Nonresident Aliens

Filing Your 2018 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 a resident alien if you meet one of the following:
  - Green card test
  - Substantial presence test
  - Married to a U.S. citizen (in some cases)
Nonresident Alien

Are you a nonresident alien?

• A nonresident alien is taxed differently and is not eligible for certain state and federal tax credits
• You are a nonresident alien if you do not meet the green card test or the substantial presence test.
• Nonresident alien occupation 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.
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 2018
  • OR
  • You were present in the state of MN for at least 183 days during 2018
  • 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 2018
  • 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 2018
  • AND
  • You or your spouse rented, owned, maintained, or occupied an abode for the entire year

Filing a Minnesota Income Tax Return

Filing federal Form 8843
  • No equivalent form for Minnesota

Nonresidents must file a Minnesota return if their Minnesota source gross income is $4,150 or more.

Nonresident aliens who are allowed to take the standard deduction (students from India) must file a Minnesota return if their Minnesota source gross income is $10,650 or more.
Filing a Minnesota Income Tax Return

Minnesota return starts with federal adjusted gross income:

- Form 1040NR - Line 35
- Form 1040NR-EZ - Line 10

When itemizing deductions on Schedule M1SA:

- Must add back ALL state income tax on line 27 of Form M1SA

*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

A: Wages from Line 8 or Line 3 (EZ)
B – C: Usually blank
D: FTI from Line 41 or Line 14 (EZ)

Line 1: FAGI from Line 35 or Line 10 (EZ)

Line 4: From M1SA or Standard Deduction (students from India)

Line 5: Exemptions

Line 6: State Tax Refund from Line 11 or Line 4 (EZ)

Additions & Subtractions

Form M1, Line 2:
• Schedule M1M (Additions)
  • Complete list of other items on page 10 of the Minnesota Individual Income Tax Instruction booklet

Form M1, Line 7:
• Schedule M1M (Subtractions)
  • Complete list of other items on page 12 of the Minnesota Individual Income Tax Instruction booklet
Completing Schedule M1W

- W-2  (......same as......)
- Box 15 - MN ID..................
- Box 16 - State Wages........
- Box 17 - MN W/H.............
- 1042-S
  - Box 17b
  - Box 2: Gross Income
  - Box 17a

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

### Credits

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 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 2018
- Household income limit and maximum credit based on number of qualifying children in K-12 for 2018
  - See page 16 of the Minnesota Individual Income Tax Instruction booklet for more information.
Minnesota Property Tax Return

To qualify for a Minnesota Property Tax Return:

• Must be a full-year or part-year Minnesota resident (183-day rule)
• Dependents are not eligible
  • Must provide more than 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

Household Income

Line 1 - Federal Adjusted Gross Income

- From 1040NR-EZ: Line 10
- From 1040NR: Line 35
Household Income

Line 5 – Additional Nontaxable Income

- Include most other types of non-taxable income received
- Write non-resident alien and income type in the box
  - Scholarships and fellowships
  - Income excluded by a tax treaty
  - Wages, scholarships, living stipends or funding received from a foreign source
  - Tuition paid by the university for a PhD student in exchange for TA duty such as tuition benefits or tuition waivers
  - Interest

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

Subtractions

Line 32 – Dependent Subtraction

- Same as the dependents claimed on Form 1040-NR
- Residents of Mexico, Canada, S. Korea, and students from India may be able to claim an exemption for dependent spouses and/or children under certain circumstances.
  - Complete list of requirements to claim exemptions is in IRS publication 519
  - If you could claim any exemptions for your family, follow instructions for line 32 on instruction booklet page 10
<table>
<thead>
<tr>
<th>Line 1: Federal Adjusted Gross Income (X, if negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 5: Additional Nontaxable Income (Page 8 – M1PR Instructions)</td>
</tr>
<tr>
<td>Direct Deposit Information</td>
</tr>
<tr>
<td>Address to mail return</td>
</tr>
</tbody>
</table>

**SSN or ITIN**

**Name and Address**

**Living Status**

- Don’t forget to sign the bottom of the 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 a refund

Amended returns
- Generally 3.5 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 M1PR Instruction booklets

Income tax questions
- 651-296-3781 or 1-800-652-9094 (toll-free)
- individual.incometax@state.mn.us
Thank you! Questions?