

2018 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

What's New for 2018

For taxpayers affected by federal tax law passed after December 31, 2018.

Under current law, definitions used in determining Minnesota taxable income are based on the Internal Revenue Code as amended through December 31, 2018. Since that date, Congress has enacted **the following**:

- Taxpayer Certainty and Disaster Tax Relief Act (TCDTR) of 2019
- Families First Coronavirus Response Act (FFCRA) of 2020
- Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020

These acts contain changes affecting estates and trusts for tax year 2018. Because Minnesota has not adopted these federal changes, adjustments are required to correctly determine your Minnesota taxable income. Use **lines 26 and 27 of Schedule M2NC or lines 27 and 28 of Schedule M2SBNC** to calculate nonconformity adjustments relating to the TCDTR, FFCRA, and CARES Act.

If you amended your 2018 federal return and issued beneficiaries amended Schedules K-1 solely due to the TCDTR, FFCRA, or CARES Act, your Minnesota adjustment will offset the change to your federal taxable income. Write "TCDTR", "FFCRA", and/or "CARES Act" (all that are applicable) in red at the top of the Minnesota Form M2X and the amended Schedules KF you issue to beneficiaries.

May 30, 2019 Update

A tax bill signed into law on May 30, 2019 generally conforms Minnesota law to the Internal Revenue Code (IRC) for determining your 2018 taxable income. However, taxpayers must still complete some nonconformity adjustments. See the revised instructions on **pages 7 and 8 of the Schedule M2NC**.

This bill:

- Revised the recognition period for the Historic Structure Rehabilitation Tax Credit.
- Provided relief from the Additional Charge for Underpayment of Estimated Tax.

Penalty and Interest

Do not include penalties on your return. We

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will calculate penalties and interest and let you know the amount by mail. You may request the department remove penalty and interest related to the tax law changes by following the instructions in the letter.

Tax Credit for Owners of Agricultural Assets

Owners of agricultural assets who sell or rent their assets to beginning farmers in Minnesota may be eligible for a nonrefundable credit beginning in tax year 2018. The maximum amount of this credit depends on the sale or type of rental agreement with the beginning farmer. Unused portions of the credit can be carried over for fifteen years.

Taxpayers must have the transaction approved and certified by the state Rural Finance Authority before they are eligible to claim the credit.

Checkbox for IRC section 965 deferred foreign income

A new checkbox was added to the top of Form M2. Federal law changes enacted in 2017 require U.S. shareholders to pay a federal transition tax on the untaxed foreign earnings of certain foreign corporations as if those earnings had been repatriated to the United States. Mark this box if you reported deferred foreign income (DFI) under IRC section 965 on your federal return.

Filing Requirements

An estate or trust - regardless if it is considered a resident - must file Form M2 when there is one of the following:

1. \$600 or more of gross income allocable to Minnesota
2. A nonresident alien as a beneficiary [M.S. 289A.08.subd. 2]

When required, the trustee of a trust or the personal representative of an estate is responsible for filing the Minnesota Form M2, *Income Tax Return for Estates and Trusts (Fiduciaries)* and for paying the tax.

Bankruptcy estates. If the fiduciary of a bankruptcy estate of a Minnesota resident filed a federal return, a Minnesota return must also be filed. Use Form M1, *Individual Income Tax Return*, to determine the Minnesota tax and attach it to Form M2. File it in the same way you file federal returns.

Resident estates. An estate is considered a Minnesota estate if:

- the decedent was a resident of Minnesota at the time of death, or
- the personal representative or fiduciary was appointed by a Minnesota court—or the court administration was performed in Minnesota—in other than an ancillary proceeding.

Information and Forms

You can find forms and information, including answers to frequently asked questions and options for filing and paying electronically, on our website at: www.revenue.state.mn.us
Email: businessincome.tax@state.mn.us
Phone: 651-556-3075
This information is available in alternate formats.

File the first Form M2 covering the period from the date of the decedent's death to the end of the tax year. Be sure to check the box to indicate it is the fiduciary's initial return. File subsequent returns for later years until the end of the estate's administration period.

Resident trusts. The definition of a resident trust differs depending on the date—before or after December 31, 1995—the trust becomes irrevocable or is first administered in Minnesota.

