



2019 KPC, Partner's Share of Income, Credits and Modifications

Partnership: Complete and provide Schedule KPC to each corporate or partnership partner. For individual, estate and trust partners, use Schedule KPI instead.

Tax year beginning _____, 2019 and ending _____

Amended KPC:

Partner's Federal ID Number	FEIN of Partner Ultimately Taxed (<i>see inst</i>)	Partnership's Federal ID Number	Partnership's Minnesota 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): <input type="checkbox"/> S Corporation <input type="checkbox"/> C Corporation <input type="checkbox"/> Exempt Organization <input type="checkbox"/> Partnership			Partner's Distributive Share: _____ %

Round amounts to the nearest dollar.

Corporate and Partnership Partners

- 1 Nonapportionable Minnesota source income 1 ■ _____
- 2 Total nonapportionable income 2 ■ _____
- 3 Partnership's minimum fee 3 ■ _____
- 4 Interest income exempt from federal tax 4 ■ _____
- 5 State income taxes deducted in arriving at partnership's net income 5 ■ _____
- 6 Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) 6 ■ _____
- 7 If the partnership elected section 179 expensing, enter the partner's flow-through section 179 expensing for Minnesota purposes 7 ■ _____
- 8 100% of partner's distributive share of federal bonus depreciation 8 ■ _____
- 9 Foreign-derived intangible income (FDII) deduction 9 ■ _____
- 10 Special deduction under section 965 10 ■ _____
- 11a Partner's pro rata gross profit from installment sales of pass-through businesses (*see instructions*) 11a ■ _____
- 11b Partner's pro rata installment sale income from pass-through businesses (*see instructions*) 11b ■ _____
- 12 Addition due to federal changes not adopted by Minnesota 12 ■ _____
- 13 IRC Section 461 net nonbusiness income/loss 13 ■ _____
- 14 Business interest expense limitation 14 ■ _____
- 15 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income 15 ■ _____
- 16 Deferred foreign income (section 965) 16 ■ _____

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Partner's Name	Partner's Federal ID Number
Partnership's Name	Partnership's Federal ID Number

Round amounts to the nearest dollar.

- 17 Global intangible low-taxed income (GILTI) 17 ■ _____
- 18 Disallowed section 280E expenses of medical cannabis manufacturers 18 ■ _____
- 19 Subtraction due to federal changes not adopted by Minnesota 19 ■ _____
- 20 Credit for increasing research activities 20 ■ _____
- 21 Tax Credit for Owners of Agricultural Assets 21 ■ _____
 Enter the certificate number from the certificate received from the Rural Finance Authority:
 AO ____-_____
- 22 Credit for historic structure rehabilitation 22 ■ _____
 National Park Service (NPS) number _____
- 23 Employer Transit Pass Credit 23 ■ _____
- 24 Enterprise Zone Credit 24 ■ _____

Apportionment Information (partner's share)

- 25 Pro Rata Share MN Source Gross Income 25 ■ _____
- | | Property | Sales |
|--------------------------------|----------|-------|
| 26 Minnesota 26 ■ _____ | _____ | _____ |
| 27 Everywhere 27 ■ _____ | _____ | _____ |

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

Partner: Include this schedule when you file your Form M3, M4 or M8.



2019 Schedule KPC Instructions

Purpose of Schedule KPC

Schedule KPC is a supplemental schedule for partners who are corporations or partnerships.

The partnership listed on the front of this schedule has provided you with a completed schedule that reflects your specific share of the partnership's income, credits and modifications. You will need this information to complete Form M4, *Corporation Franchise Tax Return*, Form M8, *S Corporation Return*, or Form M3, *Partnership Return*, and you must include this schedule when you file your return. If the schedule is not included, the department will disallow any credits and assess the tax or reduce your refund.

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

There may be other items that a corporate partner would need to know in order to complete its corporate franchise tax return. If applicable, the partnership should pass that information through to you.

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

To file an amended return, use:

- Form M4X, *Amended Franchise Tax Return*, if you are a corporate partner.
- Form M8X, *Amended S Corporation Return*, if you are an S corporation partner.
- Form M3X, *Amended Partnership Return*, if you are a partnership partner.

Sale of a Partnership Interest

Income from the sale of a partnership interest by an entity that is domiciled in another state is assignable to Minnesota. To determine the amount assigned to Minnesota, divide the original cost of the partnership's tangible property within Minnesota by the original cost of all tangible property of the partnership. 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.

Line Instructions

Line 1 — Nonapportionable Minnesota Source Income

C corporations: Include this amount on Form M4T, line 4.

S corporations: Use this amount to help determine your Minnesota taxable income.

Partnerships: Use this amount to help determine your Minnesota taxable income.

Line 2 — Total Nonapportionable Income

C corporations: Include this amount on Form M4I, line 8.

S corporations: Not applicable.

Partnerships: Pass this information through, pro rata, to any corporate or partnership partners on Schedule KPC, line 2. This line does not apply to individual, estate or trust partners.

Line 3 — Partnership's Minimum Fee

C corporations: Include this amount on Form M4I, line 2a.

S corporations: Not applicable.

Partnerships: Pass this amount through, pro rata, on Schedule KPC, line 3, to your corporate and partnership partners. Line 3 does not apply to individual, estate or trust partners.

Line 4 — Exempt Interest Income

C corporations: Include this amount on Form M4I, line 2c.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 1. Exclude any interest income from Minnesota state and municipal bonds.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 1, or KPC, line 4.

Line 5 — State Income Tax Deducted

C corporations: Include this amount on Form M4I, line 2a.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 2.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 2, or KPC, line 5.

