DEPARTMENT OF REVENUE



2018 Schedule M1M, Income Additions and Subtractions

Complete this schedule to determine line 2 and line 7 of Form M1.

our Fii	rst Name and Initial	Last Name	Your Social Security Number
اہ ۸			
	ditions to Income	ds of another state or its governmental units	
1		al Form 1040	1 🔳
2		nds from mutual funds investing in bonds of another state	····· • • •
2		cluded on line 2a of federal Form 1040	2 🔳
3	Federal bonus depreciation	addition (determine from worksheet in the instructions)	3 🔳
4		ng addition (determine from worksheet in the instructions)	
5		hrough to you as a partner of a partnership,	
		ration, or a beneficiary of a trust (see instructions)	5 🔳
6		federal return attributable to income not taxed	
		terest or mutual fund dividends from U.S. bonds)	6 🔳 💷
7	· · ·	derally deducted as a trade or business expense	
_			
8	•	nrough 2005 or 2008 through 2017 on your federal return that	
•	- · ·	preciation (determine from worksheet in the instructions)	8 🗖
9	Capital gain portion of a lum (from line 6 of federal Form	ip-sum distribution 4972; enclose Form 4972)	
10	Net operating loss carryover	adjustment (see instructions)	10 🔳
11	Addition from line 5 of Sche	dule M1HOME (enclose Schedule M1HOME)	
12	Accelerated recognition of r	onresident installment sales (enclose Schedule M1AR)	12 🔳
13	Addition from Schedule M1	NC, line 36	13 🔳
14	Domestic production activit	es deduction	14 🔳
15	Add lines 1 through 14. Ente	r the total here and on line 2 of Form M1	15
Sul	btractions From Incom	le	
16	Net interest or mutual fund	dividends from U.S. bonds (see instructions)	16 🗖
17		d for your qualifying children in grades K–12 (see instructions)	
		f each child on the line below:	17 🔳
10	lfuen and filler falls it.		
18		e M1SA, and your charitable contributions Instructions	
19		is depreciation added back to Minnesota taxable income mine from worksheet in the instructions)	19 🔳
20	Subtraction for federal secti	on 179 expensing added back to Minnesota ugh 2017 (see instructions)	
21	Subtraction for persons age		
		Schedule M1R)	

2018 M1M, page 2

Γ



22	Benefits paid by the Railroad Retirement Board (see instructions)	22	
23	If you are a resident of Michigan or North Dakota filing Form M1 only to receive a refund		
	of all Minnesota tax withheld, enter the amount from line 1 of Form M1.		
	If the amount is less than zero, enter zero	23	
	 Place an X in one box to indicate the reciprocity state 		
	of which you were a resident during 2018 Michigan Michigan North Dakot	ta	
24	American Indians: Total amount earned on an Indian reservation while		
	living on the reservation, to the extent the income is federally taxable	24	
25	Federal active duty military pay received for services performed while a Minnesota		
23	resident, to the extent the income is federally taxable. Do not include military pensions.		
	See line 30 if you received a military pension or other military retirement pay.	25	
26	If you are a member of the Minnesota National Guard or other reserve component	. 23 🗖	
20	in Minnesota, see instructions	26	
27	If you are a resident of another state, enter your federal active service military pay,	. 20	
21	to the extent the income is federally taxable. Do not include military pensions.		
		27	
• •	See line 30 if you received a military pension or other military retirement pay	. 27	
28	If you, your spouse (<i>if filing a joint return</i>), or your dependent donated all		
	or part of a human organ, enter your unreimbursed expenses for travel		
20	and lodging and for any lost wages net of sick pay (see instructions)	28	
29	Income taxes paid to a subnational level of a foreign country other than Canada		
~ ~	(determine from worksheet in the instructions)	29	
30	If you received a Military pension or other retirement military pay computed	_	
	under U.S. Code Title 10 (see instructions)	. 30 🗖 ————	
31	Portion of the gain from the sale of your farm property if you were insolvent	_	
	at the time of the sale (determine from worksheet in the instructions)	. 31 🗖 ————	
32	Post-service education awards received for service in an		
	AmeriCorps National Service program	. 32 🗖	
		_	
33	Net operating loss (NOL) carryover adjustment (see instructions)	. 33 🗖 ————	
34	Subtraction for prior addback of reacquisition of business indebtedness income	_	
	included in federal taxable income (see instructions)	. 34 🗖 —————	
35	Subtraction for railroad maintenance expenses	. 35 🔳	
• •			
36	Subtraction for contributions to a qualified education savings plan (enclose Schedule M1529)	. 36	
	Social Security benefit subtraction (determine from worksheet in instructions)	. 37 🗖	
38	Subtraction for interest earned from a designated first-time homebuyer savings account		
	(enclose Schedule M1HOME)	. 38 🔳	
39	Subtraction for discharge of indebtedness of educational loans (see instructions)	. 39 🗖	
40	Subtraction from Schedule M1NC, line 36	. 40 🗖	
41	This line intentionally left blank	. 41 🔳	
42	Add lines 16-41. Enter the total here and on line 7 of Form M1	. 42	