For trusts that became irrevocable or were first administered in Minnesota after December 31, 1995: A resident trust means a trust, except a grantor type trust, that either:

1. was created by a will of a decedent who at his or her death was a Minnesota resident, or
2. is an irrevocable trust, and at the time the trust became irrevocable, the grantor was a Minnesota resident. A trust is considered irrevocable if the grantor is not treated as the owner as defined in sections 671 to 678 of the IRC.

For trusts that became irrevocable or were first administered in Minnesota before January 1, 1996: A resident trust, except a grantor type trust, means any trust administered in Minnesota.

To be considered a resident trust administered in Minnesota, you must meet two of the following three criteria:

- A majority of the discretionary investment decisions are made in Minnesota,
- The majority of discretionary distribution decisions are made in Minnesota, and
- The trust's official books and records are kept in Minnesota.

[M.S. 290.01, subd. 7b]

Before You File

Complete a Federal Return

Before you complete Form M2, complete federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*, and supporting schedules. You will need to reference them.

General Information (continued)

	Complete federal Form:
If you are a:	
Charitable remainder (<i>enter zero on Form M2, lines 1 and 9</i>) . . .	1041A
or charitable lead trust	or 5227
Designated or qualified settlement fund (under IRC section 468B) . . .	1120-SF
Qualified funeral trust	1041-QFT
Electing small business trust (ESBT) .	1041

Minnesota Tax ID Number

Your Minnesota tax ID is the seven-digit number you're assigned when you register with the department. It's important to include your Minnesota tax ID on your return so that any payments you make are properly credited to your account.

If you don't have a Minnesota tax ID, you must apply for one. Go to www.revenue.state.mn.us and type **Business Registration** on the search box or call 651-282-5225 or 1-800-657-3605.

Due Dates and Extensions

Due Date for Filing and Paying is April 15, 2019

The regular due date for filing Form M2 and paying the tax due is April 15, 2019. If you file your return according to a fiscal year, your return and payment are due the 15th day of the fourth month following the end of the tax year.

Short-year returns are due by the 15th day of the fourth month following the month in which the short year ends. **Example:** If the fiscal year end is May 31, the due date would be September 15.

Extension of Time to File

All estates and trusts are granted an automatic six-month extension to file Form M2, if the tax is paid in full by the regular due date. **If the tax is not paid by the regular due date, the extension of time to file is invalid.**

If the IRS grants an extension of time to file your federal return, your state filing due date is extended to the federal due date. **This is effective for:**

- All 2017 calendar year filers (with year-end of December 31, 2017 or after)
- Fiscal year filers with year-end of February 28, 2017 or after

This is a filing extension only. To avoid penalties, you must make an extension tax payment by the regular due date. See *Extension payment* in the next section for details.

Payment Options

If you administer 100 or more trusts, you are required to pay all the fiduciary income taxes electronically. A 5 percent penalty will be assessed if you fail to do so when required.

■ Pay electronically using e-Services

- To pay over the Internet—go to www.revenue.state.mn.us, and click on "Login to e-Services," or
- To pay by phone—call **1-800-570-3329**.

Both options are free and there's no need to preregister. If you're using the system for the first time and need a temporary password, call 651-282-5225 or 1-800-657-3605.

To be timely, you must complete your transaction and receive a confirmation number on or before the due date for that payment.

■ Pay by credit or debit card

For a fee, you can use your credit or debit card to make a payment through Value Payment Systems, a national company that partners with federal, state and local governments to provide credit and debit card payment services.

To do so:

- Go to payMNTax.com; or
- Call 1-855-9-IPAY-MN.

The Department of Revenue does not have any financial agreement with Value Payment Systems and does not receive any of its fees.

■ Pay by check

- Go to our website at www.revenue.state.mn.us and click on **Make a Payment**.
- Click **By Check** to create and print a payment voucher. Write your check to Minnesota Revenue and mail together to the address on the voucher.

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

Forms are available from our website at www.revenue.state.mn.us.

Payments

There are four types of fiduciary income tax payments—extension payments, estimated tax payments, tax return payments, and amended return payments. (See Payment options above.)

