

# 2014 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

## What's New for 2014

### Minnesota Internship Credit

Beginning in tax year 2014, eligible Greater Minnesota businesses can qualify for an internship credit governed by the academic board. See page 10 for additional details.

## Questions?

You can find forms and information, including answers to frequently asked questions and options for filing and paying electronically, on our website at:

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

### Send us an e-mail at:

[businessincome.tax@state.mn.us](mailto:businessincome.tax@state.mn.us)

Call us at **651-556-3075**

## Need Forms?

Forms and other tax information are available on our website at

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

*We'll provide information in another format upon request to persons with disabilities.*

## Contents

What's new . . . . .	1
General information . . . . .	1-3
Filing requirements . . . . .	1
Before you file . . . . .	1
Due dates and extensions. . . . .	2
Payment options . . . . .	2
M2 line instructions . . . . .	4-9
Allocation of adjustments. . . . .	9
KF line instructions. . . . .	9-10
Tax tables. . . . .	11-14

## Filing Requirements

*An estate or trust with \$600 or more of gross income assignable to Minnesota, or that has a nonresident alien as a beneficiary, must file Form M2, regardless if it is considered a resident.*

When required, the trustee of a trust or the personal representative of an estate is responsible for filing the Minnesota Form M2, *Income Tax Return for Estates and Trusts (Fiduciaries)* and for paying the tax.

**Bankruptcy estates.** If the fiduciary of a bankruptcy estate of a Minnesota resident filed a federal return, a Minnesota return must also be filed. Use Form M1, *Individual Income Tax Return*, to determine the Minnesota tax and attach it to Form M2. File it in the same way you file federal returns.

**Resident estates.** An estate is considered a Minnesota estate if:

- the decedent was a resident of Minnesota at the time of death, or
- the personal representative or fiduciary was appointed by a Minnesota court—or the court administration was performed in Minnesota—in other than an ancillary proceeding.

File the first Form M2 covering the period from the date of the decedent's death to the end of the tax year. Be sure to check the box to indicate it is the fiduciary's initial return.

File subsequent returns for later years until the end of the estate's administration period.

**Resident trusts.** The definition of a resident trust differs depending on the date—before or after December 31, 1995—the trust becomes irrevocable or is first administered in Minnesota.

**For trusts that became irrevocable or were first administered in Minnesota after December 31, 1995:** A resident trust means a trust, except a grantor type trust, that either:

- 1 was created by a will of a decedent who at his or her death was a Minnesota resident, or
- 2 is an irrevocable trust, and at the time the trust became irrevocable, the grantor was a Minnesota resident. A trust is considered irrevocable if the grantor is not treated as the owner as defined in sections 671 to 678 of the IRC.

**For trusts that became irrevocable or were first administered in Minnesota before January 1, 1996:** A resident trust means any trust administered in Minnesota.

To be considered a resident trust administered in Minnesota, you must meet two of the following three criteria:

- A majority of the discretionary investment decisions are made in Minnesota,
- The majority of discretionary distribution decisions are made in Minnesota, and
- The trust's official books and records are kept in Minnesota.

[M.S. 290.01, subd. 7b]

## Before You File

### Complete a Federal Return

Before you complete Form M2, complete federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*, and supporting schedules. You will need to reference them.

**Complete federal Form:**

Charitable remainder (*enter zero on Form M2, lines 1 and 9*) . . . . 1041A  
or charitable lead trust . . . . .or 5227

Designated or qualified settlement fund (under IRC section 468B) . . . . 1120-SF

Qualified funeral trust . . . . . 1041-QFT  
Electing small business trust (ESBT) . . 1041

### Minnesota Tax ID Number

Your Minnesota tax ID is the seven-digit number you're assigned when you register with the department. It's important to include your Minnesota tax ID on your return so that any payments you make are properly credited to your account.

**If you don't have a Minnesota tax ID, you must apply for one.** To apply online, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on "Register for a Minnesota tax ID number" from the e-Services menu. To apply by phone, call 651-282-5225 or 1-800-657-3605.

# General Information (continued)

## Due Dates and Extensions

### Due Date for Filing and Paying is April 15, 2015

The regular due date for filing Form M2 and paying the tax due is April 15, 2015. If you file your return according to a fiscal year, your return and payment are due the 15th day of the fourth month following the end of the tax year.

Short-year returns are due by the 15th day of the fourth month following the month in which the short year ends.

### Extension of Time to File

All estates and trusts are granted an automatic six-month extension to file Form M2, if the tax is paid in full by the regular due date. **If the tax is not paid by the regular due date, the extension of time to file is invalid.**

This is a filing extension only. To avoid penalties, you must make an extension tax payment by the regular due date. See *Extension payment* in the next section for details.

## Payments

There are three types of fiduciary income tax payments—extension payments, estimated tax payments and tax return payments. (See Payment options above.)

**Note:** If you are currently paying electronically using the ACH credit method, continue to call your bank as usual. If you wish to make payments using the ACH credit method, instructions are available at [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

### Extension Payment

**Your tax is due by the regular due date, even if you're filing under an extension. Any tax not paid by the regular due date is subject to penalties and interest** (see lines 17 and 18 instructions on pages 5 and 6).

If you're filing after the regular due date, you can avoid penalty and interest by making an extension payment for the full amount of the tax owed by the regular due date. For information about payment options see *Payment options* above. Please note that if you administer 100 or more trusts, you are required to pay all fiduciary income taxes electronically.

## Payment Options

If you administer 100 or more trusts, you are required to pay all the fiduciary income taxes electronically. A 5 percent penalty will be assessed if you fail to do so when required.

### ■ Pay electronically using e-Services

- To pay over the Internet—go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us), and click on “Login to e-Services,” or
- To pay by phone—call **1-800-570-3329**.

Both options are free and there's no need to preregister. If you're using the system for the first time and need a temporary password, call 651-282-5225 or 1-800-657-3605.

To be timely, you must complete your transaction and receive a confirmation number on or before the due date for that payment.

### ■ Pay by credit or debit card

For a fee, you can use your credit or debit card to make a payment through Value Payment Systems, a national company that partners with federal, state and local governments to provide credit and debit card payment services.

To do so:

- Go to [payMNTax.com](http://payMNTax.com); or
- Call 1-855-9-IPAY-MN.

The Department of Revenue does not have any financial agreement with Value Payment Systems and does not receive any of its fees.

### ■ Pay by check

- Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on **Make a Payment**.
- Click **By Check** to create and print a payment voucher. Write your check to Minnesota Revenue and mail together to the address on the voucher.

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

Forms are available from our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

## Estimated Payments

Minnesota may require an estate to make estimated tax payments.

A trust must make quarterly estimated tax payments if it has either:

- an estimated tax of \$500 or more, or
- any nonresident beneficiary's share of estimated composite income tax of \$500 or more.

Payments are due by the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the end of the tax year. If estimated tax is required for both the estimated tax and the composite income tax, include both on the same quarterly payment.

To make an estimated tax payment, see *Payment options* above. If you're paying by check, send a completed payment voucher with your payment. For additional information, see *Fiduciary Estimated Tax instructions*.

## Tax Return Payment

If there is an amount due on line 20 of Form M2, you must make a tax return payment (see *Payment options* above). If you're paying by check, you must send a completed payment voucher with your payment.

## Penalties and Interest

**Late payment.** A late payment penalty is assessed on any tax not paid by the regular due date. The penalty is 6 percent of the unpaid tax.

If you file your return after the regular due date with a balance due, an additional 5 percent penalty will be assessed on the unpaid tax.

**Late filing.** There is also a penalty if you file after the extended due date and owe tax. The late filing penalty is 5 percent of any tax not paid by the extended due date.

**Interest.** You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2014 is 3 percent.

# General Information (continued)

**Other penalties.** There are also civil and criminal penalties for intentionally failing to file a Minnesota return, evading tax and for filing a false, fraudulent or frivolous return.

## Reporting Federal Changes

If the Internal Revenue Service (IRS) changes or audits your federal return and it affects your Minnesota return or distributions to beneficiaries, you must file a Form M2X, *Amended Income Tax Return for Estates and Trusts*, with the department within 180 days after you were notified by the IRS.

To file an amended return, use Form M2X. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If the changes do not affect your Minnesota return or Schedules K-1, you have 180 days to send a letter of explanation to the department. Send your letter and a complete copy of your amended federal return or the correction notice to: Minnesota Fiduciary Income Tax, Mail Station 5140, St. Paul, MN 55146-5140.

If you fail to report as required, a 10 percent penalty will be assessed on any additional tax.

## Filing Reminders

### Composite Income Tax

Minnesota allows estates and trusts to file composite Minnesota income tax on behalf of their beneficiaries who are nonresident individuals and who elect to be included. As a result, the electing beneficiary is not required to file Form M1, *Minnesota Individual Income Tax Return*.

