



# 2018 Schedule KFNC, Federal Adjustments

Minnesota has not adopted the federal law changes enacted after December 16, 2016 that affect federal taxable income for tax year 2018.

Tax year beginning \_\_\_\_\_, 2018, ending \_\_\_\_\_

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

Estate's or Trust's Name \_\_\_\_\_ Estate's or Trust's Federal ID Number \_\_\_\_\_ Estate's or Trust's Minnesota ID Number \_\_\_\_\_

*Before you complete this schedule, read the instructions which are on a separate sheet.*

Enter as a positive or negative. Round amounts to the nearest whole dollar. **Form M1 filers, include on:**

**Adjustments to federal taxable income (FTI)**

- 1 Capitalization Rules Provisions (TCJA Sec. 13207 and 13801) . . . . . **1** ■ \_\_\_\_\_ M1NC, Line 10
- 2 a. Increase in Federal Bonus Depreciation for Certain Assets (TCJA Sec. 13201) . . . . . **2a** ■ \_\_\_\_\_ M1NC, Line 11a
  - b. Enter the amount of allowable depreciation for assets on line 2a . . . . . **2b** ■ \_\_\_\_\_ M1NC, Line 11b
  - c. This line intentionally left blank . . . . . **2c** ■ \_\_\_\_\_
- 3 This line intentionally left blank. . . . . **3** ■ \_\_\_\_\_
- 4 a. Other Depreciation Provisions under Tax Cuts and Jobs Act (Sec. 13202, 13203, 13204, 13205) . **4a** ■ \_\_\_\_\_ M1NC, Line 13a
  - b. Enter the amount of allowable depreciation for assets on line 4a . . . . . **4b** ■ \_\_\_\_\_ M1NC, Line 13b
- 5 a. This line intentionally left blank. . . . . **5a** ■ \_\_\_\_\_
- b. This line intentionally left blank. . . . . **5b** ■ \_\_\_\_\_
- 6 Depreciation for Assets from 2017 Nonconformity Adjustments. . . . . **6** ■ \_\_\_\_\_ M1NC, Line 14
- 7 Limitation on Deduction for Interest (TCJA Sec. 13301) . . . . . **7** ■ \_\_\_\_\_ M1NC, Line 18
- 8 a. Like-Kind Exchange Treatment from Schedule LK (TCJA Sec. 13303) . . . . . **8a** ■ \_\_\_\_\_ M1NC, Line 17a
  - b. Recalculated cost recovery for line 8a property from Schedule LK . . . . . **8b** ■ \_\_\_\_\_ M1NC, Line 17b
- 9 Limitation on Deduction by Employers of Expenses for Fringe Benefits (TCJA Sec. 13304) . . . . . **9** ■ \_\_\_\_\_ M1NC, Line 16
- 10 Other Deduction Provisions (TCJA Sec. 13307, 13308, 13310, 13603) . . . . . **10** ■ \_\_\_\_\_ M1NC, Line 16
- 11 Limitation on Allowance of Partner's Share of Loss (TCJA Sec. 13503) . . . . . **11** ■ \_\_\_\_\_ M1NC, Line 19
- 12 Cash Distributions from Converted C Corporations (TCJA Sec. 13543(b)) . . . . . **12** ■ \_\_\_\_\_ M1NC, Line 29
- 13 Tax Treatment of Alaska Native Corporations and Settlement Trusts (TCJA Sec. 13821) . . . . . **13** ■ \_\_\_\_\_ M1NC, Line 20
- 14 Special Rules for Capital Gains Invested In Opportunity Zones (TCJA Sec. 13823) . . . . . **14** ■ \_\_\_\_\_ M1NC, Line 21
- 15 a. Section 965 Deferred Foreign Income (TCJA Sec. 14103) . . . . . **15a** ■ \_\_\_\_\_ M1NC, Line 23a
  - b. Section 965 Actual Repatriated Income . . . . . **15b** ■ \_\_\_\_\_ M1NC, Line 23b