Note: If you are currently paying electronically using the ACH credit method, continue to call your bank as usual. If you wish to make payments using the ACH credit method, instructions are available at www.revenue.state.mn.us.

Extension Payment

Your tax is due by the regular due date, even if you're filing under an extension. Any tax not paid by the regular due date is subject to penalties and interest (see lines 17 and 18 instructions on pages 5 and 6).

If you're filing after the regular due date, you can avoid penalty and interest by making an extension payment for the full amount of the tax owed by the regular due date. For information about payment options see *Payment options* above. **If you administer 100 or more trusts, you are required to pay all fiduciary income taxes electronically.** [M.S. 289A.20, subd. 1c]

Estimated Payments

Minnesota may require an estate to make estimated tax payments.

A trust must make quarterly estimated tax payments if it has either:

- an estimated tax of \$500 or more, or
- any nonresident beneficiary's share of estimated composite income tax of \$500 or more.

Payments are due by the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the end of the tax year. If estimated tax is required for both the estimated tax and the composite income tax, include both on the same quarterly payment. [M.S. 289A.25]

To make an estimated tax payment, see *Payment options* above. If you're paying by check, send a completed payment voucher with your payment. For additional information, see *Fiduciary Estimated Tax instructions*.

General Information (continued)

Tax Return Payment

If there is an amount due on line 20 of Form M2, you must make a tax return payment (see *Payment options* above). If you're paying by check, you must send a completed payment voucher with your payment.

Penalties and Interest

Late payment. A late payment penalty is assessed on any tax not paid by the regular due date. The penalty is 6 percent of the unpaid tax.

If you file your return after the regular due date with a balance due, an additional 5 percent penalty will be assessed on the unpaid tax. [M.S. 289A.60, subd. 1]

Late filing. There is also a penalty if you file after the extended due date and owe tax. The late filing penalty is 5 percent of any tax not paid by the extended due date. [M.S. 289A.60, subd. 2]

Interest. You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2019 is 5 percent. [M.S. 270C.40]

Other penalties. There are also civil and criminal penalties for intentionally failing to file a Minnesota return, evading tax and for filing a false, fraudulent or frivolous return. [M.S. 289A.60 and 289A.63]

Reporting Federal Changes

If the Internal Revenue Service (IRS) changes or audits your federal return and it affects your Minnesota return or distributions to beneficiaries, you must file a Form M2X, *Amended Income Tax Return for Estates and Trusts*, with the department within 180 days after you were notified by the IRS.

If you amended your 2018 federal return and issued beneficiaries amended Schedules K-1 solely due to the TCDTR, **FFCRA**, or **CARES Act**, write "TCDTR", "**FFCRA**", and/or "**CARES Act**" (all that are applicable) in red at the top of the Minnesota Form M2X and the amended Schedules KF you issue to beneficiaries. For more details, see the instructions for Schedule M2NC or Schedule M2SBNC.

To file an amended return, use Form M2X. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If the changes do not affect your Minnesota return or Schedules K-1, you have 180 days to send a letter of explanation to the department. Send your letter and a complete copy of your amended federal return or the correction notice to: Minnesota Fiduciary Income Tax, Mail Station 5140, St. Paul, MN 55146-5140.

If you fail to report as required, a 10 percent penalty will be assessed on any additional tax. [M.S. 289A.60, subd. 24]

Filing Reminders

Composite Income Tax

Minnesota allows estates and trusts to file composite Minnesota income tax on behalf of their beneficiaries who are nonresident individuals and who elect to be included. As a result, the electing beneficiary is not required to file Form M1, *Minnesota Individual Income Tax Return*.

The electing individuals must not have any Minnesota source income other than the income from this trust or estate and other entities electing composite filing.

Beneficiaries receiving distributions from an estate or trust reporting installment sale gains on line 7 of Schedule KF are not eligible for inclusion in a composite return.

If you are paying composite income tax for your electing beneficiaries, check the box for composite income tax on the front of Form M2 and see the line 13 instructions on page 5.

Request for Early Audit

You may request an early audit of the return of a decedent, estate, terminating trust, or other fiduciary entity on Form M22, *Request for Early Audit of Minnesota Income Tax Return*. Filing Form M22 reduces the time limit the department has to assess any additional taxes from 3½ years after you file an income tax return to 18 months.