The electing individuals must not have any Minnesota source income other than the income from this trust or estate and other entities electing composite filing.

If you are paying composite income tax for your electing beneficiaries, check the box for composite income tax on the front of Form M2 and see the line 13 instructions on page 5.

### Request for Early Audit

You may request an early audit of the return of a decedent, estate, terminating trust, or other fiduciary entity on Form M22, *Request for Early Audit of Minnesota Income Tax Return*. Filing Form M22 reduces the time limit the department has to assess any additional taxes from 3½ years after you file an income tax return to 18 months.

### Use of Information

Your Minnesota tax ID number is public information. All other information on this form is private, and cannot be given to others except as provided by state law. The identity and income information of the beneficiaries are required under state law so the department can determine the beneficiary's correct Minnesota taxable income and verify if the beneficiary has filed a return and paid the tax. The Social Security numbers of the beneficiaries are required under M.S. 289A.12, subd. 13.

## When Filing a Paper Return

### How to Assemble

Arrange your Minnesota schedules in the order they were completed and place them behind your Form M2. Then place your federal return and its schedules behind the Minnesota material.

### Where to Send

Mail your completed Minnesota and federal forms and schedules, using the mailing label below. Cut on the dotted line and tape to your envelope.

Or mail your forms to:

-----  
|  |  
| MINNESOTA · REVENUE |  
| Fiduciary Income Tax |  
St. Paul, Minnesota 55145-1310

Minnesota Revenue  
Fiduciary Income Tax  
Mail Station 1310  
St. Paul, MN 55145-1310.

# Form M2

Before you complete Form M2, you must first complete the following; you will need to refer to them:

- Federal Form 1041 and supporting schedules; and
- Schedule KF for each nonresident beneficiary and for any Minnesota beneficiary who has adjustments to income (see page 9).

## Tax Year

If you are filing on a fiscal year basis, be sure to enter the beginning and ending dates. Without the dates, your filing and payments may not be considered timely.

## Minnesota Tax ID Number

Be sure to put your Minnesota tax ID number on Form M2. Without it, processing of the return is delayed, and your estimated tax and extension prepayments cannot be verified and credited properly.

## Check Boxes

Place an X in all boxes that apply to the return that you are filing.

**Final return.** For income tax purposes, Minnesota follows federal law on termination of estates and trusts. All income, deductions and credits are passed through to the beneficiaries. If this is your final return, check the box on the front of Form M2.

**Initial return.** If this is the fiduciary's first return filed in Minnesota, check the box on the front of the form.

**Bankruptcy estate.** A separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code. If bankruptcy estate is checked, enter the Bankruptcy debtor's SSN in the Bankruptcy debtor SSN box and, if filing jointly, enter the second debtor's SSN in the corresponding box).

**Composite income tax.** If you are paying composite income tax for your electing nonresident beneficiaries, check the box on the front of Form M2 and see the instructions for line 13 on page 5.

**ESBT (Electing Small Business Trust).** A non-grantor trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust.

**Inter Vivos Trust.** A trust created during a grantor's lifetime.

**Testamentary Trust.** A trust created by a decedent's will that comes into existence at the death of the decedent.

**Section 645 Election.** Allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Minnesota. Enclose a copy of federal Form 8855 or letter making the election.

**Nonresident.** Check the Nonresident box if a nonresident trust/estate. Refer to the definitions of a resident trust/estate on page 1 of the Form M2 instructions to determine whether your trust/estate qualifies.

## Line Instructions

*Trust and estate income is based on income from Minnesota sources only. Therefore, any non-Minnesota losses that are allocated to the fiduciary must be added back to federal taxable income, and non-Minnesota income and gains must be subtracted from federal taxable income.*

*Intangible income earned by a resident estate or trust is considered Minnesota source income. Intangible income is income from intangible personal property, such as stocks or bonds. [M.S. 290.17, subd. 2(c)]*

*Round amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next higher dollar.*

## Line 2

### Deductions and Losses not Allowed

Direct expenses should be allocated to the income to which it is associated. Indirect expenses should be allocated to each class of income in the proportion that each class of income bears to the total income. Only those expenses that relate to the non-Minnesota income should be added back on line 2 of Form M2.

### Deductions not allowed by Minnesota.

Interest and other expenses deducted on your federal return which relate to income or gains from non-Minnesota sources must be added to your taxable income.

Include administration fees and expenses, interest, taxes, depletion and other deductions (including the charitable deduction) that are connected with or allowed against

income or gains not taxed by Minnesota. An example of this would be expenses incurred in connection with a probate proceeding in another state. [M.S. 290.17, subd. 1(b)].

**Losses not allowed by Minnesota.** Include your total losses from non-Minnesota sources to the extent the losses are deducted in determining your federal taxable income or loss.

Common examples of losses to include on line 2 are:

- losses deducted on the sale or other disposition of real or tangible property outside Minnesota,
- casualty losses deducted on property outside Minnesota,
- losses deducted on the operation of a farm outside Minnesota,
- out-of-state losses from partnerships, S corporations and other fiduciaries,
- losses deducted on the operation of a trade or business from sources outside Minnesota, and
- losses deducted on the sale or other disposition of stocks, bonds, securities and other intangible property by nonresident estates and trusts.

## Line 3

### Capital Gain of Lump Sum Distribution

If you received a qualifying lump-sum distribution in 2014 and chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file Form M2.

## Lines 4 and 6

### Additions and Subtractions

Read the instructions under *Allocation of adjustments* on page 9.

## Line 7

### Income from Non-Minnesota Sources

Enter the total income from sources outside Minnesota to the extent the amounts are included in your federal taxable income. Do not include, however, any income or gains that are being distributed to the beneficiary.

Examples of income not subject to Minnesota tax include:

- gains from the sale or other disposition of real or tangible property outside Minnesota,
- income or gains from the operation of a farm outside Minnesota,
- profit from a trade or business outside Minnesota (enter the name and location of the trade or business under line 7),

# M2, Lines 10–17

- out-of-state income from partnerships, S corporations and other fiduciaries (enter the name and location of the partnership or other fiduciary under line 7),
- rents and royalties from land, buildings, machinery or other tangible property outside Minnesota (enter the name and location of the property producing the rents and royalties under line 7), and
- interest, dividends, income and gains from stocks, bonds and other securities for nonresident estates and trusts, unless the income was generated by a trade or business (S corporations and partnerships) and was apportioned to Minnesota.

Enclose a separate schedule, if needed.

## Line 10 Minnesota Tax

Use the table starting on page 11 to determine the amount to enter on line 10.

## Line 11 Tax from S portion of an Electing Small Business Trust

If you are filing as an Electing Small Business Trust (ESBT), you must file Schedule M2SB to report all items relating to the S portion of the trust. Enter the tax calculated on the M2SB on line 11 of Form M2. Include Schedule M2SB when you file Form M2.

## Line 12 Additional Tax

**Schedule M1LS—Tax on a Lump-Sum Distribution.** If you received a lump-sum distribution from a qualified pension plan, profit sharing plan or stock bonus plan and the 10-year averaging method on federal Form 4972 was used, you must complete Minnesota Schedule M1LS, *Tax on Lump-Sum Distribution*.

Include the amount from line 11 of Schedule M1LS on line 12 of Form M2. Be sure to check the box for Schedule M1LS and include a copy of the schedule when you file your return.

**Schedule M2MT—Alternative Minimum Tax.** If you had to complete federal Schedule I, *Alternative Minimum Tax*, you must complete Minnesota Schedule M2MT, *Alternative Minimum Tax for Estates and Trusts*.

Include the amount from line 17 of Schedule M2MT on line 12 of Form M2. Be sure to check the box for Schedule M2MT and include a copy of the schedule with your return.

## Line 13 Composite Income Tax

To determine line 13, you must first figure the amount of composite tax attributed to each electing nonresident beneficiary. See the fiduciary instructions for line 27 of Schedule KF on page 10.

Add the composite income tax attributed to all electing beneficiaries (the total of lines 25 from all KF schedules), and enter the result on line 13 of Form M2.

## Lines 15a–15e and 15 Total Payments and Credits

**Line 15a.** Enter your total estimated tax and extension payments paid for the tax year, including:

- your total 2014 estimated tax payments made in 2014 and 2015, either paid electronically or by check,
- the portion of your 2013 refund applied to your 2014 estimated tax, and
- any 2014 extension payment, paid electronically or by check, that was made by the due date when filing under an extension.