Line 6 — Expenses Attributable to Exempt Income

C corporations: Not applicable.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 3.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 3, or KPC, line 6.

2019 Schedule KPC Instructions (Continued)

Line 7 — Section 179 Expensing

C corporations: Include this amount on the appropriate line in the worksheet for Form M4I, line 2h. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 4.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 4 or KPC, line 7.

Line 8 — Federal Bonus Depreciation

C corporations: Include this amount on Form M4I, line 2g. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 5.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 5, or KPC, line 8.

Line 9 — Foreign-Derived Intangible Income (FDII) Deduction

C corporations: Not applicable.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 6.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 6, or KPC, line 9.

Line 10 — Special Deduction Under Section 965

C corporations: Not applicable.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 7.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 7, or KPC, line 10.

Lines 11a and 11b — Accelerated Installment Sale Gains

S corporations receiving Schedules KPC with positive values on lines 11a or 11b are required to check the “Installment Sale of Pass-through Assets or Interests” box on page 1, of Minnesota Form M8, and must report the full amount of gross installment sale gain, and installment sale income, pro-rata to its shareholders on Schedules KS.

Partnerships receiving Schedules KPC with positive values on lines 11a or 11b are required to check the “Installment Sale of Pass-through Assets or Interests” box on page 1, of Minnesota Form M3, and must report the full amount of gross installment sale gain, and installment sale income, to each partner to whom the gains and income are allocated on Schedules KPC or KPI.

C corporations receiving Schedules KPC with positive values on lines 11a or 11b should disregard this information.

Line 12 — Addition Due to Federal Changes Not Adopted by Minnesota

C corporations: Include this amount on Form M4I, line 2i. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 9.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 9, or KPC, line 12.

Line 13 - IRC Section 461 Net Nonbusiness Income/Loss

C corporations: Not applicable.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 10.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 10, or KPC, line 13.

Line 14 - Business Interest Expense Limitation

C corporations: Include this amount in the calculation of Form M4I, line 1b. See pages 5, 8, and 16-18 of the instructions for Form M4I for details.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 11.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 11, or KPC, line 14.

Line 15 — Net Interests on U.S. Bonds

C corporations: Not applicable

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 12.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 12, or KPC, line 15.

Line 16 – Deferred Foreign Income (Section 965)

C corporations: Include this amount on Form M4I, line 4l. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 13.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 13, or KPC, line 16.

Line 17 – Global Intangible Low-Taxed Income (GILTI)

C corporations: Include this amount on Form M4I, line 4m. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 14.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 14, or KPC, line 17.

2019 Schedule KPC Instructions (Continued)

Line 18 – Disallowed Section 280E Expenses of Medical Cannabis Manufacturers

C corporations: Include this amount on Form M4I, line 4n. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 15.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 15, or KPC, line 18.

Line 19 — Subtraction Due to Federal Changes Not Adopted by Minnesota

C corporations: Include this amount on Schedule M4I, line 4o. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders as a negative number on Schedule KS, line 16.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 16 as a negative number or on Schedule KPC, line 19 as a positive number.

Line 20 — Credit for Increasing Research Activities

C corporations: Include this amount on Schedule RD, line 30. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 17.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 17, or KPC, 20.

Line 21 — Tax Credit for Owners of Agricultural Assets

C corporations: Include this amount on Form M4T, line 19. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 18.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 18, or KPC, line 21.

Line 22 — Historic Structure Rehabilitation Credit

C corporations: Include this amount and the NPS project number on Form M4, line 5. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 19 and include the NPS project number.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 19 or KPC, line 22 and include the NPS project number.

Line 23 — Employer Transit Pass

C corporations: Include this amount on Form M4T, line 21. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 20. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 20 or KPC, line 23. Be sure to enclose a copy of this schedule even if you are passing the credit through to your partners.

Line 24 — Enterprise Zone Credit

C corporations: Include this amount on Form M4, line 4. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 21. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 21 or KPC, line 24. You must enclose a copy of this schedule even if you are passing the credit through to your partners.

Apportionment Factors

Line 25 — Minnesota Source Gross Income

Minnesota source gross income is used to determine whether an eventual nonresident partner has a filing requirement with the state of Minnesota. This line will help tiered partnerships determine their Minnesota source gross income.

Minnesota source gross income is the total of the amounts apportioned to Minnesota that are included on lines 3, 6, and 7 (other than losses) of federal Form 1065; lines 18a, 19 and 20 (other than losses) of federal Form 8825; line 9 of Schedule F; lines 3a, 5, 6a, 7, 8, 9a, 10 and 11 of Schedule K (Form 1065); plus Minnesota source gross income from other partnerships, estates, and trusts which the entity may be a partner or beneficiary.

Line 26 and 27 — Apportionment Information

The apportionment factors are used to determine the Minnesota apportioned income.

If the partnership and partner are considered unitary under Minnesota Statutes 290.17, subd. 4, [disregarding paragraph (e) (50 percent indirect or direct ownership needed for unity of ownership)] these factors are included with the partners' own factors in determining the income apportioned to Minnesota on the partner's supplemental schedule. (The supplemental schedule is Form M4A for corporation partners, M8A for s corporation partners, or M3A for partnership partners.) The partner's entire income is then multiplied by the partner's apportionment ratio to determine the Minnesota portion of its income.

If the partner is not unitary with the partnership, it will use only these factors to calculate the Minnesota apportionment ratio to be used in determining the Minnesota source income from that K-1. It will be the same ratio as the partnership's Minnesota apportionment ratio, and it will be multiplied by the K-1 income to determine the Minnesota portion of income from that partnership.