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NEW MINNESOTA TAX LAW CHANGES *and how they affect you*

On July 1, 2021, Minnesota signed into law their response to the major Federal tax bills passed starting after 2018.

What does this mean for you?

Should I file an amended return, since I have already filed my 2020 income tax returns?

- No - We recommend ***not filing an amended return*** at this time. The Minnesota Department of Revenue will recalculate the return results for most taxpayers and, if warranted, send your refund. If you file an amended return at this time, you will just delay the process.

Should I *hurry* to file my 2020 income tax returns since I have not yet filed?

- No - We recommend ***waiting to file*** until Minnesota has had time to put the new code in to play. This means revising their forms, updating their computer systems, submitting the new code to the tax software companies, and approving all of these updates. For our clients, we will move forward with your return once we can file with the revised statute.

Highlights to the New MN Tax Code

- Full conformity to the:
 - Paycheck Protection Program (PPP) loan exclusion
 - \$10,200 unemployment insurance (UI) compensation exclusion
- Clarification that there is no state addition for Section 179 claimed in 2020 or future years even if the property was placed into service prior to tax year 2020
- Conformity for retirement plan distributions for tax year 2020
- Exclusion for:
 - Economic injury disaster loans (EIDL) grants
 - SBA loan repayment assistance

Other items in the new tax code that may affect you include

- Not allowing any Section 179 on qualified improvement property and using a 39-year life for depreciation
- Difference in the amount of losses and interest that may be used for S Corporations and Partnerships

More to Come

We will continue communicating these items and others as updates and rules are issued.

Questions? Please reach out to your [JAK+Co. professional](#)

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