**Line 15b.** Enter the total of any 2014 Minnesota tax withheld, including:

- backup withholding on income retained by the estate or trust,
- Minnesota income tax withheld in error (and not repaid) by an employer on wages and salaries of a decedent that was received by the decedent's estate (enclose a copy of federal Form W-2, *Wage and Tax Statement*), and
- the fiduciary's share of any Minnesota income tax withholding from Schedule KS or KPI not passed through to the beneficiaries.

If you are including withholding on line 15b, you must include with your Form M2 a copy of the 1099, Schedule KPI, Schedule KS or other documentation showing the amount withheld. If the documentation is not included, the department will disallow the amount and assess the tax or reduce your refund.

**Line 15c.** A refundable jobs credit, based on higher-paying jobs, is available to qualified businesses operating in a JOBZ zone. Complete and enclose Schedule JOBZ.

You may also include any credit you may have received as a partner of a partnership or shareholder of an S corporation. You must include your Schedule KPI or KS with Form M2.

Enter the total jobs credit that is being claimed directly by the fiduciary and not passed through to the beneficiaries.

**Line 15d.** If you are including an amount on this line you must include a statement indicating which credit(s) are being claimed as well as any required forms.

Include on line 15d only credits that are being retained by the fiduciary.

**Line 15e.** If you are including an amount on this line you must include a statement indicating which credit(s) are being claimed as well as any required forms. If you have nonrefundable credits available calculate the amount to enter on line 15e as follows:

- If the amount of nonrefundable credits available is less than or equal to the amount on line 14 enter the full amount on line 15e,
- If the amount of nonrefundable credits available is more than the amount on line 14 enter on line 15e the amount of line 14.

## Credit for Taxes Paid to Another State

You may claim a credit on line 15 for taxes paid to another state if you were a resident trust or estate and you paid 2014 income tax (including tax withheld) to Minnesota and to another state on the same income. For purposes of this credit, a Canadian province or territory and the District of Columbia are considered a state. The credit cannot exceed the tax shown on line 10.

Use Schedule M1CR, *Credit for Income Tax Paid to Another State*, as a worksheet to determine the credit. When you file Form M2, include the M1CR worksheet or a statement showing how you arrived at the amount.

## Line 17 Penalty

Penalties are collected as part of the tax and are in addition to any charge for underpaying estimated tax. If you are paying your tax after the regular due date, include the appropriate penalties on line 17. Include a statement showing how you arrived at the penalty amount.

**Please note: An extension of time to file is not an extension to pay.** Therefore, if payment in full is not made by the original due date, an extension of time is invalid and both late-filing and late-payment penalties become applicable.

**Late Payment.** If the tax is not paid by the original due date, a penalty is due of 6 percent of the unpaid tax on line 16.

# M2, Lines 18–25

If you file your return after the regular due date with a balance due, an additional 5 percent penalty will be assessed on the unpaid tax.

**Late Filing.** If you are filing your return after the extended due date, you must pay a late filing penalty. The late filing penalty is 5 percent of the unpaid tax on line 16.

**Payment Method.** If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if your paper check is sent on time.

## Line 18 Interest

You must pay interest on the unpaid tax and penalty from the regular due date until the total is paid. The interest rate for calendar year 2014 is 3 percent.

To figure how much interest you owe, use the following formula with the appropriate interest rate:

$$\text{Interest} = (\text{tax} + \text{penalty}) \times \# \text{ of days late} \times \text{interest rate} \div 365$$

## Line 19 Trusts Only

Skip this line if you are an estate.

**Trusts:** In addition to any penalties you may owe on line 17, you may also owe an additional charge for underpaying or not paying estimated tax. You may owe this additional charge if:

- line 16 of Form M2 is \$500 or more,
- any nonresident beneficiary's share of the composite income tax on line 13 is \$500 or more, or
- you did not pay the required amount of estimated tax by the due dates. This is true even if you have a refund.

Complete Schedule EST, *Additional Charge for Underpayment of Estimated Tax (for Trusts, Partnerships and S Corporations)*, to determine the additional charge for underpaying estimated tax, if any, to enter on line 19. Include Schedule EST with your return.

## Line 20 Amount Due

Add lines 16 through 19. This is the amount of tax you owe.

Be sure to check the appropriate box on line 24 to indicate your method of payment. See *Payment options* on page 2.

## Line 21 Overpayment

If you have an overpayment, you may choose to have it directly deposited into your bank account. You may also choose to apply all or a portion of your overpayment toward your 2015 estimated tax account.

## Line 22 2015 Estimated Tax

Skip this line if you owe additional tax or you will be electing to have your entire refund directly deposited (see line 24).

If you are paying 2015 estimated tax, you may apply all or a portion of your refund to your 2015 estimated tax. Enter the portion of line 21 you want to apply toward your 2015 estimated tax.

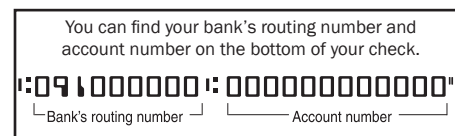
## Line 23 Minnesota Income Tax Refund

Subtract line 22 from line 21. The result is the amount of your 2014 Minnesota income tax refund that will be refunded to you.

If you want to request your refund to be directly deposited into your bank account, complete line 24. Your bank statement will indicate when your refund was deposited to your account. Otherwise, skip line 24 and your refund will be sent to you in the mail.

## Line 24 To Request Direct Deposit of Refund

If you want your refund to be directly deposited into your checking or savings account, enter the routing and account numbers.



The **routing number** must have nine digits. The **account number** may contain up to 17 digits (both numbers and letters). Enter the number and leave out any hyphens, spaces and symbols.

If the routing or account number is incorrect or is not accepted by your financial institution, your refund will be sent to you in the form of a paper check.

By completing line 24, you are authorizing the department and your financial institution to initiate electronic credit entries, and if necessary, debit entries and adjustments for any credits made in error.

## Line 25 State and Municipal Bond Interest

Enter the amount of interest or dividends received from bonds or a bond mutual fund

which invests in non-Minnesota state or municipal securities.

If less than 95 percent of the federally tax-exempt interest dividend from a mutual fund came from bonds issued by Minnesota, you must also include on line 25 the portion of the dividend generated by Minnesota bonds.

**Nonresident trusts:** Non-Minnesota interest or dividends received from bonds or a bond mutual fund do not have to be added back to Minnesota income. [M.S. 290.01, subd. 19a(1)]

*Line instructions continued on page 7.*

## Signature

The return must be signed by the fiduciary or authorized officer of the organization receiving, controlling or managing the income of the estate or trust. The person must also include his or her ID number.

If someone other than the fiduciary prepared the return, the preparer must also sign. The preparer's ID number and phone number should also be included.

You may check the box in the signature area to give us your permission to discuss your return with the paid preparer. This authorization remains in effect until you notify the department in writing (either by mail or fax) that the authorization is revoked.

Checking the box does not give your preparer the authority to sign any tax documents on your behalf or to represent you at any audit or appeals conference. For these types of authorities, you must file Form REV184, *Power of Attorney*.

## E-mail Address

If the department has questions regarding your return and you want to receive correspondence electronically, indicate the e-mail address below your signature. Check a box to indicate if the e-mail address belongs to the fiduciary or paid preparer.

By providing an e-mail address, you are authorizing the department to correspond with you or the designated person over the Internet and you understand that the entity's nonpublic tax data may be transmitted over the Internet.

You also accept the risk that the data may be accessed by someone other than the intended recipient. The department is not liable for any damages that the fiduciary may incur as a result of an interception.

# M2, Lines 26–36

## Line 26

### State Income Tax

Enter the amount of state income tax deducted on the federal return. State income tax deductions are not allowed on the Minnesota return. [M.S. 290.01, subd. 19a(2)]

## Line 27

### Expenses Related to Income Not Taxed by Minnesota, Other Than From U.S. Bond Obligations

Expenses deducted on your federal return that relate to income not taxed by Minnesota must be added to your taxable net income. [M.S. 290.01, subd. 19a(5)]

If you had expenses attributable to interest or mutual fund dividends from U.S. bonds, see line 35.

## Line 28

### Suspended Loss of Bonus Depreciation

If you're claiming a suspended loss from 2001-2005 or 2008-2013 on your federal return that was generated by bonus depreciation, and you did not add back 80 percent of the bonus depreciation in those years, complete the following steps:

- 1 Bonus depreciation from 2001–2005 or 2008–2013 not added back on Form M2 . . . . . \_\_\_\_\_
- 2 Total suspended loss from activity remaining after 2014 . . . . . \_\_\_\_\_
- 3 Subtract step 2 from step 1 (if a negative amount, enter zero) . . . . . \_\_\_\_\_
- 4 Multiply step 3 by 80 percent (.80) . . . . . \_\_\_\_\_
- 5 Total of the 80 percent bonus depreciation addition passed through to you as a beneficiary of another estate or trust (from line 4 of Schedule KF) . . . . . \_\_\_\_\_
- 6 Add steps 4 and 5. Enter here and on line 28 . . . . . \_\_\_\_\_

## Line 29

### Federal Bonus Depreciation Addition

If you chose on your federal return the special depreciation allowance for certain qualified property, you must add back 80 percent of the bonus depreciation to Minnesota.

