



The MAPAN

“MAPA assists members in achieving success in the profession of accounting and taxation through the advocacy of practice rights and the promotion of high standards in ethics, education, and professionalism.”

President’s Message

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I hope you all have a good summer. It has been hot and dry which I am not complaining about because soon it will be winter and we will see the “S” word. It was nice to see a few people at the annual meeting wish more could have made it. I know summer can be busy. My kids and I have been busy with friends, family and swimming. We were only home for 9 days in June with everything we had going on and spending time with family. I cannot believe that summer is almost over and school will start up again soon. We will soon have our big CE events and then tax season will start again. Minnesota has been making some “fun” changes and per their usual they are retroactive. If this has you in a sour mood here is a joke I found.

An accountant is having a hard time sleeping and goes to see his doctor. “Doctor, I just can’t get to sleep at night.” “Have you tried counting sheep?” “That’s the problem - I make a mistake and then spend three hours trying to find it.”

Have a great rest of the summer and I will see you at an event soon.

Diane St. Sauver

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Congratulations to our newly appointed MAPA Officers: Vice President –Alycia Gilb, President – Diane St. Sauver, Treasurer – Jacen Gondringer, and Secretary - Chad Silbernack

Executive Director's Report • Erin Nebben, EA



Hello! The days have been flying by! The month of July was a complete blur and I can't believe we are in the month of August. The summer has been packed with basketball tournaments, college visits, and my daughter reminding me daily that this is her last summer 'as a kid'. If only time would slow down a bit.

MAPA was able to hold a fun event at the end of June! We held our Annual Meeting at Arrowood Resort & Conference Center on June 25-26. It was great to see so many of our Past Presidents and take time to reconnect and talk about MAPA in the past and the future of MAPA. A huge thank you to Debra Stapek for taking such great pictures for us at Arrowood. And, thank you to all the Past Presidents and attendees for making out 83rd Annual Meeting one to remember.

MAPA is getting ready for a really busy fall. I just counted that we have 13 classes between now and the end of September. Eleven of those are in the span of 4 days. Most of them are 2 hour classes, but just as important! If you haven't registered for your MAPA continuing education yet, please do so soon so we can continue to plan for this year and what is to come next year.

If you are planning to attend one of our in person 2 day events, stay tuned for more information regarding a social hour following the first day of the event. With having so many webinars, we are always looking for more ways to create networking opportunities for our members and seminar attendees.

Lastly, MAPA is always looking for new volunteers. If being a part of something that gives back to your profession interests you, please let us know! We would love to have more voices and ideas. The education based membership organization is rapidly changing and we need your help to continue to stay relevant and effective to the accounting and tax community.

I hope you all enjoy the last few weeks of summer before we officially get back into fall where extensions are due and it's time to start thinking about year end and the upcoming tax season. It truly all just goes too fast!



MAPA Past Presidents: (Front) Ellen Stebbins, Linda Eisenmenger, Debra Stapek, Virginia Bruns, Diane St. Sauver, Eric Goddard (Back) Steven Hansen, Arlan Swenson, Rob Saunders, Erin Nebben, Jacen Gondringer

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MAPA ~ 83rd Annual Meeting ~ Arrowwood ~ Alexandria



What's New at Revenue • Minnesota Revenue



It's already August. Time really does fly when you're having fun. The 2023 legislative session brought a number of changes to Minnesota's tax code.

The 2023 legislative bulletins are now available on our [Legislative Bulletins page](#). These bulletins, prepared by Revenue's Appeals, Legal Services, and Disclosure Division, summarize many important Minnesota law changes.

With so many changes, be sure to follow our [Tax Law Changes page](#) and [subscribe to our Tax Law Changes email list](#) to get the latest information.

Direct Tax Rebate Payments

This year's tax bill included direct tax rebate payments for tax year 2021 to eligible Minnesotans. We will begin issuing the payments this fall. The legislation provides payments of:

- \$520 for married couples filing a joint return with adjusted gross income of \$150,000 or less
- \$260 for all other individuals with adjusted gross income of \$75,000 or less
- Another \$260 for each dependent claimed on your return, up to three dependents (\$780)

Your clients did not need to apply for this payment. We used previously filed 2021 income tax or property tax refund returns to determine who is eligible. For more information, [visit our Direct Tax Rebate Payments page](#).

