



2018 KPI, Partner's Share of Income, Credits and Modifications

Partnership: Complete and provide Schedule KPI to each nonresident individual, estate or trust partner and any Minnesota individual, estate or trust partner who has adjustments to income. For corporate and partnership partners, use Schedule KPC instead.

Tax year beginning _____, 2018 and ending _____

Amended KPI:

Partner's Federal ID or SSN Number	FEIN/SSN of partner ultimately taxed (see inst)	Partnership's Federal ID Number	Partnership's Minnesota Tax ID
Partner's Name		Partnership's Name	
Mailing Address		Mailing Address	
City	State	ZIP Code	City
			State
			ZIP Code

Entity of Partner (check one box): Individual Trust Estate Partner's distributive share: _____ %

Calculate lines 1–19 the same for all resident and nonresident partners. Calculate lines 20-36 for nonresident partners only. Round amounts to the nearest whole dollar.

Individual, Estate and Trust Partners

Form M1 filers, include on:

- 1 Interest income from non-Minnesota state and municipal bonds **1** ■ _____ M1M, line 1
- 2 State income tax deducted in arriving at ordinary or net rental income **2** ■ _____ M1M, line 5
- 3 Expenses deducted attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **3** ■ _____ M1M, line 6
- 4 If the partnership elected section 179 expensing, enter the partner's flow-through section 179 expensing **for Minnesota purposes** **4** ■ _____ M1M, see line 4 inst
- 5 100% of partner's distributive share of federal bonus depreciation **5** ■ _____ M1M, see line 3 inst
- 6 Fines, fees and penalties deducted federally as a trade or business expense **6** ■ _____ M1M, line 7
- 7a Partner's Pro rata gross profit from installment sales of pass-through businesses (see instructions) **7a** ■ _____ M1AR, line 1
- 7b Partner's pro rata installment sale income from pass-through businesses (see instructions) **7b** ■ _____ M1AR, line 2
- 8 Addition due to federal changes not adopted by Minnesota (KPINC, line 27) **8** ■ _____
- 9 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income **9** ■ _____ M1M, line 16
- 10 Subtraction due to federal changes not adopted by Minnesota (KPINC, line 27 as a positive) **10** ■ _____
- 11 Credit for increasing research activities. **11** ■ _____ M1C, line 9
- 12 Tax Credit for Owners of Agricultural Assets **12** ■ _____ M1C, line 8
Enter the certificate number from the certificate received from the Rural Finance Authority: AO__ - _____





Partner's Name	Partner's Federal ID Number or Social Security Number
Partnership's Name	Partnership's Federal ID Number

13 Credit for historic structure rehabilitation. **13** ■ _____ M1REF, line 6
 Enter National Park Service (NPS) number _____

14 Employer Transit Pass Credit. **14** ■ _____ M1C, line 2

15 Enterprise Zone Credit. **15** ■ _____ M1REF, line 7

Relating to Alternative Minimum Tax

16 Intangible drilling costs **16** ■ _____ *Use lines 16-19 to compute M1MT, lines 6 and 7. See M1MT instructions for details.*
17 Gross income from oil, gas and geothermal properties **17** ■ _____
18 Deductions allocable to oil, gas and geothermal properties **18** ■ _____
19 Depletion **19** ■ _____

Minnesota Portion of Amounts From Federal Schedule K-1 (1065)

