

# 2009 Tax on Lump-Sum Distribution

Your first name and initial

Last name

Social Security number

**You must complete federal Form 4972 before you can complete this schedule**

**Round amounts to the nearest whole dollar.**

- 1** Portion of your lump-sum distribution that is eligible for averaging  
(from line 19 of federal Form 4972) ..... **1** \_\_\_\_\_
  
- 2** If you completed Schedule M1R, see instructions. If you did not complete Schedule M1R, enter 0 . . **2** \_\_\_\_\_
  
- 3** Subtract line 2 from line 1 ..... **3** \_\_\_\_\_
  
- 4** Multiply line 3 by 20% (.20) ..... **4** \_\_\_\_\_
  
- 5** From the tax table in the M1 instructions, find the tax for the amount  
on line 4 above using the column in the table for single persons ..... **5** \_\_\_\_\_
  
- 6** Multiply line 5 by 5 ..... **6** \_\_\_\_\_  
If you did not complete lines 20 through 22 of federal Form 4972, skip lines 7 through 10 below,  
and enter the amount from line 6 on line 11.
  
- 7** Amount from line 22 of federal Form 4972 ..... **7** \_\_\_\_\_
  
- 8** Multiply line 7 by 20% (.20) ..... **8** \_\_\_\_\_
  
- 9** From the tax table in the M1 instructions, find the tax for the amount  
on line 8 above using the column in the table for single persons ..... **9** \_\_\_\_\_
  
- 10** Multiply line 9 by 5 ..... **10** \_\_\_\_\_
  
- 11** Tax on the ordinary income portion of your lump-sum distribution (subtract line 10 from line 6).  
If you shared the lump-sum distribution with other recipients, see instructions.  
Enter the result here and on line 15 of Form M1.  
(Estates and trusts: Include this amount on line 11 of Form M2 and check the box for M1LS) . . . . . **11** \_\_\_\_\_

**You must include this schedule and a copy of your federal Form 4972 when you file Form M1.**

# 2009 Schedule M1LS instructions

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## Who must file

If you received a lump-sum distribution from a pension, profit-sharing or stock bonus plan in 2009, you must file Schedule M1LS if both of the following conditions apply:

- you filed federal Form 4972, *Tax on Lump-Sum Distributions*, and
- you were a Minnesota resident when you received any portion of the lump-sum distribution.

You must include Schedule M1LS and a copy of your federal Form 4972 when you file Form M1.

## Part-year residents

If you received the full amount of the distribution while you were a nonresident of Minnesota, you do not have to complete Schedule M1LS.

If you received a portion while you were a nonresident and a portion while you were a resident, you must complete Schedule M1LS and include the full amount from federal Form 4972 on your Schedule M1LS.

## Five-year averaging method

Even though federal Form 4972 allows you to use only the ten-year averaging method, you must use the five-year averaging method for Minnesota.

## Capital gain election

Minnesota does not allow a capital gain election for lump-sum distributions. Therefore, any capital gain reported on federal Form 4972, line 6, must be reported as an addition to federal taxable income on line 14 of Schedule M1M.

## Line instructions

*Round amounts to the nearest whole dollar.*

### Line 2

#### Subtraction for age 65 or older or disabled

If you completed Schedule M1R, *Age 65 or Older/Disabled Subtraction*, and line 4 of Form M1 is:

- **zero or less**, enter the amount from line 13 of Schedule M1R on line 2 of Schedule M1LS.
- **more than zero**, read the rest of this instruction.

If line 4 minus line 9 of Form M1 is:

- **zero or less**, assume for purposes of this line that the actual number is a positive rather than a negative number. Then, compare it (as a positive number) to the amount on line 13 of Schedule M1R and enter whichever amount is less on line 2 of Schedule M1LS.
- **more than zero**, enter zero on line 2 of Schedule M1LS.

### Line 11

#### Tax on ordinary income portion of lump-sum distribution

Subtract line 10 from line 6 and enter the result on line 11.

**Multiple recipients:** If you shared a lump-sum distribution from a qualified retirement plan, follow the steps below to determine line 11:

- 1 From the front of this schedule, subtract line 10 from line 6 . . . . . \_\_\_\_\_
- 2 Enter the percentage from box 9a of Form 1099-R . . . . . \_\_\_\_\_ %
- 3 Multiply step 1 by the percentage in step 2 . . . . . \_\_\_\_\_

Enter the result from step 3 on line 11 of Schedule M1LS. In the space to the left of line 11, print "MRD."