Use of Information

Your Minnesota tax ID number is public information. All other information on this form is private, and cannot be given to others except as provided by state law. The identity and income information of the beneficiaries are required under state law so the department can determine the beneficiary's correct Minnesota taxable income and verify if the beneficiary has filed a return and paid the tax. The Social Security numbers of the beneficiaries are required under M.S. 289A.12, subd. 13.

When Filing a Paper Return



Minnesota Department of Revenue
Fiduciary Income Tax
Mail Station 1310
St. Paul, Minnesota 55145-1310

How to Assemble

Arrange your Minnesota schedules in the order they were completed and place them behind your Form M2. KF Schedules should be sorted with the largest share of Minnesota source income first. Include KFNC Schedules behind the corresponding KF. Then place your federal return and its schedules behind the Minnesota material. **Do not staple or tape any enclosures to your return.**

Where to Send

Mail your completed Minnesota and federal forms and schedules, using the mailing label below. Cut on the dotted line and tape to your envelope.

Or mail your forms to:
Minnesota Department of Revenue
Fiduciary Income Tax
Mail Station 1310
St. Paul, MN 55145-1310.

Form M2

Before you complete Form M2, you must first complete Federal Form 1041 and supporting schedules.

Tax Year

If you are filing on a fiscal year basis, be sure to enter the beginning and ending dates. Without the dates, your filing and payments may not be considered timely.

Minnesota Tax ID Number

Be sure to put your Minnesota tax ID number on Form M2. Without it, processing of the return is delayed, and your estimated tax and extension prepayments cannot be verified and credited properly.

Check Boxes

Place an X in all boxes that apply to the return that you are filing.

Initial return. If this is the fiduciary's first return filed in Minnesota, check the box on the front of the form.

Final return. For income tax purposes, Minnesota follows federal law on termination of estates and trusts. All income, deductions and credits are passed through to the beneficiaries. If this is your final return, check the box on the front of Form M2.

Irrevocable Trust. A trust is considered irrevocable if the grantor no longer has control over the trust assets and administration. Enter the date the trust became irrevocable.

Grantor Trust. A trust is a grantor trust if the grantor retains certain powers or ownership benefits.

QSST. Check this box if a Qualified Subchapter S Trust.

Composite income tax. If you are paying composite income tax for your electing nonresident beneficiaries, check the box on the front of Form M2 and see the instructions for line 13 on page 5.

ESBT (Electing Small Business Trust). A non-grantor trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust.

Section 645 Election. Allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Minnesota. Enclose a copy of federal Form 8855 or letter making the election.

Nonresident. Check the Nonresident box if a nonresident trust/estate. Refer to the definitions of a resident trust/estate on page 1 of the Form M2 instructions to determine whether your trust/estate qualifies.

Bankruptcy estate. A separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code. If bankruptcy estate is checked, enter the Bankruptcy debtor's SSN in the Bankruptcy debtor SSN box and, if filing jointly, enter the second debtor's SSN in the corresponding box).

Form M706 Filed. Check this box if the decedent's estate or grantor's trust had a M706 estate tax return filed and enter the gross value of the estate on the line provided.

Owns or Operates Business. Check this box if the trust/estate owns or operates a business through the trust/estate. Provide the Federal Identification Number (FEIN) of the business in the box provided. If the trust/estate owns or operates more than one business, provide a list of all FEINs of the businesses in an attachment.

Installment Sale of Pass-through Assets or Interests. Check this box if the trust or estate:

- executed an installment sale, after December 31, 2016, of S corporation stock or partnership interests being reported on Form 6252,
- executed an installment sale, after December 31, 2016, of the assets of an S corporation or partnership being reported on Form 6252, or
- owns an interest in an S corporation, partnership, trust, or estate reporting installment sale gains on line 7 of schedule KPI, KS, or KF, or line 10 of schedule KPC.

If you are required to check the box and the gain from the sale was distributed, complete line 7 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with the Schedule KF Form.

Beneficiaries who are receiving schedules KF with positive values on line 7 may not be included in a composite return.

IRC section 965 deferred foreign income.