20 Minnesota source gross income **20** ■ _____ *info only (see inst.)*
21 Ordinary Minnesota source income (loss)
 from trade or business activities **21** ■ _____ M1NR, line 6, col B
22 Income (loss) from Minnesota rental real estate **22** ■ _____ M1NR, line 6, col B
23 Other net income (loss) from Minnesota rental activities **23** ■ _____ M1NR, line 6, col B
24 Guaranteed payments **24** ■ _____ M1NR, line 6, col B
25 Interest income **25** ■ _____ M1NR, line 2, col B
26 Ordinary dividends **26** ■ _____ M1NR, line 2, col B
27 Royalties **27** ■ _____ M1NR, line 6, col B
28 Net Minnesota short-term capital gain (loss) **28** ■ _____ M1NR, line 4, col B
29 Net Minnesota long-term capital gain (loss) **29** ■ _____ M1NR, line 4, col B
30 Section 1231 Minnesota net gain (loss) **30** ■ _____ M1NR, line 4 or 8, col B
31 Other Minnesota income (loss). *(Describe type of income or include separate sheet: _____)* **31** ■ _____ M1NR, line 8, col B
32 Section 179 expense deduction apportionable to Minnesota **32** ■ _____ M1NR inst, line 6, col B
33 Partnership's Minnesota apportionment factor
(line 5, column C of M3A). **33** ■ _____ *information only*

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Partner's Name

Partner's Federal ID Number or Social Security Number

Partnership's Name

Partnership's Federal ID Number

**Nonresident Individual Partners Only:
Composite Income Tax or Nonresident Withholding**

34 Minnesota source distributive income (see instructions) 34 ■ _____

*If an amount is on line 36
below, include line 34 on
M1W, line 7, col. B.*

35 Minnesota composite income tax paid by partnership.
If the partner elected composite income tax, check this box: 35 ■ _____

composite income tax

36 Minnesota income tax withheld for nonresident individual
partner not electing to file composite income tax. If the
partner completed and signed a Form AWC, check this box: 36 ■ _____

M1W, line 7, col C

Partnership: Include this schedule and copies of federal Schedules K and K-1 with your Form M3.

Partner: Include this schedule with your Form M1 (individuals) or Form M2 (estates and trusts).



2018 Schedule KPI Instructions

Individual, estate and trust partner's use of information provided on Schedule KPI

Purpose of Schedule KPI

Schedule KPI is a supplemental schedule provided by the partnership to its individual, estate or trust partners.

The partners will need this information to complete a Minnesota Form M1, *Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

A partner who is a Minnesota resident will be taxed by Minnesota on all of his or her distributive income from the partnership even if the income is apportioned between Minnesota and other states. A nonresident partner will be taxed on the Minnesota distributive income from the partnership.

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

You must include Schedule KPI when you file your Form M1. If you do not include the schedule with your return as required, the department will disallow any credits and assess the tax or reduce your refund.

If you received an amended Schedule KPI from the partnership and your income or deductions have changed, you must file an amended Minnesota return.

Individuals: Use Form M1X, *Amended Minnesota Income Tax Return*, for the year you are amending.

Estates and trusts: You must use the current version of Form M2X, *Amended Income Tax Return for Estates and Trusts*, regardless of the year you are amending.

Line Instructions

Individuals: Include amounts as shown on Schedule KPI. For additional information, read the appropriate line instructions.

Estates and trusts: Include the amounts from

Schedule KPI: on Form M2:

line 1 line 25
line 2 line 26
line 3 line 27
line 4 does not apply
line 5 line 29 (see inst.)
line 6 line 30
line 7 does not apply
line 8 does not apply
line 9 line 35
line 10 does not apply
line 11 15d
line 12 15c

Estates and trusts (continued): Include the amounts from

Schedule KPI: on Form M2:

line 13 line 15c
line 14 line 15d
line 15 line 15c
lines 16–19 see M2MT
lines 20–32 see inst. on this page
line 33 information
lines 34–35 do not apply
line 36 line 15b

Please see M2 instructions for any amounts referring to line 15d.

Line 7a and 7b — Accelerated Installment Sale Gains

Nonresident individuals – if any information is reported to you on line 7 of schedule KPI, file form M1AR with your Minnesota income tax return.

Resident individuals – if information is reported to you on line 7, retain a copy of this schedule for your records for the entire period that you, or an entity you have an interest in is receiving installment sale payments. If you become a non-resident in a future year while payments are being made you are required to file form M1AR with your final resident tax return.

Line 8 — Addition Due to Federal Changes Not Adopted by Minnesota

Please refer to Schedule KPINC for instructions on how to report nonconformity adjustments.

