

2017 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

What's New for 2017

Federal Adjustments

Definitions used in determining Minnesota tax are based on the Internal Revenue Code, as amended through December 16, 2016. Since that date, the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123). These laws contain a number of provisions that may affect your Minnesota tax. See *Federal Adjustments for Businesses* on page 10-11 to determine if you need to adjust your return.

Continue to check our website for further updates.

Accelerated Installment Sale Gains

Beginning in tax year 2017, some nonresident individual taxpayers will be required to accelerate recognition of installment sale gains if the sales involve S corporation stock or assets, or partnership interests or assets. The new law applies to sales that are executed by individuals, and to sales that are executed by partnerships, S corporations, trusts or estates, and multi-tiered pass-through structures.

A new checkbox has been added to Form M2, and new lines have been added to Schedule KF to ensure correct reporting to beneficiaries.

Federal Automatic Extension for Filing

Minnesota Statute 289A.19, subd. 7 was amended to provide fiduciary income tax filers an automatic and equivalent extension of the return filing deadline when a federal extension is granted. The extension does not affect the due date for payment. The change is effective for:

- All 2017 calendar year filers (with year-end of December 31, 2017)
- Fiscal year filers with year-end of February 28, 2017 or after

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Filing Requirements

An estate or trust - regardless if it is considered a resident - must file Form M2 when:

1. There is \$600 or more of gross income allocable to Minnesota; or
2. There is a nonresident alien as a beneficiary.

[M.S. 289A.08.subd. 2]

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.

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

Send us an e-mail at: businessincome.tax@state.mn.us

Call us at 651-556-3075

Need Forms?

Go to www.revenue.state.mn.us.

This information is available in alternate formats.

For trusts that became irrevocable or were first administered in Minnesota before January 1, 1996: A resident trust, except a grantor type 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.

Continued

General Information (continued)

If you don't have a Minnesota tax ID, you must apply for one. Go to www.revenue.state.mn.us and type **Business Registration** on the search box or call 651-282-5225 or 1-800-657-3605.

Due Dates and Extensions

Due Date for Filing and Paying is April 17, 2018

The regular due date for filing Form M2 and paying the tax due is April 17, 2018. 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. **Example:** If the fiscal year end is May 31, the due date would be September 15.

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.**

If the IRS grants an extension of time to file your federal return, your state filing due date is extended to the federal due date.

This is effective for:

- All 2017 calendar year filers (with year-end of December 31, 2017)
- Fiscal year filers with year-end of February 28, 2017 or after

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 four types of fiduciary income tax payments—extension payments, estimated tax payments, tax return payments, and amended 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.

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, 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; 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 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.

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. **If you administer 100 or more trusts, you are required to pay all fiduciary income taxes electronically.** [M.S. 289A.20, subd. 1c]

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. [M.S. 289A.25]

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.

General Information (continued)

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. [M.S. 289A.60, subd. 1]

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. [M.S. 289A.60, subd. 2]

Interest. You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2017 is 4 percent. [M.S. 270C.40]

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. [M.S. 289A.60 and 289A.63]

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. [M.S. 289A.60, subd. 24]

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.

Beneficiaries receiving distributions from an estate or trust reporting installment sale gains on line 7 of Schedule KF are not eligible for inclusion in a composite return

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
Mail Station 1310
St. Paul, MN 55145-1310.

Form M2

Before you complete Form M2, you must first complete Federal Form 1041 and supporting schedules.

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.

Irrevocable Trust. A trust is considered irrevocable if the grantor no longer has control over the trust assets and administration. Enter the date the trust became irrevocable.

Grantor Trust. A trust is a grantor trust if the grantor retains certain powers or ownership benefits.

QSST. Check this box if a Qualified Subchapter S Trust.

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.

Owns or Operates Business. Check this box if the trust/estate owns or operates a business through the trust/estate. Provide the Federal Identification Number (FEIN) of the business in the box provided. If the trust/estate owns or operates more than one business, provide a list of all FEINs of the businesses in an attachment.

Form M706 Filed. Check this box if the decedent's estate or grantor's trust had a M706 estate tax return filed and enter the gross value of the estate on the line provided.

Installment Sale of Pass-through Assets or Interests. Check this box if the trust or estate:

- executed an installment sale, after December 31, 2016, of S corporation stock or partnership interests being reported on Form 6252,
- executed an installment sale, after December 31, 2016, of the assets of an S corporation or partnership being reported on Form 6252, or
- owns an interest in an S corporation, partnership, trust, or estate reporting installment sale gains on line 7 of schedule KPI, KS, or KF, or line 10 of schedule KPC.

If you are required to check the box and the gain from the sale was distributed, complete line 7 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with the Schedule KF Form.

Beneficiaries who are receiving schedules KF with positive values on line 7 may not be included in a composite return.

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.

M2, Lines 3–17

Line 3

Capital Gain of Lump Sum Distribution

If you received a qualifying lump-sum distribution in 2017 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),
- 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 10 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

Add the composite income tax attributed to all electing beneficiaries (the total of lines 27 from all KF schedules), and enter the result on line 13 of Form M2.

Lines 15a-15d and 15

Total Payments and Credits

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

- your total 2017 estimated tax payments made in 2017 and 2018, either paid electronically or by check,
- the portion of your 2016 refund applied to your 2017 estimated tax, and
- any 2017 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 2017 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. 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 15c only credits that are being retained by the fiduciary.

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. If you have nonrefundable credits available calculate the amount to enter on line 15d 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 15d,
- If the amount of nonrefundable credits available is more than the amount on line 14 enter on line 15d the amount of line 14.

