Nonresident Aliens

Filing Your 2014 Minnesota Income Tax and Property Tax Refund Returns
Are you a resident alien?

- A resident alien is generally taxed in the same way as U.S. citizens.
- You’re considered a resident alien if you meet the
  - “green card” test,
  - “substantial presence” test or
  - if you’re married to a U.S. citizen (in some cases)
You’re considered a nonresident alien if you don’t meet either:

- the green card or
- substantial presence test.

Nonresident aliens typically include college students or teachers, household workers, farm workers and people in technical occupations.
State of Residence

- Resident Aliens: Follow same rules as US citizens
  - Full-year Minnesota Resident: principal residence was in Minnesota for the entire year
  - Part-year Minnesota Resident: moved into or out of Minnesota during the year

If you meet federal and Minnesota filing requirements, complete the appropriate federal tax form and Minnesota Form M1.
State of Residence

* Nonresident Aliens
  * Status as a resident depends whether or not you meet 183-day rule

*If you meet federal and Minnesota filing requirements, complete the appropriate federal tax form and Minnesota Form M1.*
183-Day Rule

* 183-Day Rule: Number of Days in Minnesota
  * Spent at least 183 days in Minnesota
    * Generally, any portion of a day counts as a whole day
  * Own, rent, or occupy an abode in Minnesota
    * Abode: a self-contained living unit, suitable for year-round use, equipped with its own cooking and bathing facilities

If both conditions apply, you are a Minnesota resident for length of time the second condition applies.
Filing a Minnesota Income Tax Return

- Filing federal Form 8843
  - No equivalent form for Minnesota
- If not required to file a federal return, then not required to file a Minnesota return.
Filing a Minnesota Income Tax Return

- Minnesota return starts with federal taxable income:
  - Form 1040NR - Line 41
  - Form 1040NR-EZ - Line 14
- If itemizing deductions on federal:
  - Must add back ALL state income tax on Form M-1- Line 2
  - Do not use worksheet in Minnesota Income Tax Instruction booklet, unless you are eligible for the standard deduction

Minnesota requires a copy of the federal return to be enclosed when filing the Minnesota return.
Use same federal filing status for state return, use MFS for all married statuses

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Wages from Line 8 or Line 3 (EZ)</td>
</tr>
<tr>
<td>B</td>
<td>Usually blank</td>
</tr>
<tr>
<td>C</td>
<td>Usually blank</td>
</tr>
<tr>
<td>D</td>
<td>FAGI from Line 36 or Line 10 (EZ)</td>
</tr>
</tbody>
</table>

1. **Federal Taxable Income** from Line 41 or Line 14 (EZ)
2. **State Tax** from Line 1 (1040-NR, Sch. A) or Line 11 (EZ)
3. **State Tax Refund** from Line 11 or Line 4 (EZ)
Additions & Subtractions

* Form M1, Line 3:
  * Schedule M1M (Additions)
    * Complete list of other items on pages 8-9 of Minnesota Income Tax Instruction booklet

* Form M1, Line 6
  * Schedule M1M (Subtractions)
    * Complete list of other items on pages 9-10 of Minnesota Income Tax Instruction booklet
Line 22: Schedule M1W - Show Minnesota withholding only

Line 24: Schedule M1CD, Child and Dependent Care Credit

Line 26: Schedule M1ED, K-12 Education Expenses Credit

Refund or Payment Due

Return must be signed to be processed

Address to mail return
Completing Schedule M1W

- W-2 (... same as ...) 1042-S
- Box 15 - MN ID ........ Box 24
- Box 16 - State Wages .... Box 2 – Gross Income
- Box 17 - MN W/H ....... Box 23
- Box 25 – State Name

Only complete Schedule M1W if there are Minnesota taxes withheld on Form W-2 or 1042-S (rare for 1042-S).

* Form W-2 withholding is reported on Line 1.
* 1042-S withholding is reported on Line 2.
Schedule M1W, Minnesota Income Tax Withheld 2014

Complete this schedule to report Minnesota income tax withheld. Include this schedule when you file your return.