Property Tax Refund Amounts Increased

The tax bill increased refund amounts for the 2022 Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund (Form M1PR).

Refunds for homeowners and renters were increased by 20.572%. Taxpayers who already filed a 2022 Form M1PR may see a larger refund than originally claimed. We updated the 2022 Form M1PR and instructions for taxpayers who have not yet filed.

The special refund qualification for homeowners was reduced from 12% to 6%, making more homeowners eligible to receive the special refund. [See our Tax Law Changes page for more information.](#)

Remember the K-12 Credit and Subtraction

Remind your clients to save those back-to-school receipts! Two Minnesota tax benefits help families pay their child's education expenses: the [K-12 Education Credit and the K-12 Education Subtraction](#). Both benefits reduce your clients' state tax and could provide a larger refund when filing Minnesota income tax returns.

The recent law changes qualify more Minnesotans for the expanded income eligibility of the K-12 Credit. For more information, [see our Tax Law Changes page](#). The K-12 Subtraction has no income requirements.

Last year, more than 17,000 families received the K-12 Education Credit for an average credit of \$280. Over 134,000 families received the K-12 Education Subtraction for an average subtraction of \$1,266.

Tax Professional Education Survey

In our last article, we asked for your feedback on how we can make our tax professional classes and education more relevant and impactful. We received 240 responses in total and 28% of those responses were from CPAs. Thank you for your ideas—we can't wait to get to work implementing as many as we can.

Peer Review • Jennifer Schutz, CPA

- Did you know that Minnesota is the only state that has two separate entities able to administer peer reviews?
- Did you know that many other states have their peer reviews administered by entities outside of their own state?
- Did you know that MAPA also administers peer reviews for Minnesota RAP and Iowa LPA firms?
- Did you know that even through MAPA administers peer reviews the program is designed by the AICPA?
- Did you know that peer reviews administered by MAPA do not use AICPA's PRIMA system?
- Did you know that all of the members on the MAPA Peer Review Committee are local to Minnesota?
- Did you know that MAPA views administering peer reviews as a member benefit rather than as a profit generator?
- Did you know that MAPA administered peer reviews are for small firms by small firms?
- Did you know that MAPA started administering peer reviews in July 1994, which is the year the Minnesota State Board of Accountancy implemented a Peer Review Program.
- Did you know that there are two types of peer reviews – engagement reviews and system reviews?
- Did you know that if your firm only performs preparation engagements that it can opt out of the peer review program?
- Did you know that many small firms are no longer performing audit, review, and compilation engagements?
- Did you know that changes to the program made by the AICPA directly impact MAPA administered peer reviews?
- Did you know that MAPA charges a firm peer review fee once every three years – the year a firm has a peer review.
- Did you know that MAPA's peer review fee is based on the number of professionals at a firm?
- Did you know that most peer reviews administered by MAPA are engagement reviews?

It is good to be in the know!

New Local Sales, Use, and Excise Taxes

Fergus Falls will implement a new 0.5% sales and use tax. The tax applies to sales and purchases starting October 1, 2023. This Revenue will fund an aquatic center.

There are two new metro area sales and use taxes starting October 1, 2023. Both taxes apply to sales and purchases in the seven-county metro area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

- Metro Area Sales Tax for Housing (0.25%)
- Metro Area Transportation Sales and Use tax (0.75%)

To stay up-to-date on new local sales, use, and excise taxes, see our [Local Sales Tax Information page](#).

Short-Term Rentals - Frequently Asked Questions

Q: Are STRs depreciated over 27.5 years like a residential rental?

A: This is a common misunderstanding by both tax professionals and investors. STRs must be depreciated over 39 years like a hotel, whether active or passive. Think of it this way, even if a hotel/motel is owned by an investor and he/she has managers who run it daily, it must be depreciated over 39 years.

Q: Can I use the cost segregation benefits from my STR on my W2 income?

A: Maybe. If you or your spouse materially participate in the property by spending at least 100 hours per year actively managing your STR and more than any other person or business entity, and the average customer stay is 7 days or less, the answer is yes. That property becomes an active investment, and the benefits can be used against your W2 income. If you or your spouse are not providing enough hours to be considered actively participating in the property, it becomes a passive investment, and the benefits can only be used against the income from that STR. See Treas. Reg. 1.469-5T(c)(2)

Q: Do I have to be a Real Estate Professional to make my STR an active investment?