Credit for Taxes Paid to Another State

You may claim a nonrefundable credit on line 15 for taxes paid to another state if you were a resident trust or estate and you paid 2017 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*, or M1RCR, *Credit for Income Tax Paid to Wisconsin*, as a worksheet to determine the credit. When you file Form M2, include the M1CR or M1RCR 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.

M2, Lines 18–25

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.

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 2017 is 4 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 20 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 2017 estimated tax account.

Line 22 2018 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 2018 estimated tax, you may apply all or a portion of your refund to your 2018 estimated tax. Enter the portion of line 21 you want to apply toward your 2018 estimated tax.

Line 23 Minnesota Income Tax Refund

Subtract line 22 from line 21. The result is the amount of your 2017 Minnesota income tax refund that will be refunded to you.

If you want to request your refund to be direct 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.

You can find your bank's routing number and account number on the bottom of your check.

⑆09 100000010 000000000000⑈

└─── Bank's routing number ──┘ └─── Account number ──┘

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

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.

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.

For dividends received from a bond mutual fund, determine the amount to include using the following instructions:

- If 95 percent or more of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota,

M2, Lines 26–36

only the portion of the dividend generated by non-Minnesota bonds must be included.

- If less than 95 percent of all federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, all of the federally tax-exempt interest dividend from that fund must be included.

Nonresident estates and 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 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 2008-2016 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 2008-2016 not added back on Form M2 _____
- 2 Total suspended loss from activity remaining after 2017 . . . _____
- 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.

If you claimed a deduction for special depreciation allowance (bonus depreciation) for property placed in service after September 27, 2017, that deduction may need to be adjusted before making this addition (see *Federal Adjustments for Businesses* on page 10).

Follow the steps below to determine line 29:

- 1 Enter the total bonus depreciation allowed based on the Internal Revenue Code, as amended through December 16, 2016. _____
- 2 Total of bonus depreciation passed through to you as a shareholder of an S corporation (from line 5 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 2017 (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 2017, up to the bonus depreciation claimed by the activity.

In a future year when the 2017 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 31

Addition Due to Federal Changes Not Adopted by Minnesota

Enter the amount of any addition to federal taxable income that is required when you recompute your federal taxable income without regard to provisions included in the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) (see *Federal Adjustments for Businesses* on pages 10-11).

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 2017, 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)] **7**
Continued

Lines 37–41

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)]

Line 37

Federal Bonus Depreciation Subtraction

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

- deducted bonus depreciation on your 2012 through 2016 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2012 through 2016 Form M2, or
- received a federal bonus depreciation subtraction in 2017 from another estate or trust.

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

Line 38

Subtraction Due to Federal Changes Not Adopted by Minnesota

Enter the amount of any subtraction from federal taxable income that is required when you recompute your federal taxable income without regard to provisions included in the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) (see *Federal Adjustments for Businesses* on pages 10-11).

Line 39

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 39.

Line 41

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 41, enter the amount you are carrying forward for 2017 for Minnesota purposes.

For complete information on how to determine line 41 and any amount to carry forward, go to our website at www.revenue.state.mn.us.

Worksheet for Line 37

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

1	Portion of lines 28 and 29 of your 2012 Form M2 allocated to fiduciary	1	_____
2	Net operating loss generated for tax year 2012 (line 25, Schedule A of 2012 federal Form 1045). Enter as a positive number	2	_____
3	Subtract step 2 from step 1	3	_____
4	Multiply step 3 by 20% (.20)	4	_____

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

5	Portion of lines 28 and 29 of your 2013 Form M2 allocated to fiduciary	5	_____
6	Net operating loss generated for tax year 2013 (line 25, Schedule A of 2013 federal Form 1045). Enter as a positive number	6	_____
7	Subtract step 6 from step 5	7	_____
8	Multiply step 7 by 20% (.20)	8	_____

If you claimed bonus depreciation as an addition on your 2014 Form M2:

9	Portion of lines 28 and 29 of your 2014 Form M2 allocated to fiduciary	9	_____
10	Net operating loss generated for tax year 2014 (line 25, Schedule A of 2014 federal Form 1045). Enter as a positive number	10	_____
11	Subtract step 10 from step 9	11	_____
12	Multiply step 11 by 20% (.20)	12	_____

If you claimed bonus depreciation as an addition on your 2015 Form M2:

13	Portion of lines 28 and 29 of your 2015 Form M2 allocated to fiduciary	13	_____
14	Net operating loss generated for tax year 2015 (line 25, Schedule A of 2015 federal Form 1045). Enter as a positive number	14	_____
15	Subtract step 14 from step 13 (if zero or less, enter 0)	15	_____
16	Multiply step 15 by 20% (.20)	16	_____

If you claimed bonus depreciation as an addition on your 2016 Form M2:

17	Portion of lines 28 and 29 of your 2016 Form M2 allocated to fiduciary	17	_____
18	Net operating loss generated for tax year 2016 (line 25, Schedule A of 2016 federal Form 1045). Enter as a positive number	18	_____
19	Subtract step 18 from step 17 (if zero or less, enter 0)	19	_____
20	Multiply step 19 by 20% (.20)	20	_____

If you received a subtraction in 2017 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 13 of Schedule KF)	21	_____
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Total subtraction

22	Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 37 of Form M2	22	_____
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Allocation of Adjustments

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 \$10,400 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 35-41 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 distributable 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 45, column C.

Column D

To obtain the proper percentage, divide each figure from column C on lines 43 and 44 by the total of column C on line 45. 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 45, 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.

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.

