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Subject: Repeal corporate minimum tax and minimum fee applied to C corporations

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Overview

This bill repeals the corporate alternative minimum tax (AMT) and the minimum fee as it applies to C corporations, effective beginning for tax year 2018.

Section

- 1** **Cross reference.** Makes a conforming cross reference change consistent with the renumbering of paragraphs made by section 4.
- 2** **Cross reference.** Eliminates a cross reference to the minimum fee that is repealed by section 4.
- 3** **Cross reference.** Eliminates a reference to corporate alternative minimum taxable income (repealed with repeal of the corporate AMT in section 7) in the treatment of losses on the sale or disposition of preferred stock.
- 4** **Minimum fee on C corporations repealed.** Eliminates application of the minimum fee to C corporations. The minimum fee is a flat add-on tax that applies to business entities, both C corporations and pass-through entities, based on the amounts of their Minnesota property, payroll, and sales as defined for purpose of the apportionment formula. (The fee would continue to apply to partnerships and S corporations.) For tax year 2017, the fee amounts range from \$200 (for firms with factors of at least \$970,000 but less than \$1.96 million) and \$9,770 (for firms with factors of \$39.08 million or more). The dollar amounts under the minimum are indexed for inflation.

Effective date: tax year 2018

Section

- 5** **Conforming changes.** Modifies the minimum fee exemption subdivision to eliminate the references to exempt corporations to be consistent with section 4's repeal of the fee's application to corporations.
- 6** **Conforming changes; JOBZ.** Makes conforming changes to the JOBZ statute to be consistent with the bill's repeal of the corporate AMT and limiting the minimum fee to pass-through entities.
- 7** **Repeal of the corporate AMT.** Repeals the corporate AMT, including the carryover credit that allows taxpayers to use the tax paid under the AMT to reduce regular tax in later tax years (but not below the AMT liability for that year).

Effective date: tax year 2018