Line 10 — Subtraction Due to Federal Changes Not Adopted by Minnesota

Please refer to Schedule KPINC for instructions on how to report nonconformity adjustments.

Line 11 — Increasing Research Activities Credit

Individuals: Include in the total on line 8 of Schedule M1C. To claim this credit, you *must* include this schedule with Form M1.

Line 12 — Tax Credit for Owners of Agricultural Assets

Include on line 8 of Schedule M1C. To claim this credit you must include this schedule with Form M1.

Line 13 — Historic Structure Rehabilitation Credit

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

Line 14 — Employer Transit Pass Credit

Individuals: Include in the total on line 2 of Schedule M1C. To claim this credit, you *must* include this schedule with Form M1.

Line 15 — Enterprise Zone Credit

Individuals: Include in the total on line 7 of Schedule M1REF. To claim this credit, you *must* include this schedule with your Form M1.

Line 20 — Minnesota Source Gross Income

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

Nonresident individuals: If your 2018 Minnesota source gross income is \$10,650 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NR, *Nonresidents/Part-Year Residents*.

If your 2018 Minnesota source gross income is less than \$10,650 and you had Minnesota tax withheld (see line 36 of Schedule KPI), file Form M1 and Schedule M1NR to receive a refund.

Estates and trusts: You are required to file Form M2 and pay tax if the Minnesota gross income is \$600 or more.

Lines 21 – 32

Lines 21–32 apply to nonresident partners. All income of a Minnesota resident is assigned to Minnesota, regardless of the source.

If certain items are not entirely included in your federal adjusted gross income (if an individual) or federal taxable income (if an estate or trust) because of passive activity loss limitations, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income (individuals) or federal taxable income (estates or trusts).

Nonresident individuals: Include lines 21–32 on the corresponding lines in column B of Schedule M1NR.

Estates and trusts: Lines 21–32 are used to determine the partnership's Minnesota sourced income and non-Minnesota

Continued

2018 Schedule KPI Instructions (continued)

sourced income to include on lines 2 and 7 of Form M2. To determine the non-Minnesota losses and income, subtract the amounts on lines 21–32 from the corresponding amounts on Schedule K-1.

Lines 34–36

Nonresident individuals: Although Minnesota source gross income (line 20) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 34–36 were used to determine your share of the partnership's Minnesota source distributive income. You may need to refer to these amounts when you file your home state's income tax return.

If you are required to pay Minnesota tax on your Minnesota source distributive income, the partnership is required to withhold tax, unless you elect to have the partnership pay composite tax to Minnesota on your behalf. If you elected for the partnership to pay composite tax, you are not required to file Form M1.

Line 34. Your Minnesota source distributive income is considered your Minnesota taxable income from this partnership.

Line 35. If you elected, the composite tax paid on your behalf equals 9.85 percent of your Minnesota taxable income (line 34), minus your share of any credits on lines 12-15.

You are not required to file an individual Minnesota return (Form M1).

Line 36. If you did not elect composite income tax, the partnership may be required to withhold tax from your Minnesota source distributive income. The amount withheld equals 9.85 percent of your Minnesota taxable income (line 34), minus your share of any credits on lines 12-15.

To claim nonresident withholding when you file your Form M1, you must enclose this schedule showing Minnesota tax was withheld.

Sale of a Partnership Interest

If you sell any portion of your interest in a partnership, some or all of the gain may be taxable. Or you can use any loss on the sale to offset other Minnesota income to the extent the losses are deducted on your federal return.

To determine the ratio of gain or loss that is assigned to Minnesota at the time of the sale, divide the original cost of the partnership's tangible property *in Minnesota* by the original cost of all tangible property of the partnership. (Tangible property includes real estate, inventory and equipment.) If you don't have these numbers, contact the partnership.

If more than 50 percent of the value of the partnership's assets are intangibles, the gain/loss is allocated to Minnesota using the partnership's prior year sales factor. Include the result on Schedule M1NR, line 4, column B.