



2018 Schedule KSNC, 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 of certain federal law changes enacted after December 16, 2016. Minnesota has not adopted the federal law changes enacted under the Taxpayer Certainty and Disaster Tax Relief Act (TCDTR) of 2019, the Families First Coronavirus Response Act (FFCRA) of 2020, or the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

Tax year beginning _____, 2018, and ending _____

Shareholder's Name	Shareholder's Social Security or Federal ID Number	
S Corporation's Name	S Corporation's Federal ID Number	S Corporation's Minnesota Tax ID Number

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

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

Adjustments to federal taxable income (FTI)

- 1 This line intentionally left blank **1** ■ _____
- 2 a. This line intentionally left blank **2a** ■ _____
- b. This line intentionally left blank **2b** ■ _____
- c. This line intentionally left blank **2c** ■ _____
- 3 a. This line intentionally left blank **3a** ■ _____
- b. This line intentionally left blank **3b** ■ _____
- c. This line intentionally left blank **3c** ■ _____
- 4 a. This line intentionally left blank **4a** ■ _____
- b. This line intentionally left blank **4b** ■ _____
- 5 a. This line intentionally left blank **5a** ■ _____
- b. This line intentionally left blank **5b** ■ _____
- 6 This line intentionally left blank **6** ■ _____
- 7 This line intentionally left blank **7** ■ _____
- 8 a. This line intentionally left blank **8a** ■ _____
- b. This line intentionally left blank **8b** ■ _____
- 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 **11** ■ _____
- 12 Cash Distributions from Converted C Corporations (TCJA Sec. 13543(b)) **12** ■ _____ M1NC, line 29
- 13 Tax Treatment of Alaska Native Corporations (TCJA Sec. 13821) **13** ■ _____ M1NC, line 20



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Shareholder's Name

Shareholder's Social Security or Federal ID Number

- 14 Special Rules for Capital Gains Invested In Opportunity Zones (*TCJA Sec. 13823*)14 ■ _____ M1NC, line 21
- 15 a. Section 965 Deferred Foreign Income15a ■ _____ M1NC, line 23a
b. Income excluded as previously taxed under section 965 or 951A 15b ■ _____ M1NC, line 23b
- 16 Inclusion of Global Intangible Low Taxed Income16 ■ _____ M1NC, line 24
- 17 Deduction for Foreign Derived Intangible Income17 ■ _____ M1NC, line 25
- 18 Related Party Amounts Paid in Hybrid Transactions (*TCJA Sec. 14222*)18 ■ _____ M1NC, line 27
- 19 This line intentionally left blank19 ■ _____
- 20 Source of Income from Sales of Inventory (*TCJA Sec. 14303*)20 ■ _____ M1NC, line 29
- 21 This line intentionally left blank
.....21 ■ _____
- 22 Other Provisions (*TCJA Sec. 13309, 13312, 13314, 13504, 13522, 13531, 13532, 14502*)22 ■ _____ M1NC, line 29
- 23 Extension of Credits and Tax Incentives (*TCJA Sec. 13401, 13403*)
.....23 ■ _____ M1NC, line 30
- 24 Other adjustments to federal taxable income24 ■ _____ M1NC, line 29
- 25 **IRC Section 461 Net Nonbusiness Income/Loss**25 ■ _____ **See inst.**
- 26 **Adjustments for the TCDTR, FFCRA, and CARES Act**26 ■ _____ **M1NC, line 26**
- 27 Total lines 1-26. If the result is positive, enter it on Schedule KS, line 8
If the amount is negative, enter it as a positive number on Schedule KS, line 1027 ■ _____

You must include this schedule when you file Schedule KS.



2018 Schedule KSNC Instructions

Shareholder's use of information provided on Schedule KSNC

Purpose of Schedule KSNC

Schedule KSNC is a supplemental schedule provided by the S corporation to its shareholders. The shareholders need this information to complete one of the following:

- *Minnesota Schedule M1NC* if you are an individual shareholder;
- *Minnesota Schedule M2NC* if you are a trust or estate shareholder; or
- *Minnesota Schedule M2SBNC* if you are an electing small business trust shareholder.

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

You must include Schedule KSNC 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 KSNC from the S corporation and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use:

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

Line Instructions

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, 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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 11.

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 14.

Line 13 – Tax Treatment of Alaska Native Corporations (TCJA Sec. 13821)

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

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

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 15.

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 16.

Line 15a – Section 965 Deferred Foreign Income

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

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

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 17a.

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 17b.

Line 16 – Inclusion of Global Intangible Low Taxed Income

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

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

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 18.

Line 17 – Deduction for Foreign Derived Intangible Income

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

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

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 19.

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, 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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, 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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 24.

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

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

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

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 25.

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.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 26.

Continued

2018 Schedule KSNC Instructions *(continued)*

Line 25 – IRC Section 461 Net Nonbusiness Income/Loss

Individuals: Include on step 10 of the worksheet for excess business losses within the Schedule M1NC instructions for line 15a. Enclose a copy of this schedule with Form M1NC.

Estates and Trusts: Use this amount when calculating line 26 of Form M2NC. For any portion distributed to beneficiaries, report the beneficiary's pro rata share of this amount on line 25 of Schedule KFNC.

ESBTs: Use this amount when calculating line 27 of Form M2SBNC.

Line 26 – Adjustments for the TCDTR, FFCRA, and CARES Act

Individuals: Include this amount on Schedule M1NC, line 26.

Trusts and Estates: Include this amount on Schedule M2NC, line 27.

Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 28.

Line 27 – Total

If the total on this line is a positive, enter it on Schedule KS, line 8. If the total on this line is a negative, enter it as a **positive** number on Schedule KS, line 10