



2018 Schedule M2SB, Income Tax Computation for S Portion of ESBT

Name of Trust	Federal ID Number	Minnesota ID Number
Name of S-Corporation S Portion of ESBT Holds Stock In	Federal ID Number of S-Corporation	
Additional S-Corporation S Portion of ESBT Holds Stock In	Federal ID Number of Additional S-Corporation	

- 1 Federal taxable income of S portion (*enclose federal computation*) **1** ■ _____
- 2 Fiduciary's deductions and losses not allowed by Minnesota (*see Form M2 instructions, page 4*) **2** ■ _____
- 3 Additions (*from line 21, on page 2 of this form*) **3** ■ _____
- 4 Add lines 1 through 3 **4** ■ _____
- 5 Subtractions (*from line 29, on page 2 of this form*) **5** ■ _____
- 6 Fiduciary's income from non-Minnesota sources
(*see Form M2 instructions, page 5*) **6** ■ _____
- 7 Add lines 5 and 6 **7** ■ _____
- 8 Minnesota taxable net income. Subtract line 7 from line 4 **8** ■ _____
- 9 Tax from table on pages 10 through 13 of the M2 instructions
using the income amount shown on line 8 **9** ■ _____
- 10 Total of tax from Schedule M2MT (*enclose Schedule M2MT*) **10** ■ _____
- 11 Total of 2018 tax for S portion. Add lines 9 and 10 and include amount on line 11 of Form M2 **11** ■ _____

You must include this schedule and a copy of federal computations for the S portion of the ESBT when you file Form M2.



Additions to Income

- 12 State and municipal bond interest from outside Minnesota 12 ■ _____
- 13 State income tax deducted on federal return 13 ■ _____
- 14 Expenses deducted on your federal return that are attributable to income not taxed
by Minnesota (other than interest or mutual fund dividends from U.S. bonds) 14 ■ _____
- 15 80 percent of the suspended loss from 2001–2005 or 2008–2017 on your
federal return that was generated by bonus depreciation (see Form M2 instructions, page 7) 15 ■ _____
- 16 80 percent of federal bonus depreciation 16 ■ _____
- 17 Fines, fees and penalties deducted federally as a trade or business expense 17 ■ _____
- 18 Addition due to federal changes not adopted by Minnesota (M2SBNC, line 29) 18 ■ _____
- 19 Net operating loss carryover adjustment 19 ■ _____
- 20 Domestic production activities deduction 20 ■ _____
- 21 Add lines 12 through 20. Enter the result here and on line 3 21 ■ _____

Subtractions from Income

- 22 Interest on U.S. government bond obligations, minus any expenses
deducted on your federal return that are attributable to this income 22 ■ _____
- 23 State income tax refund included on federal return 23 ■ _____
- 24 Federal bonus depreciation subtraction (see Form M2 instructions, page 7) 24 ■ _____
- 25 Subtraction due to federal changes not adopted by Minnesota (M2SBNC, line 29 as a positive) 25 ■ _____
- 26 Subtraction for prior addback of reacquisition of business indebtedness income 26 ■ _____
- 27 Subtraction for railroad maintenance expenses 27 ■ _____
- 28 Net operating loss carryover adjustment 28 ■ _____
- 29 Add lines 22 through 28. Enter the result here and on line 5 29 ■ _____



2018 Schedule M2SB Instructions

Who Must File Schedule M2SB

If a trust is 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.

Report all the income from the S Portion of an ESBT on the Schedule M2SB and include a copy of Schedule KS. Enter the name and federal tax ID of each S-Corporation on the Form M2SB, if you have to enter more than two entities and need additional spaces include them on an attached statement.

All income, deductions and modifications should be apportioned based upon the s-corporations Minnesota apportionment factor reported on Schedule KS, line 31. Include an attachment detailing the calculation.

Line Instructions

Round amounts to the nearest whole dollar.

Line 1

Enter the Federal taxable income of the S Portion that you calculated on your federal schedule. Be sure to include a copy of the federal schedule when you file Form M2 and Schedule M2SB.

Line 10

Complete a separate Schedule M2MT for the S Portion of the trust. See the instructions for Schedule M2MT for details on completing this form for the S Portion of the ESBT.

Lines 12 - 29

To complete lines 12 through 29, please see instructions for M2 lines 25 through 41 on pages 7 and 8 of the M2 instructions.

Line 18 and Line 25

If the amount on Schedule M2SBNC, line 29 is positive, enter it on line 18. If the amount on Schedule M2SBNC, line 29 is negative, enter it as a positive on line 25.