You must include this schedule with your Form M1.

DEPARTMENT OF REVENUE

2018 Schedule M1M Instructions

Income Additions and Subtractions

Line Instructions

You may have received these additions or subtractions as an individual, as a partner of a partnership, as a shareholder of an S corporation, or as a beneficiary of a trust. Amounts you received as a partner, shareholder, or beneficiary will be reported on the Schedule KPI, KS, or KF you received from the entity.

Additions

Line 1

Interest From Municipal Bonds of Another State or its Governmental Units

Of the amount you included (or should have included) on line 2a of federal Form 1040, add the interest you received from municipal bonds issued by:

- A state other than Minnesota
- A local government (such as a county or city) in a state other than Minnesota

Line 2

Federally Tax-Exempt Dividends from Mutual Funds Investing in Bonds of Another State

If you received federally tax-exempt interest dividends from a mutual fund, you may have to enter an amount on line 2. To determine the amount, if any, use the following instructions:

- If 95 percent or more of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota, include *only* the portion of the federally tax-exempt dividend generated by non-Minnesota bonds.
- If less than 95 percent of the federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, include all of the federally tax-exempt interest dividend from that fund.

Line 3

Federal Bonus Depreciation Addition

Before completing line 3, complete the Worksheet for Line 11a on Schedule M1NC, Federal Adjustments. Use the result of that worksheet to complete the Worksheet for Line 3 in these instructions.

Worksheet for Line 3 — Bonus Depreciation Modification

If you claimed bonus depreciation on your federal return, you must complete the Worksheet for Line 11a - Bonus Depreciation from the instructions for Schedule M1NC, before you complete the following steps.

- 1 Enter amount from step 18 from the Worksheet for Line 11a
- from the Schedule M1NC*
- 2 Multiply step 1 by 80% (0.80). Enter the result here and on line 3 of Schedule M1M.....

* If bonus depreciation included in step 1 generated a loss in an activity that cannot be deducted in 2018 (e.g., a passive activity loss or a loss in excess of basis), you may reduce step 1 by the amount of loss not allowed from the activity for 2018, up to the bonus depreciation claimed by the activity. In a future year, you must include the bonus depreciation as an addition when the 2018 suspended loss is allowed. The bonus depreciation is treated as the last suspended loss allowed

Worksheet for Line 4 — Section 179 Expensing Modification

If you claimed federal section 179 expensing, you must complete the Worksheet for line 12a - Section 179 Expensing from the instructions for Schedule M1NC before you complete the following steps. You must adjust your Minnesota allowable section 179 deduction on Schedule M1NC due to the difference between federal and Minnesota thresholds, limitations, and qualifying property.

To complete the following steps, use the Minnesota NC 4562 completed in step 13 of the Worksheet for Line 12a – Section 179 Expensing from Schedule M1NC.

