

**Number of qualifying children:**

| Child's first, middle initial, last name<br>(If you have more than two<br>qualifying children, list only two) | Relationship to<br>you (for example:<br>son, daughter, etc.) | Number of months<br>the child lived<br>with you in 2010<br>(see instructions) | Child's date of birth<br>(mmddyyyy) | Child's<br>Social Security number |
|---|--|---|-------------------------------------|-----------------------------------|
|---|--|---|-------------------------------------|-----------------------------------|

**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.**

- 1** 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 EIC Worksheet . . . . . **1** ■
- 2** 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 19–21 of the M1 instruction booklet (if result is zero, stop here; you do not qualify for this credit) . . . . . **2** ■
- 3** Federal adjusted gross income (from line 37 of Form 1040, line 21 of Form 1040A or line 4 of Form 1040EZ). (If a negative number, leave blank) . . . . . **3** ■  
If line 3 is the same as line 1, skip line 4 and enter the amount from line 2 on line 5.
- 4** If you have:
  - no qualifying children, is line 3 less than \$7,480 (\$10,610 if married filing jointly)?
  - only one qualifying child, is line 3 less than \$19,540 (\$22,670 if married filing jointly)?
  - two or more qualifying children, is line 3 less than \$23,180 (\$26,310 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 19–21 of the M1 instruction booklet . . . . . **4** ■
- 5** 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 28 of Form M1.
- 6** **Part-year residents and nonresidents:** Multiply line 5 by line 25 of Schedule M1NR. Enter the result here and on line 28 of Form M1. However, if your Minnesota gross income is less than \$9,350, see instructions; enter result from step 5 of worksheet in the space below and enter step 6 on line 6 . . . . . **6** ■

Step 5 of the worksheet:

- 7** **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 28 of Form M1 . . . . . **7** ■

**Include this schedule with your Form M1.**

**Enter the number of qualifying children in the box provided on line 28 of Form M1.**

# Schedule M1WFC instructions 2010

## Who is eligible?

If you are a Minnesota resident and are eligible for the federal earned income credit (EIC), you may also be 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.

## Income requirements

Except for the extended income range, eligibility requirements for the Minnesota working family credit are the same as for the federal earned income credit.

**Extended income range.** Due to recent federal changes that were not adopted by Minnesota, taxpayers who are at the higher end of the income eligibility range for the federal credit and are filing married-joint returns and/or have three or more children will not receive a working family credit (see chart below).

If your earned income (line 1 of Schedule M1WFC) or your federal adjusted gross income (line 3 of Schedule M1WFC), whichever is higher, is above the following amounts, you do not qualify for the Minnesota working family credit.

| Filing status | Income limit |
|---------------|--------------|
|---------------|--------------|

**Married, filing a joint return, with:**

|              |          |
|--------------|----------|
| no children  | \$16,600 |
| one child    | 38,600   |
| two children | 43,400   |

**Taxpayers with three or more children:**

|                                 |          |
|---------------------------------|----------|
| married-joint returns           | \$43,400 |
| other than married filing joint | 40,300   |

## Information on qualifying children

Near the top of Schedule M1WFC, check a box to indicate the total number of qualifying children. Enter the requested information for each qualifying child. If you have more than two qualifying children, list only two.

Enter the number of months the child lived with you during the year. If the child lived

with you in the United States for more than half of the year but less than seven months, enter "7" in the space provided. If the child was born or died in 2010 and your home was the child's home for the entire time he or she was alive during the year, enter "12."

Enter the number of qualifying children in the space provided on Form M1, line 28.

## 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 penalty is 50 percent of the fraudulently claimed refund and is in addition to the 50 percent penalty on the understated tax.

## Line instructions

*Round amounts to the nearest whole dollar.*

### Line 6

**Part-year residents and nonresidents**  
**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 23 of Schedule M1NR. However, to correctly determine your credit, you must first fully complete Schedule M1NR to determine what the amounts would have been, and then follow the worksheet below to determine line 6.

### 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 are a Minnesota resident and:

- are 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 worksheet below to determine line 7.

#### **Worksheet for line 6 (for nonresidents and part-year residents whose Minnesota gross income is less than \$9,350)**

- 1 Line 11, column B, of Schedule M1NR .....
- 2 Line 22, 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 24 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. Also enter the result on the space provided on line 6 of Schedule M1WFC .....
- 6 Amount from line 5 of Schedule M1WFC .....
- 7 Multiply step 5 by step 6. Also enter the result on line 6 of Schedule M1WFC and on line 28 of Form M1 .....

#### **Worksheet for line 7**

- 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 and enter the result as a decimal (carry to five decimal places) .....
- 5 Amount from line 5 of Schedule M1WFC .....
- 6 Multiply step 5 by step 4. Also enter the result on line 7 of Schedule M1WFC and on line 28 of Form M1 .....