



## 2021 Schedule KF, Beneficiary's Share of Minnesota Taxable Income

*Fiduciary: Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income or credits.*

Tax year beginning (MM/DD/YYYY) \_\_\_\_ / \_\_\_\_ / \_\_\_\_ , 2021 ending (MM/DD/YYYY) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Amended KF:

Beneficiary's Social Security Number	Estate's or Trust's Federal ID Number	Minnesota Tax ID Number
Beneficiary's Name	Estate's or Trust's Name	
Address of Beneficiary	Address of Fiduciary	
Beneficiary City	State	ZIP Code
Fiduciary City	State	ZIP Code

Calculate lines 1–37 the same for all resident and nonresident beneficiaries. Calculate lines 38–44 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

**Additions to income**

**Beneficiary: Include on:**

- |   |    |   |  |  |                           |
|---|----|---|--|--|---------------------------|
| 1 State and municipal bond interest from outside Minnesota . . . . .  | 1  | ■ |  |  | Line 1, Schedule M1MB     |
| 2 State taxes deducted in arriving at net income . . . . .  | 2  | ■ |  |  | Line 2, Schedule M1MB     |
| 3 Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) . . . . . | 3  | ■ |  |  | Line 3, Schedule M1MB     |
| 4 80 percent of the suspended loss from 2001–2005 or 2008–2020 that was generated by bonus depreciation . . . . .                                   | 4  | ■ |  |  | Line 4 inst., Sched. M1MB |
| 5 80 percent of federal bonus depreciation . . . . .  | 5  | ■ |  |  | Line 1 inst., Sched. M1MB |
| 6a Beneficiary's pro rata gross profit from installment sale of pass-through entities (see instructions) . . . . .                                  | 6a | ■ |  |  | Line 1, Schedule M1AR     |
| 6b Beneficiary's pro rata installment sale income from sales of pass-through entities (see instructions) . . . . .                                  | 6b | ■ |  |  | Line 3, Schedule M1AR     |
| 6c Applicable S corporation's or partnership's apportionment percentage of the year of sale (see instructions) . . . . .                            | 6c | ■ |  |  | Line 6, Schedule M1AR     |
| 7 Addition due to federal changes not adopted by Minnesota (KFNC, line 32) . . . . .  | 7  | ■ |  |  |                           |
| 8 Net operating loss (NOL) carryover adjustment . . . . .   | 8  | ■ |  |  | Line 5, Schedule M1MB     |
| 9 Foreign derived intangible income (FDII) deduction . . . . .  | 9  | ■ |  |  | Line 3, Schedule M1MB     |
| 10 This line intentionally left blank . . . . .   | 10 | ■ |  |  |                           |
| 11 This line intentionally left blank . . . . .   | 11 | ■ |  |  |                           |
| 12 This line intentionally left blank . . . . .   | 12 | ■ |  |  |                           |
| 13 This line intentionally left blank . . . . .   | 13 | ■ |  |  |                           |
| 14 This line intentionally left blank . . . . .   | 14 | ■ |  |  |                           |
| 15 Special deduction under section 965 . . . . .  | 15 | ■ |  |  | See line 15 inst.         |

(continued)