Complete a Minnesota M1M 4562 using the information from the Minnesota NC 4562 and the following modifications:

- Subtract \$495,000 from line 1 of Minnesota NC 4562, and enter the result on line 1 of Minnesota M1M 4562. Do not enter less than \$25,000.
- On line 2, enter the amount from line 2 of your Minnesota NC 4562.
- Enter \$200,000 on line 3 of your Minnesota M1M 4562.
- Enter the information from lines 6 and 7 of your Minnesota NC 4562 on your Minnesota M1M 4562.
- Enter line 10 of your federal Form 4562 on line 10 of your Minnesota M1M 4562.
- Recalculate lines 4, 5, 8, 9, 11, and 12 of your Minnesota M1M 4562. The result on line 12 of this form cannot be more than line 1.

Determine line 4 of Schedule M1M by completing the following steps:

- 1 Enter amount from step 13 of the Worksheet for Line 12a -Section 179 Expensing from your Schedule M1NC
- 2 Enter amount from Line 12 of your Minnesota M1M 4562 completed in the instructions above.
- 4 Multiply step 3 by 80% (0.80). Enter here and on line 4 of Schedule M1M....

Line 4

Federal Section 179 Expensing

Before completing line 4, complete the Worksheet for Line 12a in the Schedule M1NC instructions. Use the Minnesota NC 4562 to complete the Worksheet for Line 4.

Line 5

State Income Taxes Passed Through to You as a Partner of a Partnership, a Shareholder of an S Corporation, or a Beneficiary of a Trust

Enter the total of the amounts reported on line 2 of Schedules KS, KPI, and KF.

Do not include this amount on line 27 of Schedule M1SA. M1M-1

Line 6

Expenses Relating to Income Not Taxed by Minnesota, Other Than From U.S. Bond **Obligations**

If you deducted expenses on your federal return connected with income not taxed by Minnesota (such as income reported on lines 22 through 27 of Schedule M1M), add those expenses to your taxable income.

Do not include expenses connected with interest or mutual fund dividends from U.S. bonds. For information on how to report these expenses, see the instructions for line 16.

Line 7

Fines, Fees, and Penalties Deducted on Your Federal Return

Add fines, fees, and penalties you deducted as business expenses paid to a government entity or nongovernment regulatory body as a result of a violation of law, or the investigation of any potential violation of law. Do not include amounts identified in a court order or settlement agreement as restitution or as an amount paid to come into compliance with the law.

Line 8

Suspended Loss From Bonus Depreciation

Complete the Worksheet for Line 8 if both of the following apply:

- You are claiming a suspended loss from 2001 through 2005 or 2008 through 2017 on your federal return that was generated by bonus depreciation.
- You did not add back 80 percent of the bonus depreciation in those years.

Line 9

Capital Gain Portion of a Lump-Sum Distribution From a Qualified Retirement Plan

If you received a qualifying lump-sum distribution in 2018 and you chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file your return.

Line 10 Net Operating Loss (NOL) Carryover Adjustment

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, you may carry back 3, 4, or 5 years of an NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you used any of that carryforward on your 2018 federal return, add back that amount as a positive number on line 10.

Line 11

First-Time Homebuyer Savings Account Addition

If you made a nonqualified withdrawal from a first-time homebuyer savings account, you may be required to

Worksheet for Line 8

- o rad steps + and 5. Enter nere and on Schedule Witter, in

include those amounts in your taxable income. Complete and include Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine your addition.

Line 12

Accelerated Recognition of Nonresident Installment Sales

If you are required to report accelerated gains from an installment sale in 2018, complete and enclose Schedule M1AR, *Accelerated Recognition of Installment Sale Gains*.

Subtractions Line 16

Net Interest From U.S. Bonds

Include federally taxable interest you received from:

- U.S. bonds, bills, notes, savings bonds, certificates of indebtedness
- Sallie Mae bonds
- Dividends paid to you by mutual funds that are attributable to these bonds
- U.S. Government interest and dividends you received as a partner of a partnership, a shareholder of an S corporation, or beneficiary of a trust

Reduce these amounts by any related investment interest and other expenses deducted on your federal return relating to this income. Do not include interest or dividends attributable to Ginnie Mae, Fannie Mae, or Freddie Mac bonds.

