**Minnesota Payroll Taxes**

**MN State Income Tax Withholding**

Employers may download the current Minnesota Income Tax Withholding Instruction Booklet and Tax Tables from the Minnesota Department of Revenue’s website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

**Who Must Withhold MN State Income Taxes**

An employer that pays wages or other compensation to employees for services performed within MN State is required to withhold Minnesota income taxes from employees’ wages. You may register your business and apply for a MN tax ID number electronically via MN e-Services at <https://www.mndor.state.mn.us/tp/eservices/_/>.

There are two deposit schedules — semiweekly or monthly — for determining when to deposit income tax withheld. Tax is considered withheld at the time you pay your employees, not when they perform the work. For example, if you paid an employee in January for work performed in December, the tax is considered withheld in January, not December.

Your Minnesota deposit schedule is based on your federal deposit schedule and the amount of tax withheld.

Semiweekly Deposit Schedule

You must deposit Minnesota withholding tax following a semiweekly schedule if both of these apply:

* The IRS requires you to deposit semiweekly
* You withheld more than $1,500 in Minnesota tax in the previous quarter

If your payday is:

* Wednesday, Thursday, or Friday, your deposit is due the Wednesday after payday.
* Saturday, Sunday, Monday, or Tuesday, your deposit is due the Friday after payday.

One-day Rule. Minnesota did not adopt the federal “one-day rule” for federal liabilities over $100,000. If you meet the federal one-day rule requirements, you can still deposit your Minnesota withholding tax according to your deposit schedule.

Monthly Deposit Schedule

You must deposit Minnesota withholding tax following a monthly schedule if both of these apply:

* The IRS requires you to deposit monthly
* You withheld more than $1,500 in Minnesota tax in the previous quarter

Monthly deposits are due by the 15th day of the month.

Deposit Schedule Exception

You may deposit the entire Minnesota tax withheld for the current quarter if both of these apply:

* You withheld $1,500 or less in Minnesota tax in the previous quarter
* You filed the previous quarter’s return on time

Deposits must be made electronically, if required, or postmarked by the U.S. Post Office (not by a postage meter) on or before the due date.

If the deposit due date falls on a weekend or holiday, the due date is extended to the next business day.

Most employers are Quarterly Filers. You must file a return for all four quarters, even if you deposited all tax withheld or did not withhold tax during the quarter. Your quarterly returns are due April 30, July 31, and October 31 of the current year and January 31 of next year. You must file Minnesota withholding tax returns electronically, including current, past-due, and amended returns. To electronically file withholding tax returns, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to your e-Services for Businesses account.

At the end of the calendar year, complete federal Form W-2 for each employee to whom you paid wages during the year. You must give W-2s to your employees by January 31 each year. All wages earned by Minnesota residents (no matter where the work was physically performed) must be reported as wages allocable to Minnesota in box 16 of Form W-2. Wages earned by non-Minnesota residents for work physically performed in Minnesota are also allocable to Minnesota unless they are Michigan or North Dakota residents who provide you with a properly completed Form MWR (see page 4). When completing Form W-2 for employees, allocate to Minnesota all wages earned while working in Minnesota and wages earned as a Minnesota resident while working in another state.

*Note*: If you have an active withholding tax account, you must send W-2 information even if there is no Minnesota withholding tax.

**MN W-4 Requirements**

Minnesota employees must complete Form W-4MN to determine Minnesota withholding allowances. Download the current W-4MN from <https://mn.gov/mmb/accounting/payroll/forms/>.

**MN State Unemployment Insurance**

In general, workers are covered by the unemployment law of the state in which the work is performed. If you have employees covered by the Minnesota UI law, you must register for an employer account. Employers may register at <https://www.uimn.org/employers/employer-account/index.jsp>.

Each quarter, employers that have employees in covered employment are required to submit a wage detail report electronically; reports must be received on or before the last day of the month following the end of the calendar quarter. Employers with an active employer account must submit a wage detail report even when no covered wages were paid.