Beneficiary's Name \_\_\_\_\_

Beneficiary's Social Security Number \_\_\_\_\_

**Subtractions from income**

- 16 Interest on U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income . . . . . **16** ■ \_\_\_\_\_ Line 14, Schedule M1M
- 17 State income tax refund . . . . . **17** ■ \_\_\_\_\_ Line 6, Form M1
- 18 Federal bonus depreciation subtraction . . . . . **18** ■ \_\_\_\_\_ Line 10, Schedule M1MB
- 19 Subtraction for prior addback of reacquisition of business indebtedness income included in federal taxable income. . . . . **19** ■ \_\_\_\_\_ Line 14, Schedule M1MB
- 20 Subtraction for railroad maintenance expenses. . . . . **20** ■ \_\_\_\_\_ Line 15, Schedule M1MB
- 21 Subtraction due to federal changes not adopted by Minnesota (KFNC, line 32 as a positive number). . . . . **21** ■ \_\_\_\_\_
- 22 Net operating loss (NOL) carryover adjustment. . . . . **22** ■ \_\_\_\_\_ Line 13, Schedule M1MB
- 23 Deferred foreign income (section 965) . . . . . **23** ■ \_\_\_\_\_ Line 18, Schedule M1MB
- 24 Global intangible low-taxed income (GILTI). . . . . **24** ■ \_\_\_\_\_ Line 19, Schedule M1MB
- 25 Disallowed section 280E expenses of medical cannabis manufacturers . . . . . **25** ■ \_\_\_\_\_ Line 17, Schedule M1MB
- 26 This line intentionally left blank . . . . . **26** ■ \_\_\_\_\_
- 27 This line intentionally left blank . . . . . **27** ■ \_\_\_\_\_
- 28 This line intentionally left blank . . . . . **28** ■ \_\_\_\_\_
- 29 This line intentionally left blank . . . . . **29** ■ \_\_\_\_\_
- 30 This line intentionally left blank . . . . . **30** ■ \_\_\_\_\_

**Credits (you must enclose this schedule with your Form M1 if claiming a credit)**

**Include on:**

- 31 Any Minnesota income tax withholding credit received by the fiduciary . . . . . **31** ■ \_\_\_\_\_ Line 7, Schedule M1W
- 32 Credit for increasing research activities . . . . . **32** ■ \_\_\_\_\_ Line 13, Schedule M1C
- 33 Film Production Tax Credit . . . . . **33** ■ \_\_\_\_\_ Line 11, Schedule M1C  
Enter the credit certificate number: TAXC - \_\_\_\_\_
- 34 Tax Credit for Owners of Agricultural Assets . . . . . **34** ■ \_\_\_\_\_ Line 12, Schedule M1C  
Enter the certificate number from the certificate you received from the Rural Finance Authority: AO \_\_\_\_ - \_\_\_\_\_
- 35 Credit for historic structure rehabilitation . . . . . **35** ■ \_\_\_\_\_ Line 6, Schedule M1REF  
National Park Service (NPS) project number: \_\_\_\_\_
- 36 Pass-Through Entity Tax Credit . . . . . **36** ■ \_\_\_\_\_ See instructions
- 37 Minnesota backup withholding . . . . . **37** ■ \_\_\_\_\_ Line 7, Schedule M1W

(continued)





Beneficiary's Name \_\_\_\_\_

Beneficiary's Social Security Number \_\_\_\_\_

**Nonresident beneficiaries**

**Minnesota portion of amounts from federal Schedule K-1 (1041)**

**Include on Schedule M1NR, column B on:**

- 38 Capital gain or loss on Minnesota real property ..... 38 ■ \_\_\_\_\_ Line 4
- 39 a Business income or loss ..... a ■ \_\_\_\_\_
- b Income from Minnesota rents, royalties, part-  
    nerships, S corporations, estates and trusts ... b ■ \_\_\_\_\_
- c Farm income or loss ..... c ■ \_\_\_\_\_
- Total (add lines 39a, 39b, and 39c) ..... 39 ■ \_\_\_\_\_ Line 6
- 40 Interest and dividend income derived from a trade or business  
    (S corporations and partnerships) that is assignable to Minnesota ..... 40 ■ \_\_\_\_\_ Line 2
- 41 Other income ..... 41 ■ \_\_\_\_\_ Line 8
- 42 Minnesota source gross income from this fiduciary ..... 42 ■ \_\_\_\_\_ *information only*
- Composite income tax for electing nonresident beneficiaries**
- 43 Minnesota source distributive income from this fiduciary ..... 43 ■ \_\_\_\_\_ *information only*
- 44 Minnesota composite income tax paid by fiduciary.  
    If the beneficiary elected composite income tax, check this box  ..... 44 ■ \_\_\_\_\_ *composite income tax*

**Fiduciary:** Enclose this schedule and copies of all Schedules KF and federal Schedules K-1 with your Form M2.

**Beneficiary:** See instructions. Include this schedule when you file your Form M1.

# 2021 Schedule KF Instructions

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## Beneficiary's use of information provided on Schedule KF

### Purpose of Schedule KF

Schedule KF is a supplemental schedule provided by the fiduciary to its beneficiaries. The beneficiaries need this information to complete a Form M1, *Minnesota Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications. A beneficiary who is a Minnesota resident must report all income from the trust or estate. A nonresident beneficiary must report income which is allocable to Minnesota.

