

Income/Franchise:

Minnesota: Amended Return May be Warranted After Law Change to Claim Additional NOL Deduction

Net Operating Losses for Businesses, Minn. Dept. of Rev. (4/8/24). Pursuant to recently enacted legislation that postpones Minnesota's application of a 70% net operating loss (NOL) limitation by one year so that Minnesota's NOL limitation remains at 80% for the 2023 tax year [see H.F. 3769, signed by gov. 4/8/24, and *State Tax Matters*, Issue 2024-15, for more details on this recently signed legislation], the Minnesota Department of Revenue (Department) explains that those that filed a 2023 Minnesota corporate franchise tax return before this law change "may need to file an amended return to claim the additional NOL deduction." The Department also clarifies that Minnesota law does not distinguish between NOL carryovers generated before or after the law change – stating that for tax years beginning after December 31, 2017, and before January 1, 2024, the Minnesota NOL deduction is limited to 80% of a corporation's taxable income. For tax years beginning after December 31, 2023, the Department explains that Minnesota's NOL deduction is limited to 70% of a corporation's taxable income. Please contact us with any questions.

URL: <https://www.revenue.state.mn.us/net-operating-losses>

URL: <https://www.revisor.mn.gov/bills/bill.php?f=HF3769&b=house&y=2024&ssn=0>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240412_2.html

— Ray Goertz (Minneapolis)
Managing Director
Deloitte Tax LLP
rgoertz@deloitte.com

Roburt Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Mark Sanders (Minneapolis)
Senior Manager
Deloitte Tax LLP
msanders@deloitte.com

Sara Clear (Minneapolis)
Manager
Deloitte Tax LLP
sclear@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.