Follow the steps below to determine line 29:

- 1 Add line 14 and line 25 of your federal Form 4562\* . . . . . \_\_\_\_\_
- 2 Total of bonus depreciation passed through to you as a shareholder of an S corporation (from line 4 of Schedule KS), or as a partner of a partnership (from line 5 of Schedule KPI) . . . . . \_\_\_\_\_
- 3 Add steps 1 and 2 . . . . . \_\_\_\_\_
- 4 Multiply step 3 by 80% (.80) . . . . . \_\_\_\_\_
- 5 Total of any 80% federal bonus depreciation addition you received as a beneficiary of another estate or trust (from line 5 of Schedule KF) . . . . . \_\_\_\_\_
- 6 Add steps 4 and 5. Enter here and on line 29 . . . . . \_\_\_\_\_

\* If bonus depreciation included in step 1 or 2 generated a loss in an activity that cannot be deducted in 2014 (e.g., a passive activity loss or a loss in excess of basis), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2014, up to the bonus depreciation claimed by the activity.

In a future year when the 2014 suspended loss is allowed, you must include the bonus depreciation as an addition. The bonus depreciation is treated as the last suspended loss allowed.

## Line 30

### Fines, Fees and Penalties Deducted on your Federal Return

You must add fines, fees and penalties that were deducted as business expenses paid to a government entity or nongovernment regulatory body as a result of a violation of law, or the investigation of any potential violation of law. This does not include amounts identified in a court order or settlement agreement as restitution or as an amount paid to come into compliance with the law.

## Line 32

### Net Operating Loss (NOL) Carryover Adjustment

The Minnesota Legislature did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, taxpayers are allowed to carryback 3, 4, or 5 years an NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you claimed the deduction in 2014, you must add back the federal NOL amount as a positive number on line 32.

## Line 33

### Domestic Production Activities Deduction

If you are claiming a portion of the domestic production activities deduction on the estate's or trust's federal return, add back this amount on line 33.

## Line 35

### Net Interest from U.S. Bonds

Interest earned on certain direct federal obligations is taxable on the federal return, but is not taxable on the state return. You may reduce your taxable income if you reported interest on your federal return that is exempt from state income tax.

Include the interest you received from certain U.S. bonds, bills, notes and other debt instruments, reduced by any related investment interest and other expenses you deducted on your federal return that relate to this income.

You may also include the portion of dividends from mutual funds that are attributable to such bonds, bill or notes, reduced by any related expenses you deducted on your federal return.

Enclose a statement from the fund indicating the proportionate interest earned on the above securities. [M.S. 290.01, subd. 19b(1)]

## Line 36

### State Income Tax Refunds

Income tax refunded by Minnesota or any other taxing jurisdiction that was included as income on the federal return is not taxed by Minnesota. [M.S. 290.01, subd. 19b(2)]

# Lines 37–42

## Line 37

### Federal Bonus Depreciation Subtraction

You may be able to reduce your taxable income if you:

- deducted bonus depreciation on your 2009 through 2013 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2009 through 2013 Form M2, or
- received a federal bonus depreciation subtraction in 2014 from another estate or trust.

To determine the amount, see *Worksheet for Line 37*.

## Line 38

### JOBZ Income Exemptions

If you invested in or operated a qualified business in a JOBZ zone, you may be able to subtract certain types of income, to the extent that the income would otherwise be taxable.

Complete Schedule JOBZ, *JOBZ Tax Benefits*, if in 2014 you received:

- income for renting real or tangible personal property used by a qualified business located in a zone,
- income from operating a qualified business in a zone,
- gains from the sale or exchange of real or tangible personal property used by a qualified business located in a zone, or
- gains from the sale of an ownership interest in a qualified business.

If you received JOBZ income as a partner of a partnership, a shareholder of an S corporation or a beneficiary of another estate or trust, these amounts are shown on the Schedule KPI, KS or KF you received from the entity. There is no need for you to complete Schedule JOBZ.

## Line 40

### Subtraction for Prior Addback of Reacquisition of Indebtedness Income

If you included in this year's federal taxable income any discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in a prior year, enter that amount on line 40.

## Line 41

### Railroad Retirement Board Benefits

If you received unemployment, sick pay or retirement benefits from the Railroad Retirement Board in 2014, you can subtract these amounts from your federal taxable income.

## Worksheet for Line 37

### If you claimed bonus depreciation as an addition on your 2009 Form M2:

- |   |  |   |       |
|---|--|---|-------|
| 1 | Portion of lines 27 and 29 of your 2009 Form M2 allocated to fiduciary .....   | 5 | _____ |
| 2 | Net operating loss generated for tax year 2009 (line 25, Schedule A of 2008 federal Form 1045). Enter as a positive number ..... | 6 | _____ |
| 3 | Subtract step 2 from step 1 .....  | 7 | _____ |
| 4 | Multiply step 3 by 20% (.20) .....   | 8 | _____ |

### If you claimed bonus depreciation as an addition on your 2010 Form M2:

- |   |  |    |       |
|---|--|----|-------|
| 5 | Portion of lines 26 and 28 of your 2010 Form M2 allocated to fiduciary .....   | 9  | _____ |
| 6 | Net operating loss generated for tax year 2010 (line 25, Schedule A of 2010 federal Form 1045). Enter as a positive number ..... | 10 | _____ |
| 7 | Subtract step 6 from step 5 .....  | 11 | _____ |
| 8 | Multiply step 7 by 20% (.20) .....   | 12 | _____ |

### If you claimed bonus depreciation as an addition on your 2011 Form M2:

- |    |  |    |       |
|----|--|----|-------|
| 9  | Portion of lines 28 and 29 of your 2011 Form M2 allocated to fiduciary .....   | 13 | _____ |
| 10 | Net operating loss generated for tax year 2011 (line 25, Schedule A of 2011 federal Form 1045). Enter as a positive number ..... | 14 | _____ |
| 11 | Subtract step 10 from step 9 .....   | 15 | _____ |
| 12 | Multiply step 11 by 20% (.20) .....  | 16 | _____ |

### If you claimed bonus depreciation as an addition on your 2012 Form M2:

- |    |  |    |       |
|----|--|----|-------|
| 13 | Portion of lines 28 and 29 of your 2012 Form M2 allocated to fiduciary .....   | 17 | _____ |
| 14 | Net operating loss generated for tax year 2012 (line 25, Schedule A of 2012 federal Form 1045). Enter as a positive number ..... | 18 | _____ |
| 15 | Subtract step 14 from step 13 .....  | 19 | _____ |
| 16 | Multiply step 15 by 20% (.20) .....  | 20 | _____ |

### If you claimed bonus depreciation as an addition on your 2013 Form M2:

- |    |  |   |       |
|----|--|---|-------|
| 17 | Portion of lines 28 and 29 of your 2013 Form M2 allocated to fiduciary .....   | 1 | _____ |
| 18 | Net operating loss generated for tax year 2013 (line 25, Schedule A of 2013 federal Form 1045). Enter as a positive number ..... | 2 | _____ |
| 19 | Subtract step 18 from step 17 (if zero or less, enter 0) .....   | 3 | _____ |
| 20 | Multiply step 19 by 20% (.20) .....  | 4 | _____ |

### If you received a subtraction in 2014 from an estate or trust:

- |    |  |    |       |
|----|--|----|-------|
| 21 | Total of any bonus depreciation subtraction amounts you received as a beneficiary of an estate or trust (from line 12 of Schedule KF) .. | 21 | _____ |
|----|--|----|-------|

### Total subtraction

- |    |   |    |       |
|----|---|----|-------|
| 22 | Add steps 4, 8, 12, 16, 20, and 21.<br>Enter here and on line 37 of Form M2 ..... | 22 | _____ |
|----|---|----|-------|

## Line 42

### Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

On line 42, enter the amount you are carrying forward for 2014 for Minnesota purposes.

For complete information on how to determine line 42 and any amount to carry forward, go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us).