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

If you checked the box for Installment Sale of Pass-through Assets or Interests and the gain from the sale was distributed, complete line 7 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF.

Federal Adjustments for Businesses

Minnesota defines net income for fiduciary income tax according to the Internal Revenue Code, as amended through December 16, 2016. Since that date, federal tax laws have been enacted that contain a number of provisions affecting the amount of income for tax year 2017. Because Minnesota has not yet adopted these federal changes, adjustments must be made to correctly determine your Minnesota tax when filing your 2017 Form M2, *Income Tax Return for Estates and Trusts*.

How to Report the Federal Adjustments

If any of the federal provisions that are included in federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) affect the amount of taxable income reported on your 2017 Federal Form 1041, U.S. Income Tax Return for Estates and Trusts, you must make an adjustment to income on your 2017 Minnesota form. To determine the amount of the adjustment, recompute your federal taxable income without regard to provisions included in those Acts and report the difference as an adjustment to income.

To report the differences for Minnesota tax purposes, you must do all of the following:

- attach a schedule to your Form M2 that lists the federal provisions affecting your taxable income by the act title and section number
- show how you calculated each adjustment amount
- include the adjustments on your Form M2, line 31, if the amount is a positive number, and on Form M2, line 38, if the amount is a negative number.

Enter the following codes in the box that corresponds with the line on which you included the appropriate adjustment:

- Code 11: Section 13201
- Code 12: Sections 504(a), 20104, and 20201
- Code 13: Sections 40304, 40305, 40306, 40307, 40308, and 40412
- Code 14: Any other additions affecting the 2017 individual taxpayer
- Code 15: Any other subtractions affecting the 2017 individual taxpayer
- Code 16: Net of all other adjustments.

If you are using more than two codes, include the additional codes with adjustment amount on an attached statement.

Provisions that may require an income adjustment

The following provisions may require an income adjustment for Minnesota tax purposes. This list includes the most commonly used adjustments; you must make adjustments as needed for all provisions included in the listed Acts:

Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63)

Section 504(a) – Suspended limitations under IRC 170(b) on charitable contributions associated with qualified hurricane relief made during the period beginning on August 23, 2017, and ending on December 31, 2017.

Tax Cuts and Jobs Act (Pub. L. 115-97)

- Section 13201 – Increase in federal bonus depreciation for certain assets. If you claimed federal bonus depreciation on line 14 or 25 of federal Form 4562 for assets placed in service after September 27, 2017, you may need to make an income adjustment on your Minnesota return.

— If you claimed federal bonus depreciation in excess of 50% of your basis in the asset, add the amount of federal bonus depreciation you claimed that exceeds 50% of your basis in the asset.

— If you claimed bonus depreciation on used property, or on qualified film, television or live theatrical productions, add the federal bonus depreciation you claimed for these items.

— Determine the amount of depreciation you would have been allowed had you not claimed the excess bonus depreciation described in this section. Use the appropriate recovery period and method for each asset under the Internal Revenue Code as amended through December 16, 2016. Subtract the amount of depreciation you calculate for the assets.

- Section 13202 - Modification to depreciation limitations on luxury automobiles and personal use property.
- Section 13203 - Modification of treatment of certain farm property.
- Section 13204 - Changes in applicable recovery period for real property.

- Section 13207 – Expensing of certain costs of replanting citrus plants lost by reason of casualty under IRC 263A.
- Section 13303 – Like-kind exchange treatment limited to real property under IRC 1031.
- Section 13304 – Limitation on deduction by employers of expenses for fringe benefits under IRC 274.
- Section 13307 – Denial of deduction for settlements subject to nondisclosure agreements paid in connection with sexual harassment or sexual abuse.
- Section 13308 – Repeal of deduction for local lobbying expenses.
- Section 13310 – Prohibition on cash, gift cards, and other nontangible personal property as employee achievement awards.
- Section 13312 – Certain contributions by governmental entities not treated as contributions to capital.
- Section 13313 – Repeal of rollover of of publicly traded securities gain into specialized small business investment companies.
- Section 13314 – Certain self-created property not treated as a capital asset under IRC 1221.
- Section 13402 – Rehabilitation credit limited to certified historic structures.
- Section 13501 – Treatment of gain or loss of foreign persons from sale or exchange of interests in partnerships engaged in trade or business within the United States.
- Section 13502 – Modification to definition of substantial built-in loss in the case of transfer of partnership interest.
- Section 13521 – Clarification of tax basis of life insurance contracts under IRC 1016.
- Section 13522 – Exception to transfer for valuable consideration rules under IRC 101.
- Section 13532 – Repeal of advance refunding bonds.
- Section 13543 – Modification of treatment of S corporation conversions to C corporations.
- Section 13801 – Production period for beer, wine, and distilled spirits.
- Section 13821 – Modification of tax treatment of Alaska Native Corporations and settlement trusts.
- Section 13823 – Designation of Opportunity Zones and special rules for capital gains invested.

