

Income/Franchise:

Minnesota: New Law Makes Research Activities Credit Partially Refundable for Electing Taxpayers

H.F. 9, signed by gov. 6/14/25. Recently enacted Minnesota omnibus tax legislation includes provisions that, for eligible electing taxpayers, make Minnesota's corporate income/franchise tax credit for increasing research activities ("R&D credit") partially refundable for qualifying expenses incurred in taxable years beginning after December 31, 2024, after the R&D credit amounts are appropriately allocated to other members of the unitary group when applicable. The legislation establishes the refundability rate for the partially refundable R&D credit at 19.2% of the excess of tax liability for taxable years beginning after December 31, 2024, and before January 1, 2026; and 25% of the excess of tax liability for taxable years beginning after December 31, 2025, and before January 1, 2028. For taxable years beginning after December 31, 2027, the legislation provides that the R&D credit is refundable based on the lesser of i) 25% of the excess of tax liability, or ii) the percentage at which the dollar amount of refunds is approximately \$25 million. Please contact us with any questions.

URL: <https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF0009&ssn=1&y=2025>

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