See Income Tax Fact Sheet 13, U.S. Government Interest, if you received interest from a government source not listed.

Line 17

K-12 Education Expense Subtraction

If you purchased qualifying educational materials or services in 2018 for your qualifying child's K–12 education, you may be able to reduce your taxable income.

Note: If you qualify for the K-12 Education Credit, complete Schedule M1ED before entering an amount on this line (see instructions for line 3 of Schedule M1REF, *Individual Refundable Credits*). For this subtraction, you may use qualifying expenses you did not use for the credit and any tuition expenses which do not qualify for the credit. You can not claim both the credit and a subtraction for the same expenses. Complete the Worksheet for Line 17 if you entered an amount on line 19 of Schedule M1ED.

Continued

Worksheet for Line 17

If you qualify for the K–12 education credit and you cannot use all of your education expenses on Schedule M1ED, determine line 17 of Schedule M1M by completing the following steps:

Complete steps 3–6 if on Schedule M1ED line 18 is less than line 17.

- 3 Line 16 of Schedule M1ED
- 4 Line 19 of Schedule M1ED
- 5 Multiply step 4 by 1.333
- 6 Subtract step 5 from step 3

7 Add steps 1, 2, and 6 Enter the result from step 7—up to the maximum subtraction amount per child—on line 17 of

Schedule M1M.

To subtract your education expenses, the child must:

- · Be your child, adopted child, stepchild, grandchild, or foster child who lived with you in the United States for more than half of the year.
- Have been in grades K–12 during • 2018.
- Have attended a public, private, or • home school in Minnesota, Iowa, North Dakota, South Dakota, or Wisconsin.
- Not be claimed as a qualifying child on another individual's return.

In addition to the above requirements, you must have purchased educational services or required materials during the year to help your child's K-12 education. Education expenses that qualify for the credit also qualify for the subtraction. However, certain expenses qualify only for the subtraction. For examples of qualifying education expenses, see the Form M1 instructions.

Subtraction Limits

The maximum subtraction allowed for purchases of personal computer hardware and educational software is \$200 per family.

You may split qualifying computer expenses, up to \$200, among your children any way you choose.

The maximum amount of education expenses you can subtract is \$1,625 for each child in a grade K through 6, and \$2,500 for each child in a grade 7 through 12.

If you qualify for the K–12 Education Credit (Schedule M1REF, line 3) and you cannot use all of your education expenses on Schedule M1ED, complete the Worksheet for Line 17.

See Income Tax Fact Sheet 8. K-12 Education Subtraction and Credit, for more information.

Enter your qualifying education expenses on line 17. Also, enter each child's name and grade at the time the expenses were paid.

Line 18

Charitable Contributions over \$500

You may subtract some of your contributions made during the year if both of the following are true:

- You did not file Schedule M1SA, Minnesota Itemized Deductions.
- You made charitable contributions of . more than \$500.

To determine your allowable contributions, you will need the instructions for Schedule M1SA.

- 1 Determine your total allowable charitable contributions you would have been able to enter on lines 14 and 15 of Schedule M1SA
- 2 The first \$500 of contributions do not qualify \$500
- 3 Subtract step 2 from step 1 . . ____
- 4 Multiply step 3 by 50% (.50). Enter here and on line 18 of Schedule M1M

Line 19

Federal Bonus Depreciation Subtraction

You may be eligible to reduce your taxable income if either of the following are true:

- You reported 80 percent of the federal bonus depreciation as an addition to income on your 2013 through 2017 Form M1.
- · You received a federal bonus depreciation subtraction in 2018 from an estate or trust.

Complete the Worksheet for Line 19 to determine the amount to enter.

