



2018 Schedule KFNC, Federal Adjustments

Minnesota has adopted the Internal Revenue Code as amended through December 31, 2018, but, for tax year 2018, does not recognize the tax effect

Tax year beginning _____, 2018, ending _____ of certain federal law changes enacted after December 16, 2016.

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 **This line intentionally left blank** (TCJA Sec. 13207 and 13801) 1 ■ _____ M1 **N/A** line 10
- 2 a. **This line intentionally left blank** (TCJA Sec. 13201) 2a ■ _____ M1 **N/A** line 11a
- b. **This line intentionally left blank** (TCJA Sec. 13201) 2b ■ _____ M1 **N/A** line 11b
- c. This line intentionally left blank 2c ■ _____
- 3 This line intentionally left blank 3 ■ _____
- 4 a. **This line intentionally left blank** (TCJA Sec. 13202, 13203, 13204, 13205) 4a ■ _____ M1 **N/A** line 13a
- b. **This line intentionally left blank** (TCJA Sec. 13202, 13203, 13204, 13205) 4b ■ _____ M1 **N/A** line 13b
- 5 a. This line intentionally left blank 5a ■ _____
- b. This line intentionally left blank 5b ■ _____
- 6 **This line intentionally left blank** (TCJA Sec. 13207) 6 ■ _____ M1 **N/A** line 14
- 7 **This line intentionally left blank** (TCJA Sec. 13301) 7 ■ _____ M1 **N/A** line 18
- 8 a. **This line intentionally left blank** (TCJA Sec. 13303) 8a ■ _____ M1 **N/A** line 17a
- b. **This line intentionally left blank** (TCJA Sec. 13303) 8b ■ _____ M1 **N/A** 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 **This line intentionally left blank** (TCJA Sec. 13503) 11 ■ _____ M1 **N/A** 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. **Income excluded as previously taxed under section 965 or 951A** 15b ■ _____ M1NC, Line 23b



| Beneficiary's Name | Beneficiary's Social Security Number |
|---|--------------------------------------|
| 16 Inclusion of Global Intangible Low Taxed Income (TCJA Sec. 14201) | 16 ■ _____ M1NC, Line 24 |
| 17 Deduction for Foreign Derived Intangible Income (TCJA Sec. 14202) | 17 ■ _____ M1NC, Line 25 |
| 18 Related Party Amounts Paid in Hybrid Transactions (TCJA Sec. 14222) | 18 ■ _____ M1NC, Line 27 |
| 19 This line intentionally left blank (4211, 14212, 14213, 14214, 14215) | 19 ■ _____ M1N/A line 28 |
| 20 Source of Income from Sales of Inventory (TCJA Sec. 14303) | 20 ■ _____ M1NC, Line 29 |
| 21 This line intentionally left blank s Exception to Passive Foreign Investment Company Rules (TCJA Sec. 14501) | 21 ■ _____ M1N/A line 29 |
| 22 Other Provisions (TCJA Sec. 13309, 13312, 13313 , 13314, 13502 , 13504, 13522, 13531, 13532, 14502) | 22 ■ _____ M1NC, Line 29 |
| 23 Extension of Credits and Tax Incentives (TCJA Sec. 13401, 13403) and (Bipartisan Budget Act of 2018 Sec. 40411) | 23 ■ _____ M1NC, Line 30 |
| 24 Other adjustments to federal taxable income | 24 ■ _____ M1NC, Line 29 |
| 25 This line intentionally left blank. | 25 ■ _____ |
| 26 This line intentionally left blank. | 26 ■ _____ |
| 27 Total lines 1-26. If the result is positive, enter it on Schedule KF, line 8 If the amount is negative, enter it as a positive number on Schedule KF, line 16 | 27 ■ _____ |

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 – Allowable Depreciation for Line 2a (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 5c – Recalculated Cost Recovery 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.

These instructions no longer apply
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 – Income Excluded as Previously Taxed Under Section 965 or 951A

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)

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 22.

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.

These instructions no longer apply

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