Federal Adjustments for Businesses (continued)

- Section 14101 – Deduction for foreign-source portion of dividends received by domestic corporations from specified 10-percent owned foreign corporation.
 - Section 14102 – Special rules relating to sales or transfers involving specified 10-percent owned foreign corporations.
 - Section 14103 – Mandatory inclusion of deferred foreign income under IRC 965.
 - Section 14201 – Current year inclusion of global intangible low-taxed income (GILTI) by United States shareholders.
 - Section 14211 – Elimination of inclusion of foreign base company oil related income.
 - Section 14212 – Repeal of inclusion based on withdrawal of previously excluded subpart F income from qualified investment.
 - Section 14213 – Modification of stock attribution rules for determining status as a controlled foreign corporation.
 - Section 14214 – Modification of definition of United States shareholder.
 - Section 14215 – Elimination of requirement that corporation must be controlled for 30 days before subpart F inclusions apply.
- Bipartisan Budget Act of 2018 (Pub. L. 115-123)**
- Section 20103 – Disallowed deductions related to employee retention credit for employers affected by California wildfires.
 - Section 20104 – Additional disaster-related tax relief provisions for California wildfire disaster areas.
 - Section 20201 – Tax relief for hurricanes Harvey, Irma, and Maria.
 - Section 40301 – Disallowed deductions related to extension of Indian employment tax credit.
 - Section 40303 – Disallowed deductions related to extension of mine rescue team training credit.
 - Section 40304 – Extension of classification of certain race horses as 3-year property.
 - Section 40305 – Extension of 7-year recovery period for motorsports entertainment complexes.
 - Section 40306 – Extension of accelerated depreciation for business property on an Indian reservation.
 - Section 40307 – Extension of election to expense mine safety equipment.
 - Section 40308 – Extension of special expensing rules for certain productions.
 - Section 40311 – Extension of empowerment zone tax incentives.
 - Section 40403 – Disallowed deductions related to extension of credit for new qualified fuel cell motor vehicles.
 - Section 40405 – Disallowed deduction related to extension of credit for 2-wheeled plug-in electric vehicles.
 - Section 40412 – Extension of special allowance for second generation biofuel plant property.
 - Section 40413 – Extension of energy efficient commercial buildings deduction.
 - Section 40414 – Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
 - Section 41115 – Opportunity Zones rule for Puerto Rico.

2017 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	1,056
20	100	3	6,500	6,600	350	13,000	13,100	698	19,500	19,600	1,063
100	200	8	6,600	6,700	356	13,100	13,200	704	19,600	19,700	1,070
200	300	13	6,700	6,800	361	13,200	13,300	709	19,700	19,800	1,077
300	400	19	6,800	6,900	366	13,300	13,400	714	19,800	19,900	1,084
400	500	24	6,900	7,000	372	13,400	13,500	720	19,900	20,000	1,091
500	600	29	7,000	7,100	377	13,500	13,600	725	20,000	20,100	1,098
600	700	35	7,100	7,200	383	13,600	13,700	730	20,100	20,200	1,105
700	800	40	7,200	7,300	388	13,700	13,800	736	20,200	20,300	1,112
800	900	45	7,300	7,400	393	13,800	13,900	741	20,300	20,400	1,119
900	1,000	51	7,400	7,500	399	13,900	14,000	746	20,400	20,500	1,126
1,000	1,100	56	7,500	7,600	404	14,000	14,100	752	20,500	20,600	1,133
1,100	1,200	62	7,600	7,700	409	14,100	14,200	757	20,600	20,700	1,140
1,200	1,300	67	7,700	7,800	415	14,200	14,300	762	20,700	20,800	1,147
