

HOUSE RESEARCH

Bill Summary

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Overview

Allows the income tax credit for taxes paid to other states for taxes paid to German Länder.

Section

1 **Credit for taxes paid to other states.** Allows the Minnesota income tax credit for taxes paid to other states to be claimed for taxes paid to German Länder (a "Land" is a sub-national unit analogous to a province or state). Provides that the credit for Land taxes and Canadian provincial taxes is limited to foreign sub-national liability remaining after subtracting the federal foreign tax credit, if the federal credit exceeds the foreign national-level taxes.

Present law allows the credit for income taxes paid to other states for income taxed by another state of the United States, the District of Columbia, or a Canadian province or territory. Individuals claiming the credit for Canadian provincial or territorial taxes are not required to net out any amounts offset by the federal foreign tax credit.

Effective date. Provides credit is effective beginning with tax year 2001.