Beneficiary's Name

Beneficiary's Social Security Number

|           |  |             |       |               |
|-----------|--|-------------|-------|---------------|
| <b>16</b> | Inclusion of Global Intangible Low Taxed Income (TCJA Sec. 14201) . . . . .  | <b>16</b> ■ | _____ | M1NC, Line 24 |
| <b>17</b> | Deduction for Foreign Derived Intangible Income (TCJA Sec. 14202). . . . .   | <b>17</b> ■ | _____ | M1NC, Line 25 |
| <b>18</b> | Related Party Amounts Paid in Hybrid Transactions (TCJA Sec. 14222). . . . .   | <b>18</b> ■ | _____ | M1NC, Line 27 |
| <b>19</b> | Subpart F Provisions (TCJA Sec. 14211, 14212, 14213, 14214, 14215) . . . . .   | <b>19</b> ■ | _____ | M1NC, Line 28 |
| <b>20</b> | Source of Income from Sales of Inventory (TCJA Sec. 14303) . . . . .   | <b>20</b> ■ | _____ | M1NC, Line 29 |
| <b>21</b> | Restriction on Insurance Business Exception to Passive Foreign Investment Company Rules (TCJA Sec. 14501) . . . . .  | <b>21</b> ■ | _____ | M1NC, Line 29 |
| <b>22</b> | Other Provisions (TCJA Sec. 13309, 13312, 13313, 13314, 13502, 13504, 13522, 13531, 13532, 14502) . . . . .  | <b>22</b> ■ | _____ | M1NC, Line 29 |
| <b>23</b> | Extension of Credits and Tax Incentives (TCJA Sec. 13401, 13403) and (Bipartisan Budget Act of 2018 Sec. 40411) . . . . .  | <b>23</b> ■ | _____ | M1NC, Line 30 |
| <b>24</b> | Other adjustments to federal taxable income . . . . .  | <b>24</b> ■ | _____ | M1NC, Line 29 |
| <b>25</b> | This line intentionally left blank. . . . .  | <b>25</b> ■ | _____ |               |
| <b>26</b> | This line intentionally left blank. . . . .  | <b>26</b> ■ | _____ |               |
| <b>27</b> | Total lines 1-26. If the result is positive, enter it on Schedule KF, line 8<br>If the amount is negative, enter it as a positive number on Schedule KF, line 16 . . . . . | <b>27</b> ■ | _____ |               |

You must include this schedule when you file Schedule KF.



# 2018 Schedule KFNC Instructions

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

### Purpose of Schedule KFNC

Schedule KFNC is a supplemental schedule provided by a trust or an estate to its beneficiaries. The beneficiaries need this information to complete one of the following:

- *Minnesota Schedule M1NC* if you are an individual beneficiary.
- *Minnesota Schedule M2NC* if you are a trust or estate beneficiary.

These instructions are intended to help you report your share of the trust's or estate's nonconformity adjustments on your Minnesota return.

**You must include Schedule KFNC when you file your Minnesota return.** If you do not include the schedule with your return as required, your return processing will be delayed.

**If you receive an amended Schedule KFNC** from the fiduciary and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use one of the following:

- Form M1X, *Amended Minnesota Income Tax Return*, if you are an individual beneficiary.
- Form M2X, *Amended Income Tax Return for Estate and Trust*, if you are a trust or estate beneficiary.

### Line Instructions

#### Line 1 – Capitalization Rules Provisions (TCJA Sec. 13207, 13801)

*Individuals:* Include this amount on Schedule M1NC, line 10.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 1.

#### Line 2a – Increase in Federal Bonus Depreciation (TCJA Sec. 13201)

*Individuals:* Include this amount on Schedule M1NC, line 11a.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 2a.

#### Line 2b – Allowable Depreciation for Line 2a

*Individuals:* Include this amount on Schedule M1NC, line 11b.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 2b.

#### Line 2c

This line is intentionally left blank.

#### Line 3

This line is intentionally left blank.

#### Line 4a – Other Depreciation Provisions (TCJA Sec. 13202, 13203, 13204, 13205)

*Individuals:* Include this amount on Schedule M1NC, line 13a.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 3a.

#### Line 4b – Allowable Depreciation for Line 4a

*Individuals:* Include this amount on Schedule M1NC, line 13b.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 3b.

#### Lines 5a and 5b

These lines are intentionally left blank.

