Senate DFL Majority

NEW AND EXPANDED TAX SAVINGS AVAILABLE TO TAXPAYERS IN 2024

Minnesota income tax filing season will begin on Monday, Jan. 29, the same date that federal tax filing begins. In 2023, DFL legislators passed the largest income tax cut in state history, delivering more than $3 billion in new tax benefits to Minnesotans that they may notice on this year's tax forms.

Social Security recipients

- **Who?** 322,000 Social Security recipients will save about $734 in taxes annually.
- **Details:** No couple earning less than $100,000/year (individuals < $78,000/year) will pay state income tax on their Social Security benefits. 76% of Social Security recipients – 322,000 Minnesotans – will no longer have to include these benefits as taxable income.
- Couples earning between $100,000 and $140,000/year (individuals up to $118,000) can exclude a larger amount of their Social Security benefits from state taxes, or they can continue to access the state's existing Social Security Tax Subtraction if that calculation proves more financially beneficial.

Child Tax Credit

- **Who?** 265,000 families with children
- **Details:** Minnesota becomes the 14th state to have a separate, refundable Child Tax Credit equal to $1,750 per child age 0-17. You must file a 2023 individual income tax return in order to claim the credit. Learn more about income requirements and qualifications on the Child Tax Credit webpage. *https://www.revenue.state.mn.us/child-tax-credit*
- The new credit is expected to reduce childhood poverty in Minnesota by up to one-third. The credit amount begins phasing out at $35,000 married-joint income ($29,500 single) and is completely phased out for married-joint filers with one child that earn more than $52,500. The credit is based on the number of children, however; families with four children could qualify if they earn up to $96,250.

Retirees earning a public pension

- **Who?** A new public pension subtraction *https://www.revenue.state.mn.us/public-pension-subtraction* for Minnesota seniors that receive public pensions instead of Social Security because of the jobs they worked – mainly State Troopers; certain teachers, firefighters and public safety officers; and federal employees.
- **Details:** Married couples earning up to $100,000/year will be able to subtract up to $25,000 of their public pension benefits from taxable income; single filers earning $78,000 or less can subtract $12,500. The subtraction fully phases out for taxpayers earning $120,000 married/$108,000 single.

Property tax relief

- **Who?** Homeowners, renters, farmers and seniors could benefit from expanded property tax relief passed in 2023. This is typically separate from income-tax filing, but it is helpful to remember to file refund applications at the same time so deadlines are not missed. More information can be found online. *https://www.revenue.state.mn.us/sites/default/files/2023-06/m1pr-inst-22_0.pdf*
- Among the items passed in 2023:
  - Homeowner property tax refunds increased 20% for taxes payable in 2023
  - Increased "targeting refunds" for homeowners whose property taxes increased by more than 6% between 2022 and 2023
  - Renter refunds increased 20% for rent paid in 2022
  - Expanded eligibility for the Senior Citizen Property Tax Deferral program
  - Increased first-tier market value bracket for agricultural land owners
  - The homestead market value exclusion cap is increased to $517,200

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K12 education credit

- **Who?** Minnesota taxpayers with children in K-12 schools could receive additional help paying for education-related expenses that qualify for the K-12 education credit. In total, about 36,300 returns would see an average $305 tax reduction for TY 2023. More information on what qualifies for the K-12 credit and the K-12 subtraction, which is not limited by income, can be found online. *https://www.revenue.state.mn.us/k-12-education-subtraction-and-credit*
- **Details:** Incomes up to $70,000 now qualify for the credit, up from $35,500 in current law. The maximum credit is increased from $1,000 to $1,500 per child. This credit has not been adjusted in 25 years.

Filing assistance to make sure all taxpayers can access these benefits

The legislature invested another $4 million for enhanced Volunteer Income Tax Assistance (VITA) in 2024. Some taxpayers may qualify for free tax return preparation through VITA or AARP Tax-Aide. These programs help prepare federal and state income tax and property tax refund returns.

- You can generally get help at a VITA site if any of these apply:
- You are age 60 or older
- You are a person with a disability
- You speak limited or no English
- Your annual income is less than $64,000

AARP Tax-Aide sites do not have income or age restrictions, but only prepare basic returns. *https://www.irs.gov/pub/irs-pdf/p3676bsp.pdf*

More information on eligibility as well as specific site locations will be available on the Department of Revenue's website once filing season opens: More information on eligibility as well as specific site locations will be available on the Department of Revenue's website once filing season opens: *https://www.revenue.state.mn.us/free-tax-preparation-sites*

GENERAL TIPS BEFORE YOU FILE YOUR TAXES:

Direct deposit

- This is the most secure way to receive get your tax refund. Direct deposit is available whether you file your return electronically or by mail. For more information on choosing direct deposit, see the Direct Deposit *https://www.revenue.state.mn.us/direct-deposit* page on the Revenue website.

Fraud Prevention

- The Department of Revenue reviews and verifies information on all tax returns to make sure the right refund goes to the right person. The department may contact you via mail asking for more documentation or to verify your identity. To learn more about identity theft prevention, see the Identity Theft and Tax Refund Fraud *https://www.revenue.state.mn.us/identity-theft-and-tax-refund-fraud* page on our website.

Track Your Refund

- You can track the status of your refund by using the Where's My Refund? system, *https://www.revenue.state.mn.us/wheres-my-refund* including the date your tax refund was sent. To learn about the measures taken to process returns and issue refunds, see the video on a day in the life of a tax return. *https://www.youtube.com/watch?v=5QMbOssVwIk*

Stay informed

- To make sure you do not miss any important tax-filing updates, consider signing up for the Department of Revenue's email subscription list. *https://public.govdelivery.com/accounts/MNREV/subscriber/new*