Nonprofit employers, including religious, charitable, educational, or other organizations described in Section 501(c)(3) of the Internal Revenue Code that are exempt from income tax under Section 501(a) of the Code, pay quarterly unemployment insurance tax unless

they elect to reimburse benefits. Nonprofit organizations must:

1. Register with the Minnesota Unemployment Insurance (UI) Program as soon as possible after an employee is paid covered wages for services performed in Minnesota.
2. Submit quarterly wage detail reports.
3. Make quarterly unemployment insurance tax payments unless they have elected to reimburse unemployment benefits.

Elections to be a Reimbursing Employer must be submitted using the Minnesota Employer Self-Service System within 30 days from the date the employer is notified of coverage. Elections remain in effect for a minimum of 24 months.

Nonprofit employers that have paid quarterly unemployment insurance tax may change to the reimbursing method. The election:

* Must be submitted using the Minnesota Employer Self-Service System by the last day of the calendar quarter prior to the calendar quarter in which the election is to take effect.
* Remains in effect for at least 24 months.
* Can be terminated after 24 months, if requested by the last day of the calendar quarter prior to the calendar quarter in which the new election is to take effect.

MN has adopted the Interstate Reciprocal Coverage Arrangement for unemployment insurance. Under this arrangement, if an employee works in more than one state, an employer may elect to cover all the services of such a worker in any state in which: (1) any part of the worker's service is performed, (2) the worker has his or her residence, or (3) the employer maintains a place of business. The agreement should be initiated through the state where the employer wants to report the payroll. A Washington employer may request to elect reciprocal coverage with another state by following the filing process outlined by Washington Administrative Code 192-300-150: <https://app.leg.wa.gov/wac/default.aspx?cite=192-300-150>.

**MN State Paid Family / Medical Leave**

The Minnesota Paid Leave law, enacted in May 2023 and updated in May 2024, makes

paid family and medical leave coverage available to Minnesota workers **beginning Jan. 1,**

**2026.** The Paid Leave program will be funded by premiumsmade up of contributions from employees and employers. Starting January 2026, Paid Leave premiums will be financed through payroll deductions on employee wages and contributions from employers. The first quarterly premium is due April 30, 2026. Paid Leave has partnered with Unemployment Insurance (UI) to use its online portal for collecting wage detail reports and premium payments.

Washington Paid Family & Medical Leave (PFML) and Washington Cares benefits are not available to employees who are physically working in Minnesota. If agencies have WA PFML or WA Cares policy questions they are asked to email Washington Employment Security

Department at esddlpfmlpolicy@esd.wa.gov.

**MN State Workers’ Compensation**

Minnesota Statute section 176.181, subdivision 2, requires all employers to either purchase workers' compensation insurance to provide benefits to their employees for work-related injuries or obtain approval from the Minnesota Department of Commerce permitting self-insurance upon proof of the employer's financial ability to do so.

Washington State Department of Enterprise Services (DES) administers a Workers' Compensation Insurance program for state workers. If your employee works outside of Washington in a single other state for more than 30 days (240 hours) per year, **your agency must work with DES** to insure your out-of-state employee. For more information, contact Kimberly Haggard kimberly.haggard@des.wa.gov at DES Risk Management.

**Helpful resources for Minnesota**

Minnesota Department of Revenue offers free videos to help employers learn more about withholding tax. Access the videos via the DOR’s website: <https://www.revenue.state.mn.us/withholding-education-and-outreach>.

Minnesota Unemployment Insurance Employers’ website: <https://www.uimn.org/uimn/employers/>

Minnesota Unemployment Insurance Employer Handbook: <https://www.uimn.org/employers/help-and-support/emp-hbook/index.jsp>

Minnesota Unemployment Insurance Employer Self-Service System User Guide: <https://www.uimn.org/employers/help-and-support/employer-user-guide/index.jsp>

Minnesota Unemployment Insurance Employer Topics Video Library: <https://www.uimn.org/employers/videos/index.jsp>

Learn more about Workers’ Compensation information by visiting the MN Department of Labor and Industry’s outreach and education website at: <https://www.dli.mn.gov/business/workers-compensation/work-comp-employers>