

2011 Schedule M1LS, Tax on Lump-Sum Distribution

Sequence #9

Your First Name and Initial

Last Name

Social Security Number

You must complete federal Form 4972 before you can complete this schedule.**Round amounts to the nearest whole dollar.**

- 1** Portion of your lump-sum distribution that is eligible for averaging
(from line 19 of federal Form 4972) **1** _____
- 2** If you completed Schedule M1R, see instructions. If you did not complete Schedule M1R, enter 0 **2** _____
- 3** Subtract line 2 from line 1 **3** _____
- 4** Multiply line 3 by 20% (.20) **4** _____
- 5** From the tax table in the M1 instructions, find the tax for the amount
on line 4 above using the column in the table for single persons **5** _____
- 6** Multiply line 5 by 5 **6** _____
If you did not complete lines 20 through 22 of federal Form 4972, skip lines 7 through 10 below,
and enter the amount from line 6 on line 11.
- 7** Amount from line 22 of federal Form 4972 **7** _____
- 8** Multiply line 7 by 20% (.20) **8** _____
- 9** From the tax table in the M1 instructions, find the tax for the amount
on line 8 above using the column in the table for single persons **9** _____
- 10** Multiply line 9 by 5 **10** _____
- 11** Tax on the ordinary income portion of your lump-sum distribution (*subtract line 10 from line 6*).
If you shared the lump-sum distribution with other recipients, see instructions.
Enter the result here and on line 13 of Form M1.
(*Estates and trusts: Include this amount on line 12 of Form M2 and check the box for M1LS*) **11** _____

You must include this schedule and a copy of your federal Form 4972 when you file Form M1.

2011 Schedule M1LS Instructions

Who Must File

If you received a lump-sum distribution from a pension, profit-sharing or stock bonus plan in 2011, you must file Schedule M1LS if both of the following conditions apply:

- you filed federal Form 4972, *Tax on Lump-Sum Distributions*, and
- you were a Minnesota resident when you received any portion of the lump-sum distribution.

You must include Schedule M1LS and a copy of your federal Form 4972 when you file Form M1.

Part-Year Residents: If you received the full amount of the distribution while you were a nonresident of Minnesota, you do not have to complete Schedule M1LS. If you received a portion while you were a nonresident and a portion while you were a resident, you must complete Schedule M1LS and include the full amount from federal Form 4972 on your Schedule M1LS.

Five-Year Averaging Method

Even though federal Form 4972 allows you to use only the ten-year averaging method, you must use the five-year averaging method for Minnesota.

Capital Gain Election

Minnesota does not allow a capital gain election for lump-sum distributions. Therefore, any capital gain reported on federal Form 4972, line 6, must be reported as an addition to federal taxable income on line 14 of Schedule M1M.

Line Instructions

Round amounts to the nearest whole dollar.

Line 2

Subtraction for Age 65 or Older or Disabled

If you completed Schedule M1R, *Age 65 or Older/Disabled Subtraction*, and line 4 of Form M1 is:

- **Zero or less**, enter the amount from line 13 of Schedule M1R on line 2 of Schedule M1LS.
- **More than zero**, read the rest of this instruction.

If line 4 minus line 7 of Form M1 is:

- **Zero or less**, assume for purposes of this line that the actual number is a positive rather than a negative number. Then, compare it (as a positive number) to the amount on line 13 of Schedule M1R and enter whichever amount is less on line 2 of Schedule M1LS.
- **More than zero**, enter zero on line 2 of Schedule M1LS.

Line 11

Tax on Ordinary Income Portion of Lump-Sum Distribution

Subtract line 10 from line 6 and enter the result on line 11.

Multiple recipients: If you shared a lump-sum distribution from a qualified retirement plan, follow the steps below to determine line 11:

- 1 From the front of this schedule, subtract line 10 from line 6 _____
- 2 Enter the percentage from box 9a of Form 1099-R _____ %
- 3 Multiply step 1 by the percentage in step 2 _____

Enter the result from step 3 on line 11 of Schedule M1LS. In the space to the left of line 11, print "MRD."