These instructions are intended to help you report your share of the fiduciary's income, credits and modifications on your Minnesota return.

**If you received an amended Schedule KF** from the fiduciary and your income or deductions have changed, you must file an amended Minnesota return. To amend your return, use Form M1X, *Amended Minnesota Income Tax Return*, or Form M2X, *Amended Income Tax Return for Estates and Trusts*.

### Line Instructions

*Include amounts on the appropriate lines as shown on Schedule KF.*

#### Line 1 – State and Municipal Bond Interest

**Individuals:** Include on line 1 of Schedule M1M.

**Estates and Trusts:** Include on line 38 of Form M2.

#### Line 2 – State Taxes Deducted

**Individuals:** Include on line 2 of Schedule M1MB.

**Estates and Trusts:** Include on line 39 of Form M2.

#### Line 3 – Expenses Deducted Attributed to Income Not Taxed by Minnesota

**Individuals:** Include on line 3 of Schedule M1M.

**Estates and Trusts:** Include on line 40 of Form M2.

#### Line 4 – 80% Suspended Loss

**Individuals:** See Schedule M1MB, worksheet for line 4 instructions, to determine how to report this amount.

**Estates and Trusts:** Include on line 41 of Form M2.

#### Line 5 – 80% Federal Bonus Depreciation

**Individuals:** See Schedule M1MB, worksheet for line 1 instructions, to determine how to report this amount.

**Estates and Trusts:** Include this amount on step 2 for the worksheet to determine Line 42 of the Form M2.

#### Lines 6a, 6b, and 6c – Accelerated Installment Sale Gains

**Nonresident Individuals:** If any information is reported to you on line 6 of Schedule KF, file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your Minnesota individual income tax return.

**Resident Individuals:** If any information is reported to you on line 6 of Schedule KF, retain a copy of this schedule for your records for the entire period that you or an entity you have an interest in is receiving installment sale payments. If you become a nonresident in a future year while payments are being made, you are required to file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your final resident tax return.

**Estates and Trusts:** Pass through pro rata to your beneficiaries.

#### Line 7 – Addition Due to Federal Changes Not Adopted by Minnesota

**Individuals:** Not applicable.

**Estates and Trusts:** Not applicable.

#### Line 8 – Net Operating Loss (NOL) Carryover Adjustment

**Individuals:** Include on line 5 of Schedule M1MB.

**Estates and Trusts:** Include on line 45 of Form M2.

#### Line 9 – Foreign Derived Intangible Income (FDII) Deduction

**Individuals:** Include on line 3 of Schedule M1MB.

**Estates and Trusts:** Include on line 46 of Form M2.

#### Lines 10 through 14

These lines are intentionally left blank.

