

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

Section 1. Minnesota Statutes 1953, Section 290.40, is amended to read :

**290.40 Annual return, exceptions.** The return shall cover a 12-month period, except in the following cases :

(1) The return made by or for any taxpayer who was in existence for less than the whole of a taxable year shall cover that part of the taxable year during which such taxpayer was in existence ;

(2) *A taxpayer who, in keeping his books, regularly computes his income on the basis of an annual period which varies from 52 to 53 weeks and ends always on the same day of the week, and ends always (a) on whatever date such same day of the week last occurs in a calendar month or (b) on whatever date such same day of the week falls which is nearest to the last day of a calendar month, may, in accordance with regulations prescribed by the commissioner, elect to compute his net income and taxable net income on the basis of such annual period. This paragraph shall apply to taxable years ending after August 16, 1954. In any case in which the effective date or the applicability of any provision of this chapter is expressed in terms of taxable years beginning or ending with reference to a specified date which is the first or last day of a month, a taxable year described herein shall be treated as beginning with the first day of the calendar month beginning nearest to the first day of such taxable year, or as ending with the last day of the calendar month ending nearest to the last day of such taxable year, as the case may be ;*

(3) A taxpayer who changes from one taxable year to another shall make a return from the fractional parts of a year, as specified in section 290.32.

Approved March 10, 1955.

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CHAPTER 124—H. F. No. 817

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.32.*

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

Section 1. Minnesota Statutes 1953, Section 290.32, is amended to read :

**290.32 Taxes, fractional part of year.** When under

this chapter a taxpayer is permitted or required to make a return for a fractional part of a year, the tax shall be computed in the same manner as if such fractional part of a year were an entire year, *except*:

(1) When a taxpayer is permitted to change the basis for reporting his income from a fiscal to a calendar year, he shall make a separate return for the period between the close of his last fiscal year and the following December thirty-first; if the change is from a calendar to a fiscal year, a separate return shall be made for the period between the close of his last calendar year and the date designated as the close of the fiscal year; and if the change is from one fiscal year to another fiscal year, a separate return shall be made for the period between the close of the former fiscal year and the date designated as the close of the new fiscal year. The taxable net income for any such period shall be put on an annual basis by multiplying the amount thereof by 12 and dividing by the number of months included in the period for which such separate return is made; and the tax shall be that part of a tax, computed on the taxable net income put on such annual basis, less the credit against that taxable net income under the provision of section 290.21, which the number of months in such period bears to 12 months.

(2) *Where any of the enumerated changes in accounting period referred to in clause (1) involve a 52-53 week fiscal year and any such change results in a short period of less than seven days, such short period shall be added to and deemed a part of the following taxable year. If the change results in a short period of seven or more days, but less than 359 days, the taxable net income for any such period shall be placed on an annual basis by multiplying such income by 365 and dividing the result by the same number of days in the short period; and the tax shall be that part of a tax, computed on the taxable net income placed on such annual basis, less the credit against that taxable net income under the provisions of section 290.21, which the number of days in such short period bears to 365 days. Where the short period is 359 days or more, the tax shall be computed in the same manner as if such short period were an entire year. This clause shall apply to taxable years ending after August 16, 1954.*

Approved March 10, 1955.

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#### CHAPTER 125—H. F. No. 818

*An act relating to taxes and measured by net income; amending Minnesota Statutes 1953, Section 290.49, subdivision 3.*