate family;

(10) Amounts deducted from the wages or salaries of employees by employers under a voluntary or compulsory plan of unemployment insurance shall not be included in the gross income of such employees;

(11) The amounts distributed by cooperative buying, selling or producing associations, however organized, as patronage dividends shall not be included in the gross income of such associations;

(12) Clauses (3), (4), (9), and (10) shall not apply to corporations and clauses (6) and (7) shall not apply to corporations taxable under section 290.02 or under section 290.361.

(13) Income, other than rent, derived by a lessor of real property upon the termination of lease, representing the value of such property attributable to buildings erected or other improvements made by a lessee;

(14) The rental value of a dwelling house and of appurtenances thereof furnished to a minister of the gospel as part of his compensation;

(15) Amounts received during the taxable year as mustering-out payments with respect to service in the military or naval forces of the United States or the United Nations.

This amendment set forth in clause (15) shall apply to all taxable years beginning after December 31, 1943.

Approved April 20, 1951.

CHAPTER 609—H. F. No. 642

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1949, Sections 290.18, Subdivision 2, 290.37, Subdivision 2, 290.41, Subdivisions 1 and 2.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1949, Section 290.18, Subdivision 2, is amended to read:

290.18. Subd. 2. The adjusted gross income shall, except in so far as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17, the following deductions:

(1) The deductions allowed by sections 290.09, 290.075 and 290.077 which are attributable to a trade or business carried on by the taxpayer, if such trade or business does not consist of the performance of services by the taxpayer as an employee;

(2) The deductions allowed by section 290.09 which consist of expenses of travel, meals, and lodging paid or incurred by the taxpayer in connection with the performances by him of services as an employee;

(3) The deductions allowed by section 290.09, other than expenses of travel and lodging, which consist of expenses paid or incurred by the taxpayer in connection with the performance of services as an employee under a reimbursement or other expense allowance arrangement with his employer;

(4) The deductions (other than those provided in para-