Nonresident Aliens

Filing Your 2017 Minnesota Income Tax and Property Tax Refund Returns

Resident Alien

• Are you a resident alien?
  • A resident alien is generally taxed in the same way as U.S. citizens
  • You are considered a resident alien if you meet one of the following:
    • “green card” test
    • “substantial presence” test
    • married to a U.S. citizen (and elect to file a joint return)
Nonresident Alien

• You are considered a nonresident alien if you do not meet either of the following tests:
  • green card test
  • 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 U.S. 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 the 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 the length of time the second condition applies.
MN Residency Status

- **To be considered a nonresident of MN:**
  - You were present in the state of MN for less than 183 days during 2017
  - OR
  - You were present in the state of MN for at least 183 days during 2017
  - AND
  - You (and your spouse, if married) did not rent, own, maintain, or occupy an abode at any point during the entire year

- **To be a considered a part-year resident of MN:**
  - You were present in the state of MN for at least 183 days during 2017
  - AND
  - You or your spouse rented, owned, maintained, or occupied an abode for some part of the year

- **To be a considered a full-year resident of MN:**
  - You were present in MN for at least 183 days during 2017
  - AND
  - You or your spouse rented, owned, maintained, or occupied an abode for the entire year

What effect does MN Residency Status have?

- **To be considered a nonresident of MN:**
  - You were present in the state of MN for less than 183 days during 2017
  - OR
  - You were present in the state of MN for at least 183 days during 2017
  - AND
  - You (and your spouse, if married) did not rent, own, maintain, or occupy an abode at any point during the entire year

- **To be a considered a part-year resident of MN:**
  - You were present in the state of MN for at least 183 days during 2017
  - AND
  - You or your spouse rented, owned, maintained, or occupied an abode for some part of the year

- **To be a considered a full-year resident of MN:**
  - You were present in MN for at least 183 days during 2017
  - AND
  - You or your spouse rented, owned, maintained, or occupied an abode for the entire year
What effect does MN Residency Status have?

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• To be considered a part-year resident of MN:
  • You were present in the state of MN for at least 183 days during 2017
  • AND
  • You or your spouse rented, owned, maintained, or occupied an abode for some part of the year

• To be considered a full-year resident of MN:
  • You were present in MN for at least 183 days during 2017
  • AND
  • You or your spouse rented, owned, maintained, or occupied an abode for the entire year

Pay MN tax on all US income

Pay MN tax on MN income

Filing a Minnesota Income Tax Return

• Filing federal Form 8843
  • No equivalent form for Minnesota

• If you are not required to file a federal return, then you are also 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 M1, 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.*
Additions and Subtractions

- Form M1, Line 3
  - Schedule M1M (Additions)
    - Complete list of other items on pages 10-11 of Minnesota Income Tax Instruction booklet

- Form M1, Line 6
  - Schedule M1M (Subtractions)
    - Complete list of other items on pages 11-12 of Minnesota Income Tax Instruction booklet
Line 5: State Tax Refund from Line 11 (1040NR) or Line 4 (1040NR-EZ)

Line 6: Other additions, see complete list on pages 11-12 of Minnesota Income Tax Instruction booklet

Line 9: Look up tax amount in Minnesota Income Tax Instruction booklet

Line 12: Minnesota part-year or nonresidents with income from another state complete form M1NR

Completing Schedule M1W

- W-2 (... same as ...)
- Box 15 - MN ID .........
- Box 16 - State Wages ....
- Box 17 - MN W/H .......

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.
Enter MN tax withheld from Form W-2

Enter MN tax withheld from Form 1042-S

Name & SSN/ITIN

Line 23: Schedule M1W - Show Minnesota withholding only

Line 25: Schedule M1REF, Refundable Credits including Child and Dependent Care Credit and K-12 Education Expenses Credit

Refund or Payment Due

Return must be signed to be processed

Address to mail return
• Nonresident aliens do **not** qualify for the federal Earned Income Tax Credit, so they also do **not** qualify for the Minnesota Working Family Credit.

• **Married Filing Separate** status does not qualify for certain Minnesota credits
  • Marriage Credit
  • Child and Dependent Care Credit
  • K-12 Education Credit

• **Minnesota Child and Dependent Care Credit**
  • Schedule M1CD
  • Single from Mexico, Canada, S. Korea, or India, and have a child with a social security number (a qualifying child per Pub. 17)
  • Must qualify for the federal credit
  • Must have Minnesota source income
• Minnesota K-12 Education Credit
  • Schedule M1ED
  • Paid qualifying educational expenses for 2017
  • Household income limit and maximum credit based on number of qualifying children in grades K-12 in 2017
    • See page 16 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 a valid SSN

Student Living Situations

- To qualify for the property tax refund, real estate taxes must be paid on the unit
- Rent must be paid from own funds
- A Certificate of Rent Paid (CRP) should not be sent 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

Filing a Minnesota Property Tax Return

• Line 1 - Federal Adjusted Gross Income
  • From 1040NR-EZ: Line 10
  • From 1040NR: Line 36
**Household Income**

- **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 1040NR
  - Only residents of Mexico, Canada, S. Korea, and India can claim dependents

Do not forget to sign the bottom of the return.

Address to mail return.
Filing Due Dates

• Form M1, Minnesota Income Tax return
  • Due April 17
    • Any balance due must be paid by April 17
• 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

• Minnesota Department of Revenue Website
  • www.revenue.state.mn.us
• Fact Sheet 16: Aliens
• Fillable forms are available to print
• M1 and M1PR Instruction booklets
• Minnesota Income Tax Questions
  • 651-296-3781 or 1-800-652-9094 (toll-free)
  • individual.incometax@state.mn.us
Thank you! Questions?