Line 20

Section 179 Expensing Subtraction

If you had an addition for increased section 179 expensing on your 2013 through 2017 Schedule M1M, subtract 20 percent of the total on your 2018 return.

	orksheet for Line 19					
	you claimed bonus depreciation as an addition on your 2013 Form M1:					
	Line 6 of your 2013 Schedule M1M 1					
2	Net operating loss generated for tax year 2013 (line 25, Schedule A of					
	2013 federal Form 1045). Enter as a positive number 2					
	Subtract step 2 from step 1 3					
	Multiply step 3 by 20% (.20) 4					
	If you claimed bonus depreciation as an addition on your 2014 Form M1:					
5	Line 5 of your 2014 Schedule M1M 5					
6	Net operating loss generated for tax year 2014 (line 25, Schedule A of					
	2014 federal Form 1045). Enter as a positive number					
7	Subtract step 6 from step 5 7					
	Multiply step 7 by 20% (.20) 8					
If y	you claimed bonus depreciation as an addition on your 2015 Form M1:					
	Line 5 of your 2015 Schedule M1M 9					
10	Net operating loss generated for tax year 2015 (line 25, Schedule A of					
	2015 federal Form 1045). Enter as a positive number 10					
11	Subtract step 10 from step 9 11					
	Multiply step 11 by 20% (.20) 12					
If y	you claimed bonus depreciation as an addition on your 2016 Form M1:					
13	Line 5 of your 2016 Schedule M1M 13					
14	Net operating loss generated for tax year 2016 (line 25, Schedule A of					
	2016 federal Form 1045). Enter as a positive number 14					
15	Subtract step 14 from step 13 15					
	Multiply step 15 by 20% (.20) 16					
	you claimed bonus depreciation as an addition on your 2017 Form M1:					
17	Line 5 of your 2017 Schedule M1M 17					
18	Net operating loss generated for tax year 2017 (line 25, Schedule A of					
	2017 federal Form 1045). Enter as a positive number 18					
19	Subtract step 18 from step 17 19					
20	Multiply step 19 by 20% (.20) 20					
If y	you received a subtraction in 2018 from an estate or trust:					
21	Total of any bonus depreciation subtraction amounts you received					
	as a beneficiary of an estate or trust (from line 13 of Schedule KF). 21					
Total subtraction						
22	Add steps 4, 8, 12, 16, 20 and 21.					
	Enter here and on line 19 of Schedule M1M 22					
	M1M-3					

Line 21

Subtraction for Persons 65 or Older or Permanently and Totally Disabled (Schedule M1R)

You may qualify for a subtraction if either of the following apply to you (or your spouse, if filing a joint return):

- You were born before January 2, 1954.
- You were permanently and totally disabled and received federally taxable disability income in 2018. If you did not receive federally taxable disability income, you do not qualify for this subtraction.

If you (or your spouse, if filing a joint return) meet the age or disability requirement, check the chart in the Form M1 instructions to determine if you meet the income requirements.

If you meet all of the eligibility requirements, **complete and include Schedule M1R**, *Age 65 or Older/Disabled Subtraction*.

Line 22

Railroad Retirement Board Benefits

If you included unemployment, sick pay, or retirement benefits from the Railroad Retirement Board in your 2018 federal adjusted gross income, you can subtract these amounts.

Line 23

Reciprocity Income

Minnesota has income tax reciprocity agreements with Michigan and North Dakota.

Reciprocity applies only to personal service income, such as:

- Wages
- Salaries
- Tips
- Commissions
- Fees
- Bonuses

For more information, see the Form M1 instructions.

When to complete Schedule M1M: If Complete Schedule M1M if all of the following are true:

- You are a resident of a reciprocity state.
- Your only Minnesota source income was wages covered under reciprocity.
- You had Minnesota income tax withheld from these wages. Use Schedule M1M to get a refund of the amount withheld. Place an X in the box for the state of which you were a permanent

resident during the year, and enter the amount from line 1 of Form M1 on line 23 of this schedule.

