



2005 Minnesota Working Family Credit

M1WFC
Sequence #5

Your first name and initial

Last name

Social Security number

Qualifying children

Number of qualifying children:

None

One

Two or more

| Child's name | Child's Date of birth | Relationship to you (for example: son, daughter, etc.) | Number of months the child lived with you in 2005 (see instructions) | Child's Social Security number | | | | | | | | | | | | | | | | | | | | | | | | |
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If you have more than two qualifying children, list only two.

Determining credit amount

You must be eligible for the federal earned income credit (EIC) to claim the Minnesota working family credit. Before you complete this schedule, you must follow the steps in the instructions for the federal return to determine if you can take the federal earned income credit and complete the appropriate federal EIC Worksheet.

Round amounts to the nearest whole dollar.

- If you filed federal Form 1040, enter your total earned income from line 1 of EIC Worksheet A or line 6 of EIC Worksheet B. If you filed Form 1040A or Form 1040EZ, enter the amount from line 1 of your EIC Worksheet **1**
- Using the amount on line 1, your filing status and the number of qualifying children, find the credit amount using the WFC Table on pages 18–20 of the M1 instruction booklet (if result is zero, stop here; you do not qualify for this credit) **2**
- Federal adjusted gross income (from line 37 of Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ) **3**
If line 3 is the same as line 1, skip line 4 and enter the amount from line 2 on line 5.
- If you have:
 - no qualifying children, is line 3 less than \$6,530 (\$8,530 if married filing jointly)?
 - only one qualifying child, is line 3 less than \$17,070 (\$19,070 if married filing jointly)?
 - two or more qualifying children, is line 3 less than \$20,250 (\$22,250 if married filing jointly)? **Yes.** Go to line 5 below.
 No. Using the amount on line 3, your filing status and the number of qualifying children, find the credit amount using the WFC Table on pages 18–20 of the M1 instruction booklet **4**
- Working family credit amount
 - If you checked “Yes” on line 4, enter the amount from line 2.
 - If you checked “No” on line 4, enter the amount from line 2 or line 4, **whichever is less** **5**

Full-year residents: Also enter this amount on line 32 of your Form M1.
- Part-year residents and nonresidents:** Multiply line 5 by line 24 of Schedule M1NR. Enter the result here and on line 32 of Form M1. However, if your Minnesota gross income is less than \$8,200, see instructions; enter result from step 5 of worksheet here: _____ and enter step 6 on line 6 **6**
- American Indians working and living on an Indian reservation and taxpayers with JOBZ business income:** Determine from the instructions on the back. Enter the result here and on line 32 of Form M1 **7**

You must enter the number of qualifying children in the boxes to the left of line 32 of your Form M1 and include this schedule with your return.



2005 Schedule M1WFC instructions

New for 2005

Penalty for fraudulently claiming a refundable credit

If you file a return that fraudulently claims a refundable credit, including the Minnesota working family credit, you will be assessed a penalty. The new penalty is 50 percent of the fraudulently claimed refund, and is in addition to the 50 percent penalty on the understated tax.

Effective for credits or refunds claimed after December 31, 2005.

Combat pay included in earned income

Minnesota has adopted the federal law change allowing taxpayers to elect to include nontaxable combat pay in their earned income when determining the federal earned income credit (EIC). Therefore, no adjustment is required on line 1 of this schedule.

Effective for tax years 2004 and 2005.

Who is eligible?

If you are a Minnesota resident and are eligible for the federal EIC, you are also eligible for the Minnesota working family credit.

Part-year residents and nonresidents may also be eligible for the credit, which is apportioned by the percentage of income taxable to Minnesota.

Before you can complete Schedule M1WFC, you must:

- 1 follow the steps in the instructions for your federal return to determine if you qualify for the federal EIC, and
- 2 complete the appropriate federal EIC Worksheet.

Qualifying children information

Check a box to indicate the total number of qualifying children and enter the requested information. If you have more than two qualifying children, you have to list only two.

Number of months child lived with you: If the child lived with you in the United States for more than half of the year but less than seven months, enter "7." If the child was born or died in 2005 and your home was the child's home for the entire time he or she was alive during the year, enter "12."

Line instructions

Round amounts to the nearest whole dollar.

Line 6

Part-year residents and nonresidents Multiply line 5 by line 24 of your Schedule M1NR. Enter the result on line 6 of your Schedule M1WFC and also on line 32 of your Form M1.

Be sure to indicate the number of your qualifying children in the boxes to the left of line 32 of your Form M1 and include a copy of the schedule when you file your Form M1.

If your Minnesota gross income is below the filing requirement and you are filing Form M1 to claim this credit, you should have entered zero on line 22 of your Schedule M1NR. However, to correctly determine this credit, you must first fully complete Schedule M1NR to determine what the amounts would have been, and then follow the steps below:

- 1 Line 11, column B, of Schedule M1NR
- 2 Line 21, column B, of Schedule M1NR
- 3 Subtract step 2 from step 1. *(If result is zero or less, stop here. You do not qualify for the credit)*
- 4 Line 23 of Schedule M1NR
- 5 Divide step 3 by step 4 and enter the result as a decimal *(carry to five decimal places)*. If step 3 is more than step 4, enter 1.0. Enter result here and on the space provided on line 6 of your Schedule M1WFC
- 6 Multiply step 5 by line 5 of your Schedule M1WFC

Enter the result from step 6 on line 6 of Schedule M1WFC and on line 32 of Form M1. Indicate the number of your qualifying children in the boxes to the left of line 32 of your return, and include a copy of the schedule when you file your Form M1.

Line 7

American Indians working and living on an Indian reservation and taxpayers with JOBZ business income

The working family credit is based only on earned income taxable to Minnesota. Therefore, you must apportion your credit if you:

- were an American Indian working and living on a reservation and had earned income not subject to Minnesota tax, or
- claimed a subtraction for income from operating a qualified business in a Job Opportunity Building Zone.

To apportion your working family credit, follow the steps below:

- 1 Federal adjusted gross income (from line 37 of Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ)
- 2 Earned income that is *not* taxable to Minnesota
- 3 Subtract step 2 from step 1
- 4 Divide step 3 by step 1. Enter the result as a decimal *(carry to five decimal places)*
- 5 Amount from line 5 on the front of this schedule
- 6 Multiply step 5 by step 4

Enter the result from step 6 on line 7 of your Schedule M1WFC and also on line 32 of your Form M1.

Be sure to indicate the number of your qualifying children in the boxes to the left of line 32 of your Form M1.