# Allocation of Adjustments

[M.S. 290.01, subd. 19b(10)]

*The beneficiary(s) of a trust or an estate must file an individual income tax return to report their portion of the income distributed. A resident beneficiary must report all income from the trust or estate. A nonresident beneficiary who receives \$10,150 or more of Minnesota gross income must report income assignable to Minnesota.*

The purpose of this section is to allocate any adjustments noted on lines 25-33 and 35-42 between the beneficiary(s) and fiduciary. If all the income is retained by the trust or estate, then any adjustment is allocated entirely to the fiduciary. If all of the income is distributed, then any adjustment is passed through to the beneficiary(s) in proportion to their share of distributable net income. If part of the income is retained and part distributed, then part of the adjustment is allocated to the fiduciary and part to the beneficiary(s).

The share of adjustments in column E is the same percentage share as the fiduciary's and each beneficiary's share of federal distribut-

able net income to the total distributable net income (the amount on Form 1041, Schedule B, line 7.) Divide each share by the total distributable net income to determine the percentage.

Where the adjustment is an addition, that portion of the adjustment allocated to each beneficiary and to the fiduciary must be shown as an addition.

Where the adjustment is a subtraction, that part of the adjustment allocated to each beneficiary and to the fiduciary must be shown as a subtraction.

## Column C

Enter the federal distributable net income assigned to each beneficiary and the fiduciary as determined for federal purposes. Add the amounts and enter the total on line 46, column C.

## Column D

To obtain the proper percentage, divide each figure from column C on lines 44 and 45 by the total of column C on line 46. Enter this percentage in column D for to correspond with each beneficiary and the fiduciary. The total of column D must equal 100%.

## Column E

To obtain the proper share for each beneficiary and the fiduciary, multiply the adjustment on line 46, column E, under additions and subtractions by the percentage in column D. Enter the result for each beneficiary and the fiduciary in column E, under additions or subtractions.

Complete a Schedule KF for each beneficiary who is assigned adjustments. (See the instructions below.)

Any adjustment allocated to the fiduciary on line 45, column E, must be reported on Form M2 as an addition on line 4 or a subtraction on line 6.

If there is no federal distributable net income, the adjustment, if any, is distributed according to the terms of the will or trust instrument or according to Minnesota law.

# Completing Schedule KF

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

## Purpose

The purpose of Schedule KF is to provide beneficiaries with the information they need to file Form M1, *Minnesota Individual Income Tax Return*. 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 assignable to Minnesota.

Be sure to include copies of all Schedules KF and federal Schedules K-1 when you file your Form M2.

## Line Instructions

*Calculate lines 1-22 the same for all resident and nonresident beneficiaries. Calculate lines 23-29 for nonresident beneficiaries only.*

*Round amounts to the nearest whole dollar.*

### KF, Lines 1-17

If all or part of the fiduciary's income is distributed, then any adjustment shown on lines 25-33 and 35-42 of Form M2 is passed through to the beneficiary(s) in the proportion to their share of distributable net income.

From line 44 of Form M2, enter the adjustments to income allocated to each beneficiary.

### KF, Line 18

If you received a Minnesota income tax withholding credit, enter the beneficiary's distributive share of any credit that is passed through to the beneficiary. Do not include amounts reported on line 15b of Form M2.

### KF, Line 19

If you are a qualified business operating in a JOBZ zone, enter the beneficiary's distributive share, if any, of the JOBZ jobs credit that is passed through to the beneficiary.

### KF, Line 20

If you are a partner of a partnership or a shareholder of an S corporation that conducted qualified research and development in Minnesota, from line 14 of Schedule KPI and line 14 of Schedule KS, enter the beneficiary's distributive share of the credit that is passed through to the beneficiary. Attach the appropriate schedule when you file your return.

### KF, Line 21

If you are a partner of a partnership or a shareholder of an S corporation that hired a qualified student for internship, from line 12 of Schedule KPI and the Schedule KS, enter the beneficiary's distributive share

# Completing Schedule KF (continued)

of the credit that is passed through to the beneficiary. Attach the appropriate schedule when you file your return.

## KF, Line 22

If you are a partner of a partnership or a shareholder of an S corporation that qualified for credit for historic structure rehabilitation, from line 13 of Schedule KPI and Schedule KS, enter the beneficiary's distributive share of the credit that is passed through to the beneficiary. Attach the appropriate certificate when you file your return and enter the NPS project number in the space provided.

## Nonresident Beneficiaries

### KF, Lines 23–27

From the nonresident beneficiary's federal Schedule K-1 (1041), enter the Minnesota portion of amounts on lines 23–27.

On line 26, only include other income assignable to Minnesota. For example, include other income from services performed in Minnesota, but do not include interest, dividends or distribution from a pension plan.

Interest or dividend income derived from a trade or business (S corporations and partnerships) that is apportioned to Minnesota should be included on line 25.

### KF, Line 27

The Minnesota source gross income is used to determine whether a nonresident beneficiary is required to file a Minnesota income tax return or has the option to elect composite income tax.

Enter the beneficiary's share of the fiduciary's Minnesota source gross income. Minnesota source gross income is the beneficiary's share of total Minnesota source income before any deductions.

## Composite Income Tax

### KF, Line 28

When determining the beneficiary's share of the Minnesota source distributive income from this fiduciary, you must make adjustments for any items you passed through to the beneficiary on lines 1 through 22 of the beneficiary's Schedule KF.

Follow the steps below to determine line 28:

- 1 80 percent of federal bonus depreciation from line 5 of the beneficiary's Schedule KF . . . . \_\_\_\_\_
- 2 Combine lines 23–26 of the beneficiary's Schedule KF . . . . \_\_\_\_\_
- 3 Add steps 1 and 2 . . . . . \_\_\_\_\_
- 4 JOBZ income exemptions from line 15 of the beneficiary's Schedule KF . . . . . \_\_\_\_\_
- 5 To the extent allowed by law, enter one-fifth of the beneficiary's share of the federal bonus depreciation that was added back in a year the beneficiary elected to be included in composite income tax . . . . . \_\_\_\_\_
- 6 Add steps 4 and 5 . . . . . \_\_\_\_\_
- 7 Subtract step 6 from step 3 . . . . \_\_\_\_\_

Enter the result from step 7 on line 28 of the beneficiary's Schedule KF. The result in step 7 is the beneficiary's adjusted Minnesota source distributive income from this fiduciary.

### KF, Line 29

#### Composite Income Tax

Nonresident beneficiaries must pay tax if their Minnesota gross income is more than the minimum filing requirement for the year (\$10,150 for 2014).

Skip this line if the nonresident beneficiary *did not* elect the fiduciary to pay composite income tax on his or her behalf.

To determine the amount of composite income tax to pay on behalf of each electing beneficiary, follow the steps below:

- 1 Multiply line 28 of Schedule KF by 9.85% (.0985) . . . . . \_\_\_\_\_
- 2 Add the credits on lines 18 — 22 of Schedule KF . . . . . \_\_\_\_\_
- 3 Subtract step 2 from step 1 . . . . \_\_\_\_\_

The result in step 3 is the amount you are required to pay on behalf of the electing beneficiary. Enter this amount on line 29 of the beneficiary's Schedule KF and check the box to indicate the beneficiary's election to be included.

If the beneficiary elects to be included in composite income tax but has zero tax due, be sure to enter zero on line 29. Even though the amount may be zero, be sure to check the box to indicate the election.

Once you have completed all the KF schedules for your electing nonresident beneficiaries, add the amounts on line 29 of all the schedules and enter the total on line 13 of Form M2. This is the amount of composite income tax you are required to pay on behalf of your electing beneficiaries.

