

1.1 A bill for an act
1.2 relating to taxation; income; making a technical correction to the pass-through
1.3 entity tax; amending Minnesota Statutes 2024, section 290.06, subdivision 23a.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2024, section 290.06, subdivision 23a, is amended to read:

1.6 Subd. 23a. **Pass-through entity tax paid to another state.** (a) A credit is allowed against
1.7 the tax imposed on a qualifying entity under section 289A.08, subdivision 7a, for
1.8 pass-through entity tax paid to another state. The credit under this subdivision is allowed
1.9 as a credit for taxes paid to another state under subdivision 22, paragraph (a), and may only
1.10 be claimed by a qualifying owner. The credit allowed under this subdivision must be claimed
1.11 in a manner prescribed by the commissioner.

1.12 (b) This ~~section~~ subdivision expires at the same time and on the same terms as section
1.13 164(b)(6)(B) of the Internal Revenue Code, except that the expiration of this section does
1.14 not affect the commissioner's authority to audit or power of examination and assessments
1.15 for credits claimed under this section.

1.16 (c) As used in this subdivision, the following terms have the meanings given:

1.17 (1) "income" has the meaning provided in section 290.01, subdivision 19, paragraph (i);

1.18 (2) "pass-through entity tax" means an entity-level tax imposed on the income of a
1.19 partnership, limited liability corporation, or S corporation;

1.20 (3) "qualifying entity" has the meaning provided in section 289A.08, subdivision 7a,
1.21 paragraph (a); and

2.1 (4) "qualifying owner" has the meaning provided in section 289A.08, subdivision 7a,
2.2 paragraph (b).

2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.