If you received a W-2, 1096, W-2G, Schedule KPI, KS or KF that shows Minnesota income tax was withheld, complete this schedule to determine line 22 of Form M1. List only the forms that report Minnesota income tax withheld. Round dollar amounts to the nearest whole dollar. You must include this schedule when you file your return. DO NOT send in your W-2, 1096 or W-2G forms; keep them with your tax records. All instructions are included on this schedule.

1. Minnesota wages and tax withheld from W-2s, other than from W-2G. If you have more than five W-2s, complete line 5 on the back.

<table>
<thead>
<tr>
<th>B-Box 13</th>
<th>C-Box 14</th>
<th>D-Box 18</th>
<th>E-Box 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse</td>
<td>Employee</td>
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<td>$</td>
<td>$</td>
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</tbody>
</table>

2. Minnesota tax withheld from 1099 and W-2G forms. If you have more than four forms, complete line 6 on the back.

<table>
<thead>
<tr>
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Enter MN tax withheld from Form W-2

Enter MN tax withheld from Form 1042-S
* Do not qualify for federal Earned Income Tax Credit, so do not qualify for Minnesota Working Family Credit

* Married Filing Separate status does not qualify for certain Minnesota credits
  * Marriage Credit, Child and Dependent Care Credit, & Education Credit
Minnesota Child and Dependent Care Credit
- Schedule M1CD
- Single with qualifying child (See Publication 17)
- Must qualify for the federal credit
- Must have Minnesota source income
* Minnesota K-12 Education Credit
  * Schedule M1ED
  * Paid qualifying educational expenses for 2014
  * Household income limit and maximum credit based on number of qualifying children in K-12 for 2014
    * See pages 12-13 of Minnesota Income Tax Instruction booklet for more information.
Minnesota Property Tax Return

- Must be a full-year or part-year Minnesota resident (183-day rule)
- Dependents are not eligible
  - Must provide over half of your own support
- Must live in a unit which is considered an “abode”
  - Contains sleeping, cooking, and bathing facilities
- Unit must have been subject to property taxes
- Available for any filing status
  - Qualification depends on living situation
- Homeowners only must have valid SSN
To qualify for the property tax refund, real estate taxes must be paid on unit
Rent must be paid from own funds
A Form CRP should not be send to an individual living in a building not subject to property taxes
Examples of student housing:
  * Dormitory
  * Other school owned housing
Renter Situations

* If two unmarried adults live in a rental unit:
  * The rent is split equally on Form CRP
  * Each applies for the refund separately

* Dependents
  * Rent must come from own funds

* If income is less than the rent paid:
  * Enclose a separate sheet of paper when filing the return explaining the source of funds used to pay the rent
Household Income

* Line 1 - Federal Adjusted Gross Income
  * From 1040NR-EZ: Line 10
  * From 1040NR: Line 36
Line 5 – Additional Nontaxable Income

- Include most other types of non-taxable income received
- Write non-resident alien and income type in box
  - Scholarships and fellowships
  - Income excluded by a tax treaty
  - Tuition paid by the University for a PhD student in exchange for TA duty
  - Interest

See page 8 of Minnesota Property Tax Refund Instruction booklet for additional income to include.
Subtractions

* Line 32 - Subtraction for Dependents
  * Same as the dependents claimed on Form 1040-NR
Don’t forget to sign the bottom of return

Address to mail return
Filing Due Dates

* Form M1, Minnesota Income Tax return
  * Due April 15
    * Any balance due must be paid by April 15
* Form M1PR, Minnesota Property Tax Refund return
  * Due August 15
  * Have one year after due date to claim refund
* Amended returns
  * Generally 3½ years from original return due date
For Additional Information

* Department of Revenue Website:
  * www.revenue.state.mn.us
  * Fact Sheet #16: Aliens
  * Fillable forms are available to print
  * M1 and PR Instruction booklets

* Income Tax Questions:
  * 651-296-3781 or 1-800-652-9094
  * individual.incometax@state.mn.us
Questions?