#### Line 6 – Depreciation for Assets from 2017 Nonconformity Adjustments

*Individuals:* Include this amount on Schedule M1NC, line 14.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 5.

#### Line 7 – Limitation on Deduction for Interest (TCJA Sec. 13301)

*Individuals:* Include this amount on Schedule M1NC, line 18.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 8.

#### Line 8a – Like-Kind Exchange Treatment (TCJA Sec. 13303)

*Individuals:* Include this amount on Schedule M1NC, line 17a.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 9a.

#### Line 8b – Recalculated Cost Recovery for Line 8a

*Individuals:* Include this amount on Schedule M1NC, line 17b.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 9b.

#### Line 9 – Deduction by Employers of Expenses for Fringe Benefits (TCJA Sec. 13304)

*Individuals:* Include this amount on Schedule M1NC, line 16.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 10.

#### Line 10 – Other Deduction Provisions (TCJA Sec. 13307, 13308, 13310, 13603)

*Individuals:* Include this amount on Schedule M1NC, line 16.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 11.

#### Line 11 – Limitation on Allowance of Partner's Share of Loss (TCJA Sec. 13503)

*Individuals:* Include this amount on Schedule M1NC, line 19.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 12.

#### Line 12 – Cash Distributions from Converted C Corporations (TCJA Sec. 13543(b))

*Individuals:* Include this amount on Schedule M1NC, line 29.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 13.

#### Line 13 – Tax Treatment of Alaska Native Corporations and Settlement Trusts (TCJA Sec. 13821)

*Individuals:* Include this amount on Schedule M1NC, line 20.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 14.

#### Line 14 – Capital Gains Invested in Opportunity Zones (TCJA Sec. 13823)

*Individuals:* Include this amount on Schedule M1NC, line 21.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 15.

#### Line 15a – Section 965 Deferred Foreign Income (TCJA Sec. 14103)

*Individuals:* Include this amount on Schedule M1NC, line 23a.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 16a.

#### Line 15b – Section 965 Actual Repatriated Income

*Individuals:* Include this amount on Schedule M1NC, line 23b.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 16b.

#### Line 16 – Inclusion of Global Intangible Low Taxed Income (TCJA Sec. 14201)

*Individuals:* Include this amount on Schedule M1NC, line 24.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 17.

#### Line 17 – Deduction for Foreign Derived Intangible Income (TCJA Sec. 14202)

*Individuals:* Include this amount on Schedule M1NC, line 25.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 18.

## 2018 Schedule KFNC Instructions (*continued*)

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**Line 18 – Related Party Amounts Paid in Hybrid Transactions (TCJA Sec. 14222)**

*Individuals:* Include this amount on Schedule M1NC, line 27.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 19.

**Line 19 – Subpart F Provisions (TCJA Sec. 14211, 14212, 14213, 14214, 14215)**

*Individuals:* Include this amount on Schedule M1NC, line 28.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 20.

**Line 20 – Source of Income from Sales of Inventory (TCJA Sec. 14303)**

*Individuals:* Include this amount on Schedule M1NC, line 29.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 21.

**Line 21 – Restriction on Insurance Business Exception (TCJA Sec. 14501)**

*Individuals:* Include this amount on Schedule M1NC, line 29.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 22.

**Line 22 – Other Provisions (TCJA Sec. 13309, 13312, 13313, 13314, 13502, 13504, 13522, 13531, 13532, 14502)**

*Individuals:* Include this amount on Schedule M1NC, line 29.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 23.

**Line 23 – Extension of Credits and Tax Incentives (TCJA Sec. 13401, 13403) and (BBA Sec. 40411)**

*Individuals:* Include this amount on Schedule M1NC, line 30.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 24.

**Line 24 – Other Adjustments to Federal Taxable Income**

*Individuals:* Include this amount on Schedule M1NC, line 29.

*Trusts and Estates:* Include this amount on Schedule M2NC, line 25.

**Lines 25 and 26**

These lines are intentionally left blank.

**Line 27 – Total**

If the total on this line is a positive, enter it on Schedule KF, line 8. If the total on this line is a negative, enter it as a **positive** number on Schedule KF, line 16.