A: No. The property is automatically an active investment/business if the owner is materially participating 100 hours or more per year and more than anyone else. IRS PDF 202229036.pdf-IRS

Q: Does my tax professional need to report my short-term rental on Schedule C?

A: Schedule E is what your tax professional will generally use. <https://www.irs.gov/pub/irs-wd/202151005.pdf> (see pages 3 & 4). Schedule C is needed if the owner provides significant services for the occupants' convenience, other than the space rental and to maintain the property. Examples of these significant services (regular cleaning, changing

linen, maid service, transportation, tours, etc.) and are described in Treas. Reg. Sec. 1.1402(a)-4(c)(2). See PDF link above.

Q: Can I take advantage of QIP on my STR?

A: Yes, as long it is a short-term rental and not considered residential rental property. Short-term means customer stay is less than 30-days. If rented for longer periods of time it is most likely considered a residential rental which is not eligible for Qualified Improvement Property (QIP)

Q: Can we include furnishings for a STR in our cost segregation study?

A: Yes, if the furnishings were purchased prior to renting, they are depreciated over 5-years and can be included in a cost segregation study to maximize your depreciation and possible Bonus Depreciation. <https://www.irs.gov/pub/irs-pdf/p527.pdf>

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Established expanding CPA firm specializing in small business looking to acquire accounting and tax practices in the Minneapolis/St. Paul metro area. If you have a write-up practice for small businesses, I am very interested. Please call Gary at 952-484-4343 or email: ghaworth@haworthco.com

2023-2024 Seminar and Event Schedule

Additional seminars may be added to this schedule

Date	Topic	Time (Central)	CE Hours	Type
8/30/2023	1041's for Trust's & Estates	8am – 4pm	8	Webinar
9/19/2023	Payroll Hiring	2pm – 3pm	1	Webinar
9/20/2023	Vacation Homes	7am – 9am	2	Webinar
9/20/2023	From Tires to Blinkers	9:30am – 11:30am	2	Webinar
9/20/2023	Employee Independent Contractor	12pm - 2pm	2	Webinar
9/20/2023	Choosing a Business Entity	2:30pm – 4:30pm	2	Webinar
9/20/2023	Schedule A	11am - 1pm	2	Webinar
9/20/2023	Schedule B	2pm - 3pm	1	Webinar
9/21/2023	Schedule C	7am – 9am	2	Webinar
9/21/2023	Schedule D	9am – 10am	1	Webinar
9/21/2023	Schedule E	11am – 1pm	2	Webinar
9/22/2023	Estates & Gifts Form 706/709	10am - 6pm	8	Webinar
9/25-9/26/2023	Business Tax In Depth	8am - 4pm	16	Plymouth, MN/ Webinar
10/17/2023	Ethics	8am—12pm	4	Webinar
10/23/2023	Federal Tax Update – Business	8am - 4pm	8	Webinar
10/24/2023	Federal Tax Update - Individuals	8am - 4pm	8	Webinar
10/31/2023	LLCs & Partnerships	8am - 4pm	8	Webinar
11/8/2023	Federal Tax Update – Business & Individuals	8am - 4pm	8	Webinar
11/16/2023	MN Tax Update	8am—12pm	4	Webinar
12/11/2023	Payroll Year End	11am – 1pm	2	Webinar
12/11-12/12/2023	1040 Tax In Depth	8am - 4pm	16	Plymouth, MN
12/18-12/19/2023	1040 Tax In Depth	7am - 3pm	16	Webinar
12/18-21 & 12/26-29	8 Nights of 1040 Tax In Depth	5pm - 7pm	16	Webinar
1/4 – 1/5/2024	1040 Tax In Depth	8am - 4pm	16	Plymouth, MN
1/8 – 1/9/2024	1040 Tax In Depth	11am - 7pm	16	Webinar
1/11-1/12/2024	From Trial Balance to Tax Return – A Boot Camp for Business Returns	9am - 5pm	16	Webinar

MAPA NOTICE ~ CE Certificates

With the update to the new membership platform, we were unfortunately unable to transfer prior year certificates that were saved in your previous profile. Do not worry though, we do have them all in our system. If you need copies of them for any reason, please reach out to MAPA at enebben@vividmanagementllc.com. We will gather the requested certificates and email them to you as PDF attachments.



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Strategic Planning

Volunteers Needed

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