Federal law changes enacted in 2017 require U.S. shareholders to pay a federal transition tax on the untaxed foreign earnings of certain foreign corporations as if those earnings had been repatriated to the United States. Mark this box if you reported

deferred foreign income (DFI) under IRC section 965 on your federal return. This includes DFI reported for taxable year 2018 or any prior year.

Line Instructions

Trust and estate income is based on income from Minnesota sources only. Therefore, any non-Minnesota losses that are allocated to the fiduciary must be added back to federal taxable income, and non-Minnesota income and gains must be subtracted from federal taxable income.

Intangible income earned by a resident estate or trust is considered Minnesota source income. Intangible income is income from intangible personal property, such as stocks or bonds. [M.S. 290.17, subd. 2(c)].

Round amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next higher dollar.

Line 2

Deductions and Losses not Allowed

Direct expenses should be allocated to the income to which it is associated. Indirect expenses should be allocated to each class of income in the proportion that each class of income bears to the total income. Only those expenses that relate to the non-Minnesota income should be added back on line 2 of Form M2.

Deductions not allowed by Minnesota.

Interest and other expenses deducted on your federal return which relate to income or gains from non-Minnesota sources must be added to your taxable income.

Include administration fees and expenses, interest, taxes, depletion and other deductions (including the charitable deduction) that are connected with or allowed against income or gains not taxed by Minnesota. An example of this would be expenses incurred in connection with a probate proceeding in another state. [M.S. 290.17, subd. 1(b)].

Losses not allowed by Minnesota. Include your total losses from non-Minnesota sources to the extent the losses are deducted in determining your federal taxable income or loss.

Common examples of losses to include on line 2 are:

- losses deducted on the sale or other disposition of real or tangible property outside Minnesota,

Continued **4**

M2, Lines 3–17

- casualty losses deducted on property outside Minnesota,
- losses deducted on the operation of a farm outside Minnesota,
- out-of-state losses from partnerships, S corporations and other fiduciaries,
- losses deducted on the operation of a trade or business from sources outside Minnesota, and
- losses deducted on the sale or other disposition of stocks, bonds, securities and other intangible property by nonresident estates and trusts.

Line 3

Capital Gain of Lump Sum Distribution

If you received a qualifying lump-sum distribution in 2018 and chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file Form M2.

Lines 4 and 6

Additions and Subtractions

Read the instructions under *Allocation of adjustments* on page 9.

Line 7

Income from Non-Minnesota Sources

Enter the total income from sources outside Minnesota to the extent the amounts are included in your federal taxable income. Do not include, however, any income or gains that are being distributed to the beneficiary.

Examples of income not subject to Minnesota tax include:

- gains from the sale or other disposition of real or tangible property outside Minnesota,
- income or gains from the operation of a farm outside Minnesota,
- profit from a trade or business outside Minnesota (enter the name and location of the trade or business under line 7),
- out-of-state income from partnerships, S corporations and other fiduciaries (enter the name and location of the partnership or other fiduciary under line 7),
- rents and royalties from land, buildings, machinery or other tangible property outside Minnesota (enter the name and location of the property producing the rents and royalties under line 7), and
- interest, dividends, income and gains from stocks, bonds and other securities for nonresident estates and trusts, unless the income was generated by a trade or business (S corporations and partnerships) and was apportioned to Minnesota.

Enclose a separate schedule, if needed.

Line 10

Minnesota Tax

Use the table starting on page 10 to determine the amount to enter on line 10.

Line 11

Tax from S portion of an Electing Small Business Trust

If you are 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. Enter the tax calculated on the M2SB on line 11 of Form M2. Include Schedule M2SB when you file Form M2.

Line 12

Additional Tax

Schedule M1LS—Tax on a Lump-Sum Distribution.

If you received a lump-sum distribution from a qualified pension plan, profit sharing plan or stock bonus plan and the 10-year averaging method on federal Form 4972 was used, you must complete Minnesota Schedule M1LS, *Tax on Lump-Sum Distribution*.

Include the amount from line 11 of Schedule M1LS on line 12 of Form M2. Be sure to check the box for Schedule M1LS and include a copy of the schedule when you file your return.

Schedule M2MT—Alternative Minimum Tax.