# 2014 Tax Table

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
0	20	0	6,400	6,500	345	12,900	13,000	693	19,400	19,500	1,065
20	100	3	6,500	6,600	350	13,000	13,100	698	19,500	19,600	1,072
100	200	8	6,600	6,700	356	13,100	13,200	704	19,600	19,700	1,079
200	300	13	6,700	6,800	361	13,200	13,300	709	19,700	19,800	1,086
300	400	19	6,800	6,900	366	13,300	13,400	714	19,800	19,900	1,093
400	500	24	6,900	7,000	372	13,400	13,500	720	19,900	20,000	1,100
500	600	29	7,000	7,100	377	13,500	13,600	725	20,000	20,100	1,107
600	700	35	7,100	7,200	383	13,600	13,700	730	20,100	20,200	1,114
700	800	40	7,200	7,300	388	13,700	13,800	736	20,200	20,300	1,121
800	900	45	7,300	7,400	393	13,800	13,900	741	20,300	20,400	1,128
900	1,000	51	7,400	7,500	399	13,900	14,000	746	20,400	20,500	1,135
1,000	1,100	56	7,500	7,600	404	14,000	14,100	752	20,500	20,600	1,142
1,100	1,200	62	7,600	7,700	409	14,100	14,200	757	20,600	20,700	1,149
1,200	1,300	67	7,700	7,800	415	14,200	14,300	762	20,700	20,800	1,156
1,300	1,400	72	7,800	7,900	420	14,300	14,400	768	20,800	20,900	1,163
1,400	1,500	78	7,900	8,000	425	14,400	14,500	773	20,900	21,000	1,170
1,500	1,600	83	8,000	8,100	431	14,500	14,600	778	21,000	21,100	1,177
1,600	1,700	88	8,100	8,200	436	14,600	14,700	784	21,100	21,200	1,184
1,700	1,800	94	8,200	8,300	441	14,700	14,800	789	21,200	21,300	1,191
1,800	1,900	99	8,300	8,400	447	14,800	14,900	794	21,300	21,400	1,198
1,900	2,000	104	8,400	8,500	452	14,900	15,000	800	21,400	21,500	1,206
2,000	2,100	110	8,500	8,600	457	15,000	15,100	805	21,500	21,600	1,213
2,100	2,200	115	8,600	8,700	463	15,100	15,200	811	21,600	21,700	1,220
2,200	2,300	120	8,700	8,800	468	15,200	15,300	816	21,700	21,800	1,227
2,300	2,400	126	8,800	8,900	473	15,300	15,400	821	21,800	21,900	1,234
2,400	2,500	131	8,900	9,000	479	15,400	15,500	827	21,900	22,000	1,241
2,500	2,600	136	9,000	9,100	484	15,500	15,600	832	22,000	22,100	1,248
2,600	2,700	142	9,100	9,200	490	15,600	15,700	837	22,100	22,200	1,255
2,700	2,800	147	9,200	9,300	495	15,700	15,800	843	22,200	22,300	1,262
2,800	2,900	152	9,300	9,400	500	15,800	15,900	848	22,300	22,400	1,269
2,900	3,000	158	9,400	9,500	506	15,900	16,000	853	22,400	22,500	1,276
3,000	3,100	163	9,500	9,600	511	16,000	16,100	859	22,500	22,600	1,283
3,100	3,200	169	9,600	9,700	516	16,100	16,200	864	22,600	22,700	1,290
3,200	3,300	174	9,700	9,800	522	16,200	16,300	869	22,700	22,800	1,297
3,300	3,400	179	9,800	9,900	527	16,300	16,400	875	22,800	22,900	1,304
3,400	3,500	185	9,900	10,000	532	16,400	16,500	880	22,900	23,000	1,311
3,500	3,600	190	10,000	10,100	538	16,500	16,600	885	23,000	23,100	1,318
3,600	3,700	195	10,100	10,200	543	16,600	16,700	891	23,100	23,200	1,325
3,700	3,800	201	10,200	10,300	548	16,700	16,800	896	23,200	23,300	1,332
3,800	3,900	206	10,300	10,400	554	16,800	16,900	901	23,300	23,400	1,339
3,900	4,000	211	10,400	10,500	559	16,900	17,000	907	23,400	23,500	1,347
4,000	4,100	217	10,500	10,600	564	17,000	17,100	912	23,500	23,600	1,354
4,100	4,200	222	10,600	10,700	570	17,100	17,200	918	23,600	23,700	1,361
4,200	4,300	227	10,700	10,800	575	17,200	17,300	923	23,700	23,800	1,368
4,300	4,400	233	10,800	10,900	580	17,300	17,400	928	23,800	23,900	1,375
4,400	4,500	238	10,900	11,000	586	17,400	17,500	934	23,900	24,000	1,382
4,500	4,600	243	11,000	11,100	591	17,500	17,600	939	24,000	24,100	1,389
4,600	4,700	249	11,100	11,200	597	17,600	17,700	944	24,100	24,200	1,396
4,700	4,800	254	11,200	11,300	602	17,700	17,800	950	24,200	24,300	1,403
4,800	4,900	259	11,300	11,400	607	17,800	17,900	955	24,300	24,400	1,410
4,900	5,000	265	11,400	11,500	613	17,900	18,000	960	24,400	24,500	1,417
5,000	5,100	270	11,500	11,600	618	18,000	18,100	966	24,500	24,600	1,424
5,100	5,200	276	11,600	11,700	623	18,100	18,200	973	24,600	24,700	1,431
5,200	5,300	281	11,700	11,800	629	18,200	18,300	980	24,700	24,800	1,438
5,300	5,400	286	11,800	11,900	634	18,300	18,400	987	24,800	24,900	1,445
5,400	5,500	292	11,900	12,000	639	18,400	18,500	994	24,900	25,000	1,452
5,500	5,600	297	12,000	12,100	645	18,500	18,600	1,001	25,000	25,100	1,459
5,600	5,700	302	12,100	12,200	650	18,600	18,700	1,008	25,100	25,200	1,466
5,700	5,800	308	12,200	12,300	655	18,700	18,800	1,015	25,200	25,300	1,473
5,800	5,900	313	12,300	12,400	661	18,800	18,900	1,022	25,300	25,400	1,480
5,900	6,000	318	12,400	12,500	666	18,900	19,000	1,029	25,400	25,500	1,488
6,000	6,100	324	12,500	12,600	671	19,000	19,100	1,036	25,500	25,600	1,495
6,100	6,200	329	12,600	12,700	677	19,100	19,200	1,043	25,600	25,700	1,502
6,200	6,300	334	12,700	12,800	682	19,200	19,300	1,050	25,700	25,800	1,509
6,300	6,400	340	12,800	12,900	687	19,300	19,400	1,057	25,800	25,900	1,516