When you file Form M1, follow the steps in the Form M1 instructions. Also complete and include the following:

- Schedule M1W, *Minnesota Income Tax Withheld*
- Form MWR, *Reciprocity Exemption*/ *Affidavit of Residency*
- A copy of your home state tax return

To avoid having Minnesota tax withheld in the future on wages covered by reciprocity, file Form MWR each year with your employer.

When to complete Schedule M1NR: If your gross income assignable to Minnesota (other than from performing personal services covered under reciprocity) is \$10,650 or more, you are not eligible to take the reciprocity subtraction on Schedule M1M. Instead, file Form M1 and Schedule M1NR. Do not include your personal service income on column B of Schedule M1NR.

Line 24

American Indians Living on an Indian Reservation

If you are a member of an American Indian tribe living and working on the reservation of which you are an enrolled member, enter your reservation source income, to the extent the income is federally taxable.

If you are eligible to subtract reservation source income, you must apportion any Child and Dependent Care Credit you claim based on your income taxable to Minnesota.

Line 25

Federal Active Duty Military Pay Received by Residents

If you are a Minnesota resident and a member of one of the following:

- United States armed forces
- United Nations armed forces

Worksheet for Line 29

- 1 Foreign taxes paid from federal Form 1116, line 9
- 4 Tax paid to a subnational level of a foreign country, other than Canada, on income you received while a Minnesota resident
- 5 Step 3 or step 4, whichever is less.
- Also enter this amount on Schedule M1M, line 29

enter the federal active duty military pay you received and included in your federal adjusted gross income.

Line 26

National Guard Members, Reservists

Members of the Minnesota National Guard and Reserves are allowed a subtraction of federally taxable pay received for training and certain types of qualifying service. This includes:

- Training, including annual training and drill weekends.
- State active service, including natural disaster emergency response and missing person searches.
- Federally funded state active service such as airport security duty, active duty for special work (ADSW), and service under Title 10 and Title 32 Active Guard Reserve (AGR).

If you received pay for federal active duty, report that pay on line 25 instead of line 26.

Line 28

Organ Donor

If, while living, you, your spouse (if filing a joint return), or a dependent donated all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow to another person, you can subtract your qualified expenses.

Qualified expenses are your unreimbursed expenses for travel and lodging and for any lost wages net of sick pay due to the transplantation. Subtract your actual qualified expenses up to \$10,000.

Line 29

Income Taxes Paid to a Subnational Level of a Foreign Country

If you paid taxes to a subnational level of a foreign country **other than Canada**, you may be able to subtract the amount you did not use to claim a federal foreign tax credit. A subnational level is the equivalent of a state of the United States. Complete the Worksheet for Line 29.

Line 30

Military Pension or Retirement Pay

If you received certain compensation from a military pension or other military retirement pay, you may reduce your taxable income by that pay.

To qualify for this subtraction, the retirement pay must be taxable on the federal return and received for one of the following reasons:

- Service in the active component of the military (U.S. Code Title 10, sections 1401 to 1414)
- Retirement pay for service in the reserve component (U.S. Code Title 10, section 12733)
- Survivor benefit plan payments (U.S. Code Title 10, sections 1447 to 1455)

If you claim this subtraction, you may not claim the nonrefundable credit for past military service on Schedule M1C, *Other Nonrefundable Credits*, line 1.

Line 31

Gain From the Sale of Farm Property

You can reduce your taxable income if you received a gain from the sale of farm property in 2018 and all of the following are true:

- You owned and operated the farm.
- Your debts were greater than the fair market value of your assets immediately before the sale.
- You included the gain from the sale in your federal adjusted gross income on line 7 of federal Form 1040.
- You applied the proceeds from the sale of the property to paying off the mortgage, contract for deed, or lien on the property

Complete the Worksheet for Line 31.

Line 32

Post-Service Education Awards Received for Service in an AmeriCorps National Service Program

If you received a post-service education award, such as tuition reimbursements or student loan payments, from the federal government in 2018 for service in the AmeriCorps program, you can subtract the amount you included in your federal adjusted gross income. Enter the amount you received after leaving the program.

