

Subject Prepared food credit

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Overview

H.F. 2035 would create tax credit for donations of prepared food by prepared food businesses. The credit is equal to 20 percent of the donation. Eligible donations are those that would qualify for the charitable contribution deduction under the Internal Revenue Code.

Summary

Section	Description
1	<p>Prepared food donation; addition.</p> <p>For individuals, requires an add-back for the amount of a food donation claimed as a charitable contribution under the Internal Revenue Code, so that an individual cannot claim both the deduction and the credit.</p> <p>Effective date: Tax year 2019.</p>
2	<p>Prepared food donation; addition.</p> <p>Requires the add-back in section 1 for corporate filers.</p> <p>Effective date: Tax year 2019.</p>
3	<p>Prepared food donation credit.</p> <p>Paragraph (a) allows a credit for eligible charitable food donations equal to 20 percent of the donation. The credit is not refundable and may not be carried forward.</p> <p>Paragraph (b) establishes definitions for the new credit:</p> <ul style="list-style-type: none">▪ “Eligible charitable food donation” means a food donation that qualifies as a charitable contribution under the Internal Revenue Code, regardless of whether the taxpayer itemizes deductions.▪ “Prepared food” means food that meets certain quality standards even if the food is not otherwise marketable. Prepared food also includes cooked food, food that is prepared by mixing ingredients, or the ingredients themselves.

Section	Description
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- “Qualifying taxpayer” means a prepared food business that makes a charitable food donation in this state.

Paragraph (c) requires the credit to be allocated for part-year residents and nonresidents based on the percentage of the taxpayer’s income allocated to Minnesota.

Paragraph (d) clarifies how the credit is passed through to the owners of pass-through businesses.

Effective date: Tax year 2019.



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