1,300	1,400	72	7,800	7,900	420	14,300	14,400	768	20,800	20,900	1,154
1,400	1,500	78	7,900	8,000	425	14,400	14,500	773	20,900	21,000	1,161
1,500	1,600	83	8,000	8,100	431	14,500	14,600	778	21,000	21,100	1,169
1,600	1,700	88	8,100	8,200	436	14,600	14,700	784	21,100	21,200	1,176
1,700	1,800	94	8,200	8,300	441	14,700	14,800	789	21,200	21,300	1,183
1,800	1,900	99	8,300	8,400	447	14,800	14,900	794	21,300	21,400	1,190
1,900	2,000	104	8,400	8,500	452	14,900	15,000	800	21,400	21,500	1,197
2,000	2,100	110	8,500	8,600	457	15,000	15,100	805	21,500	21,600	1,204
2,100	2,200	115	8,600	8,700	463	15,100	15,200	811	21,600	21,700	1,211
2,200	2,300	120	8,700	8,800	468	15,200	15,300	816	21,700	21,800	1,218
2,300	2,400	126	8,800	8,900	473	15,300	15,400	821	21,800	21,900	1,225
2,400	2,500	131	8,900	9,000	479	15,400	15,500	827	21,900	22,000	1,232
2,500	2,600	136	9,000	9,100	484	15,500	15,600	832	22,000	22,100	1,239
2,600	2,700	142	9,100	9,200	490	15,600	15,700	837	22,100	22,200	1,246
2,700	2,800	147	9,200	9,300	495	15,700	15,800	843	22,200	22,300	1,253
2,800	2,900	152	9,300	9,400	500	15,800	15,900	848	22,300	22,400	1,260
2,900	3,000	158	9,400	9,500	506	15,900	16,000	853	22,400	22,500	1,267
3,000	3,100	163	9,500	9,600	511	16,000	16,100	859	22,500	22,600	1,274
3,100	3,200	169	9,600	9,700	516	16,100	16,200	864	22,600	22,700	1,281
3,200	3,300	174	9,700	9,800	522	16,200	16,300	869	22,700	22,800	1,288
3,300	3,400	179	9,800	9,900	527	16,300	16,400	875	22,800	22,900	1,295
3,400	3,500	185	9,900	10,000	532	16,400	16,500	880	22,900	23,000	1,302
3,500	3,600	190	10,000	10,100	538	16,500	16,600	885	23,000	23,100	1,310
3,600	3,700	195	10,100	10,200	543	16,600	16,700	891	23,100	23,200	1,317
3,700	3,800	201	10,200	10,300	548	16,700	16,800	896	23,200	23,300	1,324
3,800	3,900	206	10,300	10,400	554	16,800	16,900	901	23,300	23,400	1,331
3,900	4,000	211	10,400	10,500	559	16,900	17,000	907	23,400	23,500	1,338
4,000	4,100	217	10,500	10,600	564	17,000	17,100	912	23,500	23,600	1,345
4,100	4,200	222	10,600	10,700	570	17,100	17,200	918	23,600	23,700	1,352
4,200	4,300	227	10,700	10,800	575	17,200	17,300	923	23,700	23,800	1,359
4,300	4,400	233	10,800	10,900	580	17,300	17,400	928	23,800	23,900	1,366
4,400	4,500	238	10,900	11,000	586	17,400	17,500	934	23,900	24,000	1,373
4,500	4,600	243	11,000	11,100	591	17,500	17,600	939	24,000	24,100	1,380
4,600	4,700	249	11,100	11,200	597	17,600	17,700	944	24,100	24,200	1,387
4,700	4,800	254	11,200	11,300	602	17,700	17,800	950	24,200	24,300	1,394
4,800	4,900	259	11,300	11,400	607	17,800	17,900	955	24,300	24,400	1,401
4,900	5,000	265	11,400	11,500	613	17,900	18,000	960	24,400	24,500	1,408
5,000	5,100	270	11,500	11,600	618	18,000	18,100	966	24,500	24,600	1,415
5,100	5,200	276	11,600	11,700	623	18,100	18,200	971	24,600	24,700	1,422
5,200	5,300	281	11,700	11,800	629	18,200	18,300	976	24,700	24,800	1,429
5,300	5,400	286	11,800	11,900	634	18,300	18,400	982	24,800	24,900	1,436
5,400	5,500	292	11,900	12,000	639	18,400	18,500	987	24,900	25,000	1,443
5,500	5,600	297	12,000	12,100	645	18,500	18,600	992	25,000	25,100	1,451
5,600	5,700	302	12,100	12,200	650	18,600	18,700	999	25,100	25,200	1,458
5,700	5,800	308	12,200	12,300	655	18,700	18,800	1,006	25,200	25,300	1,465
5,800	5,900	313	12,300	12,400	661	18,800	18,900	1,013	25,300	25,400	1,472
5,900	6,000	318	12,400	12,500	666	18,900	19,000	1,020	25,400	25,500	1,479
6,000	6,100	324	12,500	12,600	671	19,000	19,100	1,028	25,500	25,600	1,486
6,100	6,200	329	12,600	12,700	677	19,100	19,200	1,035	25,600	25,700	1,493
6,200	6,300	334	12,700	12,800	682	19,200	19,300	1,042	25,700	25,800	1,500
6,300	6,400	340	12,800	12,900	687	19,300	19,400	1,049	25,800	25,900	1,507