If you had to complete federal Schedule I, *Alternative Minimum Tax*, you must complete Minnesota Schedule M2MT, *Alternative Minimum Tax for Estates and Trusts*.

Include the amount from line 17 of Schedule M2MT on line 12 of Form M2. Be sure to check the box for Schedule M2MT and include a copy of the schedule with your return.

Line 13

Composite Income Tax

Add the composite income tax attributed to all electing beneficiaries (the total of line 28 from all KF schedules), and enter the result on line 13 of Form M2.

Lines 15a-15e and 15

Total Payments and Credits

Line 15a. Enter your total estimated tax and extension payments paid for the tax year, including:

- your total 2018 estimated tax payments made in 2018 and 2019, either paid electronically or by check,
- the portion of your 2017 refund applied to your 2018 estimated tax, and
- any 2018 extension payment, paid electronically or by check, that was made by the due date when filing under an extension.

Line 15b. Enter the total of any 2018 Minnesota tax withheld, including:

- backup withholding on income retained by the estate or trust,
- Minnesota income tax withheld in error (and not repaid) by an employer on wages and salaries of a decedent that was received by the decedent's estate (enclose a copy of federal Form W-2, *Wage and Tax Statement*), and
- the fiduciary's share of any Minnesota income tax withholding from Schedule KS or KPI not passed through to the beneficiaries.

If you are including withholding on line 15b, you must include with your Form M2 a copy of the 1099, Schedule KPI, Schedule KS or other documentation showing the amount withheld. If the documentation is not included, the department will disallow the amount and assess the tax or reduce your refund.

Line 15c. If you are including an amount on this line you must include a statement indicating which credit(s) are being claimed as well as any required forms.

Include on line 15c only credits that are being retained by the fiduciary.

Lines 15d and 15e. If you received a credit certificate from the Minnesota Rural Finance Authority for selling or leasing agricultural assets to a beginning farmer, enter the certificate number in the space provided and credit amount on line 15d.

If you have multiple credits, enter the certificate number your fiduciary received directly from the Rural Finance Authority within the certificate number box. If you have multiple credits and received all credits from other pass-through entities, enter the certificate number relating to the largest credit amount within the certificate number box. Subtotal all credit amounts on Line 15d.

If you are including an amount on Line 15e, you must include a statement indicating which credit(s) are being claimed as well as any required forms. The nonrefundable tax credit for owners of agricultural assets should not be reported on line 15e but instead separately reported on line 15d.

If you have nonrefundable credits available calculate the amount to enter on lines 15d and 15e as follows:

- If the amount of other nonrefundable credits available is less than or equal to the sum of the amounts on line 14 and 15d, enter the full amount of other nonrefundable credits on line 15e.

M2, Lines 26–36

- If 95 percent or more of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota, only the portion of the dividend generated by non-Minnesota bonds must be included.
- If less than 95 percent of all federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, all of the federally tax-exempt interest dividend from that fund must be included.

Nonresident estates and trusts: Non-Minnesota interest or dividends received from bonds or a bond mutual fund do not have to be added back to Minnesota income. [M.S. 290.0131, subd. 2]

Line 26 State Income Tax

Enter the amount of state income tax deducted on the federal return. State income tax deductions are not allowed on the Minnesota return. [M.S. 290.0131, subd. 3]

Line 27 Expenses Related to Income Not Taxed by Minnesota, Other Than From U.S. Bond Obligations

Expenses deducted on your federal return that relate to income not taxed by Minnesota must be added to your taxable net income. [M.S. 290.0131, subd. 6]

If you had expenses attributable to interest or mutual fund dividends from U.S. bonds, see line 35.

Line 28 Suspended Loss of Bonus Depreciation

If you're claiming a suspended loss from 2001-2005 or 2008-2017 on your federal return that was generated by bonus depreciation, and you did not add back 80 percent of the bonus depreciation in those years, complete the following steps:

- 1 Bonus depreciation from 2001–2005 or 2008-2017 not added back on Form M2 _____
- 2 Total suspended loss from activity remaining after 2018 _____
- 3 Subtract step 2 from step 1 (if a negative amount, enter zero) _____
- 4 Multiply step 3 by 80% _____
- 5 Total of the 80% bonus depreciation addition passed through to you as a beneficiary of another estate or trust (from line 4 of Schedule KF) _____
- 6 Add steps 4 and 5. Enter here and on line 28 _____

Line 29 Bonus Depreciation Addition

If you claimed a deduction for special depreciation allowance (bonus depreciation) under IRC section 168(k) for property placed in service after December 31, 2017, that deduction may need to be adjusted due to Section 2307 of the CARES Act before making this addition (see instructions for Schedule M2NC or Schedule M2SBNC).