#### Line 15 – Special Deduction Under Section 965

**Individuals:** Not applicable.

**Estates and Trusts:** Include on line 47 of Form M2.

## 2021 Schedule KF Instructions (continued)

### Line 16 – Interest on U.S. Government Bond Obligations

**Individuals:** Include on line 14 of Schedule M1M.

**Estates and Trusts:** Include on line 54 of Form M2.

### Line 17 – State Income Tax Refund

**Individuals:** Include on line 6 of Form M1.

**Estates and Trusts:** Include on line 55 of Form M2.

### Line 18 – Federal Bonus Depreciation Subtraction

**Individuals:** Include on line 10 of Schedule M1MB.

**Estates and Trusts:** Include on line 56 of Form M2.

### Line 19 – Subtraction for Prior Addback of Reacquisition of Business Indebtedness Income

**Individuals:** Include on line 14 on Schedule M1MB.

**Estates and Trusts:** Include on line 58 of Form M2.

### Line 20 – Subtraction for Railroad Maintenance Expenses

**Individuals:** Include on line 15 of Schedule M1MB.

**Estates and Trusts:** Include on line 59 of Form M2.

### Line 21 – Subtraction Due to Federal Changes not Adopted by Minnesota

**Individuals:** Not applicable.

**Estates and Trusts:** Not applicable.

### Line 22 – Net Operating Loss (NOL) Carryover Adjustment

**Individuals:** Include on line 13 of Schedule M1MB.

**Estates and Trusts:** Include on line 60 of Form M2.

### Line 23 – Deferred Foreign Income (Section 965)

**Individuals:** Include on line 18 of Schedule M1MB.

**Estates and Trusts:** Include on line 61 of Form M2.

### Line 24 – Global Intangible Low-Taxed Income (GILTI)

**Individuals:** Include on line 19 of Schedule M1MB.

**Estates and Trusts:** Include on line 62 of Form M2.

### Line 25 – Disallowed Section 280E Expenses of Medical Cannabis Manufacturers

**Individuals:** Include on line 17 of Schedule M1MB.

**Estates and Trusts:** Include on line 63 of Form M2.

### Lines 26 through 30

These lines are intentionally left blank.

### Line 31 –Minnesota Income Tax Withholding Credit

**Individuals:** Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 24 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 32 – Credit for Increasing Research Activities

**Individuals:** Include on line 13 of Form M1C. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 19 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 33 - Film Production Tax Credit

**Individuals:** Include on line 11 of Form M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 16 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 34 – Tax Credit for Owners of Agricultural Assets

**Individuals:** Include on line 12 of Form M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 17 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

## 2021 Schedule KF Instructions (continued)

### Line 35 – Credit for Historic Structure Rehabilitation

**Individuals:** Include on line 6 of Schedule M1REF and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 26 of Form M2 and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 36 - Pass-Through Entity Tax Credit

**Individuals:** Include on line 9 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 23 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 37 – Minnesota Backup Withholding

**Individuals:** Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Pass through pro rata to your beneficiaries.

### Lines 38 – 41 Minnesota Portion of Federal Amounts

Lines 38-41 apply to nonresident beneficiaries. All income of a Minnesota individual resident is assigned to Minnesota, regardless of the source.

If certain items are not entirely included in your federal adjusted gross income because of passive activity loss limitation, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income.

**Individuals:** Use the information on lines 38-41 to complete Schedule M1NR.

**Estates and Trusts:** Use the information on lines 38-41 to complete line 7 of Form M2. See Form M2 instructions for details.

### Line 42 – Minnesota Source Gross Income

Minnesota source gross income is used to determine if a nonresident is required to file a Minnesota individual income tax return. Gross income is income before business or rental deductions and does not include losses.

If your 2021 Minnesota source gross income is \$12,525 or more and you did not elect composite filing or have your filing requirement satisfied through a PTE tax filing, then you are required to file Form M1 and Schedule M1NC, *Nonresident/Party-Year Residents*.

If your 2021 Minnesota source gross income is less than \$12,525 and you had Minnesota tax withheld (see line 31 and line 37 of Schedule KF), file Form M1 and Schedule M1NR to receive a refund.

### Line 43 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 42 of Schedule KF) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 43 – 44 were used to determine your share of the fiduciary's Minnesota source distributive income. You may need to refer to these amounts when you file your state's income tax return.

If you elected for the fiduciary to pay composite tax or have your filing requirement satisfied through a PTE tax filing, then you are not required to file Form M1.

### Line 44 – Minnesota Composite Income Tax

If you elected composite income tax, the amount paid on your behalf equals 9.85% of your Minnesota taxable income on line 43, minus your share of any credits on lines 31, 33-35, and 37. You are not required to file Form M1.

## Forms and Information

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Phone: 651-556-3075

This information is available in alternate formats.