Continued

2017 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	1,514	32,400	32,500	1,972	38,900	39,000	2,430	45,400	45,500	2,889
26,000	26,100	1,521	32,500	32,600	1,979	39,000	39,100	2,438	45,500	45,600	2,896
26,100	26,200	1,528	32,600	32,700	1,986	39,100	39,200	2,445	45,600	45,700	2,903
26,200	26,300	1,535	32,700	32,800	1,993	39,200	39,300	2,452	45,700	45,800	2,910
26,300	26,400	1,542	32,800	32,900	2,000	39,300	39,400	2,459	45,800	45,900	2,917
26,400	26,500	1,549	32,900	33,000	2,007	39,400	39,500	2,466	45,900	46,000	2,924
26,500	26,600	1,556	33,000	33,100	2,015	39,500	39,600	2,473	46,000	46,100	2,931
26,600	26,700	1,563	33,100	33,200	2,022	39,600	39,700	2,480	46,100	46,200	2,938
26,700	26,800	1,570	33,200	33,300	2,029	39,700	39,800	2,487	46,200	46,300	2,945
26,800	26,900	1,577	33,300	33,400	2,036	39,800	39,900	2,494	46,300	46,400	2,952
26,900	27,000	1,584	33,400	33,500	2,043	39,900	40,000	2,501	46,400	46,500	2,959
27,000	27,100	1,592	33,500	33,600	2,050	40,000	40,100	2,508	46,500	46,600	2,966
27,100	27,200	1,599	33,600	33,700	2,057	40,100	40,200	2,515	46,600	46,700	2,973
27,200	27,300	1,606	33,700	33,800	2,064	40,200	40,300	2,522	46,700	46,800	2,980
27,300	27,400	1,613	33,800	33,900	2,071	40,300	40,400	2,529	46,800	46,900	2,987
27,400	27,500	1,620	33,900	34,000	2,078	40,400	40,500	2,536	46,900	47,000	2,994
27,500	27,600	1,627	34,000	34,100	2,085	40,500	40,600	2,543	47,000	47,100	3,002
27,600	27,700	1,634	34,100	34,200	2,092	40,600	40,700	2,550	47,100	47,200	3,009
27,700	27,800	1,641	34,200	34,300	2,099	40,700	40,800	2,557	47,200	47,300	3,016
27,800	27,900	1,648	34,300	34,400	2,106	40,800	40,900	2,564	47,300	47,400	3,023
27,900	28,000	1,655	34,400	34,500	2,113	40,900	41,000	2,571	47,400	47,500	3,030
28,000	28,100	1,662	34,500	34,600	2,120	41,000	41,100	2,579	47,500	47,600	3,037
28,100	28,200	1,669	34,600	34,700	2,127	41,100	41,200	2,586	47,600	47,700	3,044
28,200	28,300	1,676	34,700	34,800	2,134	41,200	41,300	2,593	47,700	47,800	3,051
28,300	28,400	1,683	34,800	34,900	2,141	41,300	41,400	2,600	47,800	47,900	3,058
28,400	28,500	1,690	34,900	35,000	2,148	41,400	41,500	2,607	47,900	48,000	3,065
28,500	28,600	1,697	35,000	35,100	2,156	41,500	41,600	2,614	48,000	48,100	3,072
28,600	28,700	1,704	35,100	35,200	2,163	41,600	41,700	2,621	48,100	48,200	3,079
28,700	28,800	1,711	35,200	35,300	2,170	41,700	41,800	2,628	48,200	48,300	3,086
28,800	28,900	1,718	35,300	35,400	2,177	41,800	41,900	2,635	48,300	48,400	3,093
28,900	29,000	1,725	35,400	35,500	2,184	41,900	42,000	2,642	48,400	48,500	3,100
29,000	29,100	1,733	35,500	35,600	2,191	42,000	42,100	2,649	48,500	48,600	3,107
29,100	29,200	1,740	35,600	35,700	2,198	42,100	42,200	2,656	48,600	48,700	3,114
29,200	29,300	1,747	35,700	35,800	2,205	42,200	42,300	2,663	48,700	48,800	3,121
29,300	29,400	1,754	35,800	35,900	2,212	42,300	42,400	2,670	48,800	48,900	3,128
29,400	29,500	1,761	35,900	36,000	2,219	42,400	42,500	2,677	48,900	49,000	3,135
29,500	29,600	1,768	36,000	36,100	2,226	42,500	42,600	2,684	49,000	49,100	3,143
29,600	29,700	1,775	36,100	36,200	2,233	42,600	42,700	2,691	49,100	49,200	3,150
29,700	29,800	1,782	36,200	36,300	2,240	42,700	42,800	2,698	49,200	49,300	3,157
29,800	29,900	1,789	36,300	36,400	2,247	42,800	42,900	2,705	49,300	49,400	3,164
29,900	30,000	1,796	36,400	36,500	2,254	42,900	43,000	2,712	49,400	49,500	3,171
30,000	30,100	1,803	36,500	36,600	2,261	43,000	43,100	2,720	49,500	49,600	3,178
30,100	30,200	1,810	36,600	36,700	2,268	43,100	43,200	2,727	49,600	49,700	3,185
30,200	30,300	1,817	36,700	36,800	2,275	43,200	43,300	2,734	49,700	49,800	3,192
30,300	30,400	1,824	36,800	36,900	2,282	43,300	43,400	2,741	49,800	49,900	3,199
30,400	30,500	1,831	36,900	37,000	2,289	43,400	43,500	2,748	49,900	50,000	3,206
30,500	30,600	1,838	37,000	37,100	2,297	43,500	43,600	2,755	50,000	50,100	3,213
30,600	30,700	1,845	37,100	37,200	2,304	43,600	43,700	2,762	50,100	50,200	3,220
30,700	30,800	1,852	37,200	37,300	2,311	43,700	43,800	2,769	50,200	50,300	3,227
30,800	30,900	1,859	37,300	37,400	2,318	43,800	43,900	2,776	50,300	50,400	3,234
30,900	31,000	1,866	37,400	37,500	2,325	43,900	44,000	2,783	50,400	50,500	3,241
31,000	31,100	1,874	37,500	37,600	2,332	44,000	44,100	2,790	50,500	50,600	3,248
31,100	31,200	1,881	37,600	37,700	2,339	44,100	44,200	2,797	50,600	50,700	3,255
31,200	31,300	1,888	37,700	37,800	2,346	44,200	44,300	2,804	50,700	50,800	3,262
31,300	31,400	1,895	37,800	37,900	2,353	44,300	44,400	2,811	50,800	50,900	3,269
31,400	31,500	1,902	37,900	38,000	2,360	44,400	44,500	2,818	50,900	51,000	3,276
31,500	31,600	1,909	38,000	38,100	2,367	44,500	44,600	2,825	51,000	51,100	3,284
31,600	31,700	1,916	38,100	38,200	2,374	44,600	44,700	2,832	51,100	51,200	3,291
31,700	31,800	1,923	38,200	38,300	2,381	44,700	44,800	2,839	51,200	51,300	3,298
31,800	31,900	1,930	38,300	38,400	2,388	44,800	44,900	2,846	51,300	51,400	3,305
31,900	32,000	1,937	38,400	38,500	2,395	44,900	45,000	2,853	51,400	51,500	3,312
32,000	32,100	1,944	38,500	38,600	2,402	45,000	45,100	2,861	51,500	51,600	3,319
32,100	32,200	1,951	38,600	38,700	2,409	45,100	45,200	2,868	51,600	51,700	3,326
32,200	32,300	1,958	38,700	38,800	2,416	45,200	45,300	2,875	51,700	51,800	3,333
32,300	32,400	1,965	38,800	38,900	2,423	45,300	45,400	2,882	51,800	51,900	3,340