Do not include the stipend received while working in the program.

Worksheet for Line 31

If your education award was used to repay a student loan, and you deducted the student loan interest on line 33 of federal Schedule 1, you must reduce your subtraction by the interest attributable to the award.

Line 33

Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

Enter the amount you are carrying forward for 2018 for Minnesota purposes.

For complete information on how to determine line 33 and any amount to carry forward, go to our website at www.revenue.state.mn.us and type **NOL** in the Search box.

Line 34

Subtraction for Prior Addback of Reacquisition of Indebtedness Income

If you included in this year's federal adjusted gross income any discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in 2009 or 2010 and included the discharge in Minnesota taxable income in the prior year, enter that amount on line 34.

Line 35

Subtraction for Railroad Maintenance Expenses

If you claimed a federal credit for railroad maintenance expenses on federal Form 8900, enter your 2018 expenses you were not allowed to deduct because you used them to claim the credit.

Line 36

Contributions to a 529 plan

You may be able to deduct certain contributions made to a 529 plan. To determine the amount of your subtraction, complete and include Schedule M1529, *Education Savings Account Contribution Credit or Subtraction*, and enter the amount from line 4 of Schedule M1529 on line 36 of this schedule.

Line 37

Social Security Subtraction

If you entered an amount on line 5b of federal Form 1040, complete the Worksheet for Line 37. Before completing the Worksheet for Line 37, review Schedule M1NC, Federal Adjustments, to determine if you are required to file that schedule.

Line 38

First-Time Homebuyers Savings Account

If you contributed to a designated first-time homebuyer savings account in 2017 or 2018, you may be eligible to subtract your earnings on the account. Complete and include Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine your subtraction amount.

Line 39

Discharge of Indebtedness for Education Loans

If you had a qualifying education loan forgiven because you completed an income-driven repayment program, enter the amount of that debt discharged and included in federal adjusted gross income.

Worksheet for line 37 1 Enter the amount from line 6 of federal Form 1040				
2	Enter the amount from line 34 of Schedule M1NC reduced by any student loan interest or Social Security income included in the additions column on line 32 of Schedule M1NC			
3	Add steps 1 and 2			
4	Enter the amount from line 35 of Schedule M1NC reduced by any student loan interest or Social Security income included in the subtractions column on line 32 of Schedule M1NC			
5	Enter the amount from line 5b of federal Form 1040			
6	Add steps 4 and 5			
7	Subtract step 6 from step 3			
8 9	Enter the amount from line 5a of federal Form 1040 Multiply step 8 by 50% (0.50)			
	Enter the amount you included or should have included on line 2a of federal Form 1040			
	Add steps 7, 9 and 10			
12	Enter the total of amounts on lines 23 through 32, plus any write in adjustments on 23 through 32, plus any write in adjustments you entered on line 36 of federal Schedule 1			
13	Subtract step 12 from step 11. If zero or less, enter 0			
14	 Enter the amount for your filing status from below: Married Filing Jointly or Qualifying Widow(er): \$78,530 Single or Head of household: \$61,400 Married Filing Separate: \$39,270 			
15	Subtract step 14 from step 13. If zero or less, enter 0			
16	Multiply step 15 by 20% (.20)			
17	Enter the amount for your filing status from below			
	 Married Filing Jointly or Qualifying Widow(er): \$4,500 Single or Head of household: \$3,500 Married Filing Separate: \$2,250 			
18	Subtract step 16 from step 17. If zero or less, enter 0			
19	Enter the amount from step 5			
20	Enter the amount of Social Security included on line 32 of Schedule M1NC. If the amount was included in the subtractions column, enter as a negative amount			
21	Add steps 19 and 20. If zero or less, enter 0			
22	Enter the amount of Tier 1 railroad retirement benefits included on line 22 of Schedule M1M			
23	Subtract step 22 from step 21. If zero or less, enter 0			
24	Enter step 18 or step 23, whichever is less. Also enter this amount on line 37 of Schedule M1M.			