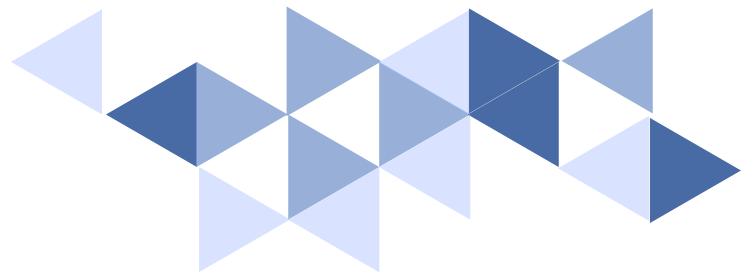


**Minnesota Tax Law Conformity / Non-Conformity Guide**

<b>Federal Tax Code</b>	<b>Full Conformity in MN</b>	<b>Partial Conformity in MN</b>	<b>No Conformity in MN</b>	<b>Effective Date</b>	<b>Note</b>
<b>Standard Deduction</b>	X			Tax Year 2019	The state standard deduction corresponds to the federal amounts allowed, but are subject to a reduction if the taxpayer's income exceeds the threshold amounts (\$194,650 for most, except for married filing separate).
<b>Section 179</b>		X		Tax Year 2018	The tax bill kept the state 80% add-back but conformed to all the other new federal changes (higher deduction limit and phase-out, etc.).
<b>Bonus Depreciation</b>		X		Tax Year 2017	The tax bill removes MACRS for 2017 & 2018; allows for used assets; maintains 80% add-back rule.
<b>529 Funds used for K-12 Expenses</b>			X	Tax Year 2018	The bill requires distributions from 529 Plans (Qualified Tuition Plans) that are used to pay for K-12 expenses to be added to FAGI.
<b>NOLs</b>		X		Tax Year 2018	For corporate NOLs, the tax bill did not conform to the TCJA's treatment of pre-TCJA NOLs, in imposing the 80% net income limit on this deduction.
<b>Like Kind Exchanges</b>	X			Tax Year 2018	
<b>Dependant Exemption</b>		X		Tax Year 2019	Establishes a state dependent exemption equal to \$4,250 in tax year 2019.
<b>Personal Exemption</b>	X			Tax Year 2019	
<b>199A</b>			X	Tax Year 2018	
<b>Alimony</b>	X			Tax Year 2019	
<b>Technical Termination of Partnerships</b>	X			Tax Year 2019	
<b>Excess Business Losses</b>	X			Tax Year 2018	
<b>Cancellation of Debt on Principal Residence Debt</b>	X			Tax Year 2017 Only	The tax bill conformed to this federal provision for tax year 2017 only.
<b>Above the Line Deduction for Tuition</b>			X	Tax Year 2017 Only	



<b>163J</b>	X			Tax Year 2018	
<b>Entertainment Expenses</b>	X			Tax Year 2018	
<b>Transportation Fringe Benefits</b>		X		Tax Year 2018	The tax bill allows nonprofits to continue to take this deduction under the bill's UBIT provisions.
<b>GILTI, FDII, and deemed repatriation</b>			X	Tax Year 2018	The effect of the tax bill is to completely decouple from federal law on these international provisions.

**Itemized Deductions**

<b>State and Local Taxes Paid (Including Real Estate Tax)</b>	X			Tax Year 2019	
<b>Charitable Contributions</b>	X			Tax Year 2019	
<b>Home Mortgage Interest</b>	X			Tax Year 2019	
<b>Medical Expenses</b>	X			Tax Year 2019	The tax bill conformed to the medical expense deduction for tax year 2017, as well, but not for tax year 2018.
<b>Unreimbursed Employee Expenses</b>			X	Tax Year 2019	The tax bill allows an itemized deduction for unreimbursed employee expenses. The deduction is limited to expenses in excess of 2 percent of AGI.
<b>Casualty Losses</b>			X	Tax Year 2019	The tax bill allows a state itemized deduction for personal casualty and theft losses; TCJA limited the federal deduction to losses in disaster areas

**Other State Program Tax Changes**

<b>Working Family Tax Credit</b>				Tax Year 2019	Expands the Working Family Credit.
<b>Angel Credit</b>				Tax Year 2019	Allocates \$10 million to the small-business investment credit for tax years 2019 and 2021.
<b>Social Security Subtraction</b>				Tax Year 2019	Increases the Minnesota Social Security subtraction by \$450 for married couples filing joint returns, and by \$360 for single and head of household taxpayers.
<b>Tax Rates</b>				Tax Year 2019	Second tier rate reduced from 7.05% to 6.80%.