Continued

2017 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	3,347	58,400	58,500	3,805	64,900	65,000	4,263	71,400	71,500	4,722
52,000	52,100	3,354	58,500	58,600	3,812	65,000	65,100	4,271	71,500	71,600	4,729
52,100	52,200	3,361	58,600	58,700	3,819	65,100	65,200	4,278	71,600	71,700	4,736
52,200	52,300	3,368	58,700	58,800	3,826	65,200	65,300	4,285	71,700	71,800	4,743
52,300	52,400	3,375	58,800	58,900	3,833	65,300	65,400	4,292	71,800	71,900	4,750
52,400	52,500	3,382	58,900	59,000	3,840	65,400	65,500	4,299	71,900	72,000	4,757
52,500	52,600	3,389	59,000	59,100	3,848	65,500	65,600	4,306	72,000	72,100	4,764
52,600	52,700	3,396	59,100	59,200	3,855	65,600	65,700	4,313	72,100	72,200	4,771
52,700	52,800	3,403	59,200	59,300	3,862	65,700	65,800	4,320	72,200	72,300	4,778
52,800	52,900	3,410	59,300	59,400	3,869	65,800	65,900	4,327	72,300	72,400	4,785
52,900	53,000	3,417	59,400	59,500	3,876	65,900	66,000	4,334	72,400	72,500	4,792
53,000	53,100	3,425	59,500	59,600	3,883	66,000	66,100	4,341	72,500	72,600	4,799
53,100	53,200	3,432	59,600	59,700	3,890	66,100	66,200	4,348	72,600	72,700	4,806
53,200	53,300	3,439	59,700	59,800	3,897	66,200	66,300	4,355	72,700	72,800	4,813
53,300	53,400	3,446	59,800	59,900	3,904	66,300	66,400	4,362	72,800	72,900	4,820
53,400	53,500	3,453	59,900	60,000	3,911	66,400	66,500	4,369	72,900	73,000	4,827
53,500	53,600	3,460	60,000	60,100	3,918	66,500	66,600	4,376	73,000	73,100	4,835
53,600	53,700	3,467	60,100	60,200	3,925	66,600	66,700	4,383	73,100	73,200	4,842
53,700	53,800	3,474	60,200	60,300	3,932	66,700	66,800	4,390	73,200	73,300	4,849
53,800	53,900	3,481	60,300	60,400	3,939	66,800	66,900	4,397	73,300	73,400	4,856
53,900	54,000	3,488	60,400	60,500	3,946	66,900	67,000	4,404	73,400	73,500	4,863
54,000	54,100	3,495	60,500	60,600	3,953	67,000	67,100	4,412	73,500	73,600	4,870
54,100	54,200	3,502	60,600	60,700	3,960	67,100	67,200	4,419	73,600	73,700	4,877
54,200	54,300	3,509	60,700	60,800	3,967	67,200	67,300	4,426	73,700	73,800	4,884
54,300	54,400	3,516	60,800	60,900	3,974	67,300	67,400	4,433	73,800	73,900	4,892
54,400	54,500	3,523	60,900	61,000	3,981	67,400	67,500	4,440	73,900	74,000	4,900
54,500	54,600	3,530	61,000	61,100	3,989	67,500	67,600	4,447	74,000	74,100	4,908
54,600	54,700	3,537	61,100	61,200	3,996	67,600	67,700	4,454	74,100	74,200	4,915
54,700	54,800	3,544	61,200	61,300	4,003	67,700	67,800	4,461	74,200	74,300	4,923
54,800	54,900	3,551	61,300	61,400	4,010	67,800	67,900	4,468	74,300	74,400	4,931
54,900	55,000	3,558	61,400	61,500	4,017	67,900	68,000	4,475	74,400	74,500	4,939
55,000	55,100	3,566	61,500	61,600	4,024	68,000	68,100	4,482	74,500	74,600	4,947
55,100	55,200	3,573	61,600	61,700	4,031	68,100	68,200	4,489	74,600	74,700	4,955
55,200	55,300	3,580	61,700	61,800	4,038	68,200	68,300	4,496	74,700	74,800	4,963
55,300	55,400	3,587	61,800	61,900	4,045	68,300	68,400	4,503	74,800	74,900	4,970
55,400	55,500	3,594	61,900	62,000	4,052	68,400	68,500	4,510	74,900	75,000	4,978
55,500	55,600	3,601	62,000	62,100	4,059	68,500	68,600	4,517	75,000	75,100	4,986
55,600	55,700	3,608	62,100	62,200	4,066	68,600	68,700	4,524	75,100	75,200	4,994
55,700	55,800	3,615	62,200	62,300	4,073	68,700	68,800	4,531	75,200	75,300	5,002
55,800	55,900	3,622	62,300	62,400	4,080	68,800	68,900	4,538	75,300	75,400	5,010
55,900	56,000	3,629	62,400	62,500	4,087	68,900	69,000	4,545	75,400	75,500	5,017
56,000	56,100	3,636	62,500	62,600	4,094	69,000	69,100	4,553	75,500	75,600	5,025
56,100	56,200	3,643	62,600	62,700	4,101	69,100	69,200	4,560	75,600	75,700	5,033
56,200	56,300	3,650	62,700	62,800	4,108	69,200	69,300	4,567	75,700	75,800	5,041
56,300	56,400	3,657	62,800	62,900	4,115	69,300	69,400	4,574	75,800	75,900	5,049
56,400	56,500	3,664	62,900	63,000	4,122	69,400	69,500	4,581	75,900	76,000	5,057
56,500	56,600	3,671	63,000	63,100	4,130	69,500	69,600	4,588	76,000	76,100	5,065
56,600	56,700	3,678	63,100	63,200	4,137	69,600	69,700	4,595	76,100	76,200	5,072
56,700	56,800	3,685	63,200	63,300	4,144	69,700	69,800	4,602	76,200	76,300	5,080
56,800	56,900	3,692	63,300	63,400	4,151	69,800	69,900	4,609	76,300	76,400	5,088
56,900	57,000	3,699	63,400	63,500	4,158	69,900	70,000	4,616	76,400	76,500	5,096
57,000	57,100	3,707	63,500	63,600	4,165	70,000	70,100	4,623	76,500	76,600	5,104
57,100	57,200	3,714	63,600	63,700	4,172	70,100	70,200	4,630	76,600	76,700	5,112
57,200	57,300	3,721	63,700	63,800	4,179	70,200	70,300	4,637	76,700	76,800	5,120
57,300	57,400	3,728	63,800	63,900	4,186	70,300	70,400	4,644	76,800	76,900	5,127
57,400	57,500	3,735	63,900	64,000	4,193	70,400	70,500	4,651	76,900	77,000	5,135
57,500	57,600	3,742	64,000	64,100	4,200	70,500	70,600	4,658	77,000	77,100	5,143
57,600	57,700	3,749	64,100	64,200	4,207	70,600	70,700	4,665	77,100	77,200	5,151
57,700	57,800	3,756	64,200	64,300	4,214	70,700	70,800	4,672	77,200	77,300	5,159
57,800	57,900	3,763	64,300	64,400	4,221	70,800	70,900	4,679	77,300	77,400	5,167
57,900	58,000	3,770	64,400	64,500	4,228	70,900	71,000	4,686	77,400	77,500	5,174
58,000	58,100	3,777	64,500	64,600	4,235	71,000	71,100	4,694	77,500	77,600	5,182
58,100	58,200	3,784	64,600	64,700	4,242	71,100	71,200	4,701	77,600	77,700	5,190
58,200	58,300	3,791	64,700	64,800	4,249	71,200	71,300	4,708	77,700	77,800	5,198
58,300	58,400	3,798	64,800	64,900	4,256	71,300	71,400	4,715	77,800	77,900	5,206