# 2014 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
25,900	26,000	1,523	32,400	32,500	1,981	38,900	39,000	2,439	45,400	45,500	2,898
26,000	26,100	1,530	32,500	32,600	1,988	39,000	39,100	2,446	45,500	45,600	2,905
26,100	26,200	1,537	32,600	32,700	1,995	39,100	39,200	2,453	45,600	45,700	2,912
26,200	26,300	1,544	32,700	32,800	2,002	39,200	39,300	2,460	45,700	45,800	2,919
26,300	26,400	1,551	32,800	32,900	2,009	39,300	39,400	2,467	45,800	45,900	2,926
26,400	26,500	1,558	32,900	33,000	2,016	39,400	39,500	2,475	45,900	46,000	2,933
26,500	26,600	1,565	33,000	33,100	2,023	39,500	39,600	2,482	46,000	46,100	2,940
26,600	26,700	1,572	33,100	33,200	2,030	39,600	39,700	2,489	46,100	46,200	2,947
26,700	26,800	1,579	33,200	33,300	2,037	39,700	39,800	2,496	46,200	46,300	2,954
26,800	26,900	1,586	33,300	33,400	2,044	39,800	39,900	2,503	46,300	46,400	2,961
26,900	27,000	1,593	33,400	33,500	2,052	39,900	40,000	2,510	46,400	46,500	2,968
27,000	27,100	1,600	33,500	33,600	2,059	40,000	40,100	2,517	46,500	46,600	2,975
27,100	27,200	1,607	33,600	33,700	2,066	40,100	40,200	2,524	46,600	46,700	2,982
27,200	27,300	1,614	33,700	33,800	2,073	40,200	40,300	2,531	46,700	46,800	2,989
27,300	27,400	1,621	33,800	33,900	2,080	40,300	40,400	2,538	46,800	46,900	2,996
27,400	27,500	1,629	33,900	34,000	2,087	40,400	40,500	2,545	46,900	47,000	3,003
27,500	27,600	1,636	34,000	34,100	2,094	40,500	40,600	2,552	47,000	47,100	3,010
27,600	27,700	1,643	34,100	34,200	2,101	40,600	40,700	2,559	47,100	47,200	3,017
27,700	27,800	1,650	34,200	34,300	2,108	40,700	40,800	2,566	47,200	47,300	3,024
27,800	27,900	1,657	34,300	34,400	2,115	40,800	40,900	2,573	47,300	47,400	3,031
27,900	28,000	1,664	34,400	34,500	2,122	40,900	41,000	2,580	47,400	47,500	3,039
28,000	28,100	1,671	34,500	34,600	2,129	41,000	41,100	2,587	47,500	47,600	3,046
28,100	28,200	1,678	34,600	34,700	2,136	41,100	41,200	2,594	47,600	47,700	3,053
28,200	28,300	1,685	34,700	34,800	2,143	41,200	41,300	2,601	47,700	47,800	3,060
28,300	28,400	1,692	34,800	34,900	2,150	41,300	41,400	2,608	47,800	47,900	3,067
28,400	28,500	1,699	34,900	35,000	2,157	41,400	41,500	2,616	47,900	48,000	3,074
28,500	28,600	1,706	35,000	35,100	2,164	41,500	41,600	2,623	48,000	48,100	3,081
28,600	28,700	1,713	35,100	35,200	2,171	41,600	41,700	2,630	48,100	48,200	3,088
28,700	28,800	1,720	35,200	35,300	2,178	41,700	41,800	2,637	48,200	48,300	3,095
28,800	28,900	1,727	35,300	35,400	2,185	41,800	41,900	2,644	48,300	48,400	3,102
28,900	29,000	1,734	35,400	35,500	2,193	41,900	42,000	2,651	48,400	48,500	3,109
29,000	29,100	1,741	35,500	35,600	2,200	42,000	42,100	2,658	48,500	48,600	3,116
29,100	29,200	1,748	35,600	35,700	2,207	42,100	42,200	2,665	48,600	48,700	3,123
29,200	29,300	1,755	35,700	35,800	2,214	42,200	42,300	2,672	48,700	48,800	3,130
29,300	29,400	1,762	35,800	35,900	2,221	42,300	42,400	2,679	48,800	48,900	3,137
29,400	29,500	1,770	35,900	36,000	2,228	42,400	42,500	2,686	48,900	49,000	3,144
29,500	29,600	1,777	36,000	36,100	2,235	42,500	42,600	2,693	49,000	49,100	3,151
29,600	29,700	1,784	36,100	36,200	2,242	42,600	42,700	2,700	49,100	49,200	3,158
29,700	29,800	1,791	36,200	36,300	2,249	42,700	42,800	2,707	49,200	49,300	3,165
29,800	29,900	1,798	36,300	36,400	2,256	42,800	42,900	2,714	49,300	49,400	3,172
29,900	30,000	1,805	36,400	36,500	2,263	42,900	43,000	2,721	49,400	49,500	3,180
30,000	30,100	1,812	36,500	36,600	2,270	43,000	43,100	2,728	49,500	49,600	3,187
30,100	30,200	1,819	36,600	36,700	2,277	43,100	43,200	2,735	49,600	49,700	3,194
30,200	30,300	1,826	36,700	36,800	2,284	43,200	43,300	2,742	49,700	49,800	3,201
30,300	30,400	1,833	36,800	36,900	2,291	43,300	43,400	2,749	49,800	49,900	3,208
30,400	30,500	1,840	36,900	37,000	2,298	43,400	43,500	2,757	49,900	50,000	3,215
30,500	30,600	1,847	37,000	37,100	2,305	43,500	43,600	2,764	50,000	50,100	3,222
30,600	30,700	1,854	37,100	37,200	2,312	43,600	43,700	2,771	50,100	50,200	3,229
30,700	30,800	1,861	37,200	37,300	2,319	43,700	43,800	2,778	50,200	50,300	3,236
30,800	30,900	1,868	37,300	37,400	2,326	43,800	43,900	2,785	50,300	50,400	3,243
30,900	31,000	1,875	37,400	37,500	2,334	43,900	44,000	2,792	50,400	50,500	3,250
31,000	31,100	1,882	37,500	37,600	2,341	44,000	44,100	2,799	50,500	50,600	3,257
31,100	31,200	1,889	37,600	37,700	2,348	44,100	44,200	2,806	50,600	50,700	3,264
31,200	31,300	1,896	37,700	37,800	2,355	44,200	44,300	2,813	50,700	50,800	3,271
31,300	31,400	1,903	37,800	37,900	2,362	44,300	44,400	2,820	50,800	50,900	3,278
31,400	31,500	1,911	37,900	38,000	2,369	44,400	44,500	2,827	50,900	51,000	3,285
31,500	31,600	1,918	38,000	38,100	2,376	44,500	44,600	2,834	51,000	51,100	3,292
31,600	31,700	1,925	38,100	38,200	2,383	44,600	44,700	2,841	51,100	51,200	3,299
31,700	31,800	1,932	38,200	38,300	2,390	44,700	44,800	2,848	51,200	51,300	3,306
31,800	31,900	1,939	38,300	38,400	2,397	44,800	44,900	2,855	51,300	51,400	3,313
31,900	32,000	1,946	38,400	38,500	2,404	44,900	45,000	2,862	51,400	51,500	3,321
32,000	32,100	1,953	38,500	38,600	2,411	45,000	45,100	2,869	51,500	51,600	3,328
32,100	32,200	1,960	38,600	38,700	2,418	45,100	45,200	2,876	51,600	51,700	3,335
32,200	32,300	1,967	38,700	38,800	2,425	45,200	45,300	2,883	51,700	51,800	3,342
32,300	32,400	1,974	38,800	38,900	2,432	45,300	45,400	2,890	51,800	51,900	3,349

Continued

# 2014 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
51,900	52,000	3,356	58,400	58,500	3,814	64,900	65,000	4,272	71,400	71,500	4,731
52,000	52,100	3,363	58,500	58,600	3,821	65,000	65,100	4,279	71,500	71,600	4,738
52,100	52,200	3,370	58,600	58,700	3,828	65,100	65,200	4,286	71,600	71,700	4,745
52,200	52,300	3,377	58,700	58,800	3,835	65,200	65,300	4,293	71,700	71,800	4,752
52,300	52,400	3,384	58,800	58,900	3,842	65,300	65,400	4,300	71,800	71,900	4,760
52,400	52,500	3,391	58,900	59,000	3,849	65,400	65,500	4,308	71,900	72,000	4,768
52,500	52,600	3,398	59,000	59,100	3,856	65,500	65,600	4,315	72,000	72,100	4,776
52,600	52,700	3,405	59,100	59,200	3,863	65,600	65,700	4,322	72,100	72,200	4,784
52,700	52,800	3,412	59,200	59,300	3,870	65,700	65,800	4,329	72,200	72,300	4,792
52,800	52,900	3,419	59,300	59,400	3,877	65,800	65,900	4,336	72,300	72,400	4,799
52,900	53,000	3,426	59,400	59,500	3,885	65,900	66,000	4,343	72,400	72,500	4,807
53,000	53,100	3,433	59,500	59,600	3,892	66,000	66,100	4,350	72,500	72,600	4,815
53,100	53,200	3,440	59,600	59,700	3,899	66,100	66,200	4,357	72,600	72,700	4,823
53,200	53,300	3,447	59,700	59,800	3,906	66,200	66,300	4,364	72,700	72,800	4,831
53,300	53,400	3,454	59,800	59,900	3,913	66,300	66,400	4,371	72,800	72,900	4,839
53,400	53,500	3,462	59,900	60,000	3,920	66,400	66,500	4,378	72,900	73,000	4,846
53,500	53,600	3,469	60,000	60,100	3,927	66,500	66,600	4,385	73,000	73,100	4,854
53,600	53,700	3,476	60,100	60,200	3,934	66,600	66,700	4,392	73,100	73,200	4,862
53,700	53,800	3,483	60,200	60,300	3,941	66,700	66,800	4,399	73,200	73,300	4,870
53,800	53,900	3,490	60,300	60,400	3,948	66,800	66,900	4,406	73,300	73,400	4,878
53,900	54,000	3,497	60,400	60,500	3,955	66,900	67,000	4,413	73,400	73,500	4,886
54,000	54,100	3,504	60,500	60,600	3,962	67,000	67,100	4,420	73,500	73,600	4,894
54,100	54,200	3,511	60,600	60,700	3,969	67,100	67,200	4,427	73,600	73,700	4,901
54,200	54,300	3,518	60,700	60,800	3,976	67,200	67,300	4,434	73,700	73,800	4,909
54,300	54,400	3,525	60,800	60,900	3,983	67,300	67,400	4,441	73,800	73,900	4,917
54,400	54,500	3,532	60,900	61,000	3,990	67,400	67,500	4,449	73,900	74,000	4,925
54,500	54,600	3,539	61,000	61,100	3,997	67,500	67,600	4,456	74,000	74,100	4,933
54,600	54,700	3,546	61,100	61,200	4,004	67,600	67,700	4,463	74,100	74,200	4,941
54,700	54,800	3,553	61,200	61,300	4,011	67,700	67,800	4,470	74,200	74,300	4,949
54,800	54,900	3,560	61,300	61,400	4,018	67,800	67,900	4,477	74,300	74,400	4,956
54,900	55,000	3,567	61,400	61,500	4,026	67,900	68,000	4,484	74,400	74,500	4,964
55,000	55,100	3,574	61,500	61,600	4,033	68,000	68,100	4,491	74,500	74,600	4,972
55,100	55,200	3,581	61,600	61,700	4,040	68,100	68,200	4,498	74,600	74,700	4,980
55,200	55,300	3,588	61,700	61,800	4,047	68,200	68,300	4,505	74,700	74,800	4,988
55,300	55,400	3,595	61,800	61,900	4,054	68,300	68,400	4,512	74,800	74,900	4,996
55,400	55,500	3,603	61,900	62,000	4,061	68,400	68,500	4,519	74,900	75,000	5,003
55,500	55,600	3,610	62,000	62,100	4,068	68,500	68,600	4,526	75,000	75,100	5,011
55,600	55,700	3,617	62,100	62,200	4,075	68,600	68,700	4,533	75,100	75,200	5,019
55,700	55,800	3,624	62,200	62,300	4,082	68,700	68,800	4,540	75,200	75,300	5,027
55,800	55,900	3,631	62,300	62,400	4,089	68,800	68,900	4,547	75,300	75,400	5,035
55,900	56,000	3,638	62,400	62,500	4,096	68,900	69,000	4,554	75,400	75,500	5,043
56,000	56,100	3,645	62,500	62,600	4,103	69,000	69,100	4,561	75,500	75,600	5,051
56,100	56,200	3,652	62,600	62,700	4,110	69,100	69,200	4,568	75,600	75,700	5,058
56,200	56,300	3,659	62,700	62,800	4,117	69,200	69,300	4,575	75,700	75,800	5,066
56,300	56,400	3,666	62,800	62,900	4,124	69,300	69,400	4,582	75,800	75,900	5,074
56,400	56,500	3,673	62,900	63,000	4,131	69,400	69,500	4,590	75,900	76,000	5,082
56,500	56,600	3,680	63,000	63,100	4,138	69,500	69,600	4,597	76,000	76,100	5,090
56,600	56,700	3,687	63,100	63,200	4,145	69,600	69,700	4,604	76,100	76,200	5,098
56,700	56,800	3,694	63,200	63,300	4,152	69,700	69,800	4,611	76,200	76,300	5,106
56,800	56,900	3,701	63,300	63,400	4,159	69,800	69,900	4,618	76,300	76,400	5,113
56,900	57,000	3,708	63,400	63,500	4,167	69,900	70,000	4,625	76,400	76,500	5,121
57,000	57,100	3,715	63,500	63,600	4,174	70,000	70,100	4,632	76,500	76,600	5,129
57,100	57,200	3,722	63,600	63,700	4,181	70,100	70,200	4,639	76,600	76,700	5,137
57,200	57,300	3,729	63,700	63,800	4,188	70,200	70,300	4,646	76,700	76,800	5,145
57,300	57,400	3,736	63,800	63,900	4,195	70,300	70,400	4,653	76,800	76,900	5,153
57,400	57,500	3,744	63,900	64,000	4,202	70,400	70,500	4,660	76,900	77,000	5,160
57,500	57,600	3,751	64,000	64,100	4,209	70,500	70,600	4,667	77,000	77,100	5,168
57,600	57,700	3,758	64,100	64,200	4,216	70,600	70,700	4,674	77,100	77,200	5,176
57,700	57,800	3,765	64,200	64,300	4,223	70,700	70,800	4,681	77,200	77,300	5,184
57,800	57,900	3,772	64,300	64,400	4,230	70,800	70,900	4,688	77,300	77,400	5,192
57,900	58,000	3,779	64,400	64,500	4,237	70,900	71,000	4,695	77,400	77,500	5,200
58,000	58,100	3,786	64,500	64,600	4,244	71,000	71,100	4,702	77,500	77,600	5,208
58,100	58,200	3,793	64,600	64,700	4,251	71,100	71,200	4,709	77,600	77,700	5,215
58,200	58,300	3,800	64,700	64,800	4,258	71,200	71,300	4,716	77,700	77,800	5,223
58,300	58,400	3,807	64,800	64,900	4,265	71,300	71,400	4,723	77,800	77,900	5,231

