DEPARTMENT OF REVENUE

First-time Homebuyer Savings Account

Beginning in tax year 2017, individuals may contribute to a first-time homebuyer savings account. The account may be used to save for eligible expenses for a qualified beneficiary.

First-time Homebuyer Savings Account Subtraction

Individuals may subtract interest earned on the first-time homebuyer savings account from their Minnesota taxable income.

When is this subtraction available?

The First-time Homebuyer Savings Account subtraction is available beginning tax year 2017. Individuals may contribute to a first-time homebuyer savings account beginning in 2017.

How much is this subtraction?

The subtraction is limited to the interest earned on an individual's first-time homebuyer savings account.

How much can I contribute to an account?

Individuals are limited to contributing $14,000 ($28,000 for married filing joint) per year. Individuals cannot contribute more than $50,000 ($100,000 for married filing joint) total in all years. Each account is limited to a maximum of $150,000.

What are eligible expenses?

Eligible expenses include closing costs and the down payment for the purchase of a single-family home, or the cost of construction or financing the construction of a single-family home.

Who is a qualified beneficiary?

Each account must have a designated qualified beneficiary. Qualified beneficiaries must be Minnesota residents that have not had an ownership interest in a principal residence in the previous three years. Also, the spouse of a married beneficiary cannot have an ownership interest in a home.

Do I qualify for this subtraction?

Anyone may establish or contribute to a first-time homebuyer savings account. More information and instructions for establishing and contributing to an account will be available for the 2017 tax filing season.

How do I file this subtraction?

Eligible taxpayers should complete Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine this subtraction.

Visit our website in January 2018 for tax year 2017 forms and instructions.

First-time Homebuyer Savings Account Addition

Unqualified withdrawals from a first-time homebuyer savings account may require taxpayers to report an addition to their Minnesota taxable income.

What do I need to report as an addition?

The following items must be reported as an addition to Minnesota taxable income:

- Any amount previously reported as a subtraction, withdrawn from the account, and used for anything other than eligible costs.
- Account balances exceeding contributions at the close of the tenth year the account is open.

How do I report this addition?

Eligible taxpayers should complete Schedule M1HOME, First-Time Homebuyer Savings Account, to determine this addition.

Visit our website in January 2018 for tax year 2017 forms and instructions.

First-time Home Buyer Savings Account Additional Tax

An additional tax applies in the following situations:

- Any amount previously reported as a subtraction, withdrawn from the account, and used for anything other than eligible costs.
- Account balances exceeding contributions at the close of the tenth year the account is open.
- Taxpayers required to report an addition to their Minnesota taxable income.

How do I report this additional tax?

Eligible taxpayers should complete Schedule M1HOME, *First-Time Homebuyer Savings Account*, to determine their additional tax. Visit our website in January 2018 for tax year 2017 forms and instructions.