2017 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	5,214	80,900	81,000	5,449	83,900	84,000	5,685	86,900	87,000	5,920
78,000	78,100	5,222	81,000	81,100	5,457	84,000	84,100	5,693	87,000	87,100	5,928
78,100	78,200	5,229	81,100	81,200	5,465	84,100	84,200	5,700	87,100	87,200	5,936
78,200	78,300	5,237	81,200	81,300	5,473	84,200	84,300	5,708	87,200	87,300	5,944
78,300	78,400	5,245	81,300	81,400	5,481	84,300	84,400	5,716	87,300	87,400	5,952
78,400	78,500	5,253	81,400	81,500	5,488	84,400	84,500	5,724	87,400	87,500	5,959
78,500	78,600	5,261	81,500	81,600	5,496	84,500	84,600	5,732	87,500	87,600	5,967
78,600	78,700	5,269	81,600	81,700	5,504	84,600	84,700	5,740	87,600	87,700	5,975
78,700	78,800	5,277	81,700	81,800	5,512	84,700	84,800	5,748	87,700	87,800	5,983
78,800	78,900	5,284	81,800	81,900	5,520	84,800	84,900	5,755	87,800	87,900	5,991
78,900	79,000	5,292	81,900	82,000	5,528	84,900	85,000	5,763	87,900	88,000	5,999
79,000	79,100	5,300	82,000	82,100	5,536	85,000	85,100	5,771	88,000	88,100	6,007
79,100	79,200	5,308	82,100	82,200	5,543	85,100	85,200	5,779	88,100	88,200	6,014
79,200	79,300	5,316	82,200	82,300	5,551	85,200	85,300	5,787	88,200	88,300	6,022
79,300	79,400	5,324	82,300	82,400	5,559	85,300	85,400	5,795	88,300	88,400	6,030
79,400	79,500	5,331	82,400	82,500	5,567	85,400	85,500	5,802	88,400	88,500	6,038
79,500	79,600	5,339	82,500	82,600	5,575	85,500	85,600	5,810	88,500	88,600	6,046
79,600	79,700	5,347	82,600	82,700	5,583	85,600	85,700	5,818	88,600	88,700	6,054
79,700	79,800	5,355	82,700	82,800	5,591	85,700	85,800	5,826	88,700	88,800	6,062
79,800	79,900	5,363	82,800	82,900	5,598	85,800	85,900	5,834	88,800	88,900	6,069
79,900	80,000	5,371	82,900	83,000	5,606	85,900	86,000	5,842	88,900	89,000	6,077
80,000	80,100	5,379	83,000	83,100	5,614	86,000	86,100	5,850	89,000	89,100	6,085
80,100	80,200	5,386	83,100	83,200	5,622	86,100	86,200	5,857	89,100	89,200	6,093
80,200	80,300	5,394	83,200	83,300	5,630	86,200	86,300	5,865	89,200	89,300	6,101
80,300	80,400	5,402	83,300	83,400	5,638	86,300	86,400	5,873	89,300	89,400	6,109
80,400	80,500	5,410	83,400	83,500	5,645	86,400	86,500	5,881	89,400	89,500	6,116
80,500	80,600	5,418	83,500	83,600	5,653	86,500	86,600	5,889	89,500	89,600	6,124
80,600	80,700	5,426	83,600	83,700	5,661	86,600	86,700	5,897	89,600	89,700	6,132
80,700	80,800	5,434	83,700	83,800	5,669	86,700	86,800	5,905	89,700	89,800	6,140
80,800	80,900	5,441	83,800	83,900	5,677	86,800	86,900	5,912	89,800	89,900	6,148
									89,900	90,000	6,156

90,000 & over					
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		of the amount over—	
over—	but not over—				
\$0	\$18,560	\$0.00	5.35%	\$0	
18,560	73,730	992.96	+ 7.05%	18,560	
73,730	130,760	4,882.45	+ 7.85%	73,730	
130,760		9,359.31	+ 9.85%	130,760	

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 10 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.