# 2014 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
77,900	78,000	5,239	80,900	81,000	5,474	83,900	84,000	5,710	86,900	87,000	5,945
78,000	78,100	5,247	81,000	81,100	5,482	84,000	84,100	5,718	87,000	87,100	5,953
78,100	78,200	5,255	81,100	81,200	5,490	84,100	84,200	5,726	87,100	87,200	5,961
78,200	78,300	5,263	81,200	81,300	5,498	84,200	84,300	5,734	87,200	87,300	5,969
78,300	78,400	5,270	81,300	81,400	5,506	84,300	84,400	5,741	87,300	87,400	5,977
78,400	78,500	5,278	81,400	81,500	5,514	84,400	84,500	5,749	87,400	87,500	5,985
78,500	78,600	5,286	81,500	81,600	5,522	84,500	84,600	5,757	87,500	87,600	5,993
78,600	78,700	5,294	81,600	81,700	5,529	84,600	84,700	5,765	87,600	87,700	6,000
78,700	78,800	5,302	81,700	81,800	5,537	84,700	84,800	5,773	87,700	87,800	6,008
78,800	78,900	5,310	81,800	81,900	5,545	84,800	84,900	5,781	87,800	87,900	6,016
78,900	79,000	5,317	81,900	82,000	5,553	84,900	85,000	5,788	87,900	88,000	6,024
79,000	79,100	5,325	82,000	82,100	5,561	85,000	85,100	5,796	88,000	88,100	6,032
79,100	79,200	5,333	82,100	82,200	5,569	85,100	85,200	5,804	88,100	88,200	6,040
79,200	79,300	5,341	82,200	82,300	5,577	85,200	85,300	5,812	88,200	88,300	6,048
79,300	79,400	5,349	82,300	82,400	5,584	85,300	85,400	5,820	88,300	88,400	6,055
79,400	79,500	5,357	82,400	82,500	5,592	85,400	85,500	5,828	88,400	88,500	6,063
79,500	79,600	5,365	82,500	82,600	5,600	85,500	85,600	5,836	88,500	88,600	6,071
79,600	79,700	5,372	82,600	82,700	5,608	85,600	85,700	5,843	88,600	88,700	6,079
79,700	79,800	5,380	82,700	82,800	5,616	85,700	85,800	5,851	88,700	88,800	6,087
79,800	79,900	5,388	82,800	82,900	5,624	85,800	85,900	5,859	88,800	88,900	6,095
79,900	80,000	5,396	82,900	83,000	5,631	85,900	86,000	5,867	88,900	89,000	6,102
80,000	80,100	5,404	83,000	83,100	5,639	86,000	86,100	5,875	89,000	89,100	6,110
80,100	80,200	5,412	83,100	83,200	5,647	86,100	86,200	5,883	89,100	89,200	6,118
80,200	80,300	5,420	83,200	83,300	5,655	86,200	86,300	5,891	89,200	89,300	6,126
80,300	80,400	5,427	83,300	83,400	5,663	86,300	86,400	5,898	89,300	89,400	6,134
80,400	80,500	5,435	83,400	83,500	5,671	86,400	86,500	5,906	89,400	89,500	6,142
80,500	80,600	5,443	83,500	83,600	5,679	86,500	86,600	5,914	89,500	89,600	6,150
80,600	80,700	5,451	83,600	83,700	5,686	86,600	86,700	5,922	89,600	89,700	6,157
80,700	80,800	5,459	83,700	83,800	5,694	86,700	86,800	5,930	89,700	89,800	6,165
80,800	80,900	5,467	83,800	83,900	5,702	86,800	86,900	5,938	89,800	89,900	6,173
									89,900	90,000	6,181

90,000 & over					
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		of the amount over—	
is:	but not over—				
\$ 0	\$18,040	-----	5.35%	\$ 0	
18,040	71,680	\$ 965.14	+ 7.05%	18,040	
71,680	127,120	4,746.76	+ 7.85%	71,680	
127,120	-----	9,098.80	+ 9.85%	127,120	

## Common Problems Using Software Packages

If you use tax preparation software, be careful to buy packages acceptable to the Department of Revenue. Forms produced by the software must meet requirements and be approved before being sold or provided to consumers.

If you are considering any company's tax preparation software, ask to see the vendor's approval letter for the forms you will be using. Keep in mind that we usually won't know if they are approved until late January. It is also important to test the software before filing forms prepared with it. We do not, however, approve the operation or accuracy of any software.

Below are common problems found on fiduciary returns submitted using software packages:

- **Verify that the program uses updated tax tables.** Tax tables are required to be updated every year for inflation. Be sure that the amount on line 9 of your Form M2 is the same amount shown in the tax tables.
  - Fiscal year filers must use the table based on the beginning year of the return.
  - If you are an Electing Small Business Trust (ESBT), verify that the software package uses the tax table when determining the tax. The ESBT is taxed at the highest tax rate only for federal purposes.
- **Look for a payment voucher if you have tax due on line 20 of Form M2.** If you owe tax, your software package is required to include a payment voucher when you print out a copy of your return. If you are paying your tax by check, you must complete and send this payment voucher with your check to ensure your payment is credited properly.
- **Verify that estimated tax payments were made.** Some software programs may insert the amount of estimated tax payments that *should have been* paid, not the amount of tax *actually* paid.