If you claimed federal bonus depreciation, you must add back 80 percent of the bonus depreciation to Minnesota.

Follow the steps below to determine line 29:

- 1 Add line 14 and line 25 of your Federal Form 4562. _____
- 2 Total of bonus depreciation passed through to you as a shareholder of an S corporation (from line 5 of Schedule KS), or as a partner of a partnership (from line 5 of Schedule KPI). If the KSNC or KPINC you received reported an amount on line 2a, enter here the sum of the amount from KS or KPI line 5 and the KSNC or KPINC line 2a _____
- 3 Add steps 1 and 2. _____
- 4 Multiply step 3 by 80% _____
- 5 Total of any 80% federal bonus depreciation addition you received as a beneficiary of another estate or trust (from line 5 of Schedule KF). If the KFNC you received reported an amount on line 2a, divide line 5 of Schedule KF by 80% and add the result to the amount on KFNC line 2a. Multiply the sum by 80% and enter here _____
- 6 Add steps 4 and 5. Enter here and on line 29. _____

* If bonus depreciation included in step 1 generated a loss in an activity that cannot be deducted in 2018 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 1 by the amount of loss not allowed from the activity for 2018, up to the bonus depreciation claimed by the activity.

In a future year, you must include the bonus depreciation as an addition when the 2018 suspended loss is allowed. The bonus depreciation is treated as the last suspended loss allowed.

Line 30 Fines, Fees and Penalties Deducted on your Federal Return

You must add fines, fees and penalties that were deducted as business expenses paid to a government entity or nongovernment regulatory body as a result of a violation of law, or the investigation of any potential violation of law. This does not include amounts identified in a court order or settlement agreement as restitution or as an amount paid to come into compliance with the law.

Line 31 Addition Due to Federal Changes Not Adopted by Minnesota

Enter the amount from the Schedule M2NC, line 28. If the amount is negative, leave line 31 blank and enter it as a positive number on line 38.

Line 32 Net Operating Loss (NOL) Carryover Adjustment

The Minnesota Legislature did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). Under this Act, taxpayers are allowed to carryback 3, 4, or 5 years of a NOL generated in 2008 or 2009. For federal purposes, any remaining NOL that was not fully absorbed in the carryback years can be carried forward for up to 20 years, beginning in 2010. If you claimed the deduction in 2017, you must add back the federal NOL amount as a positive number on line 32.

Line 33 Domestic Production Activities Deduction

If you are claiming a portion of the domestic production activities deduction on the estate's or trust's federal return, add back this amount on line 33.

Line 35 Net Interest from U.S. Bonds

Interest earned on certain direct federal obligations is taxable on the federal return, but is not taxable on the state return. You may reduce your taxable income if you reported interest on your federal return that is exempt from state income tax.

Include the interest you received from certain U.S. bonds, bills, notes and other debt instruments, reduced by any related investment interest and other expenses you deducted on your federal return that relate to this income.

Lines 36–41

You may also include the portion of dividends from mutual funds that are attributable to such bonds, bill or notes, reduced by any related expenses you deducted on your federal return.

Enclose a statement from the fund indicating the proportionate interest earned on the above securities. [M.S. 290.0132, subd. 2]

Line 36

State Income Tax Refunds

Income tax refunded by Minnesota or any other taxing jurisdiction that was included as income on the federal return is not taxed by Minnesota. [M.S. 290.0132, subd. 3]

Line 37

Federal Bonus Depreciation Subtraction

You may be able to reduce your taxable income if you:

- deducted bonus depreciation on your 2013 through 2017 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2013 through 2017 Form M2, or
- received a federal bonus depreciation subtraction in 2018 from another estate or trust.

To determine the amount, see *Worksheet for Line 37*.

Line 38

Subtraction Due to Federal Changes Not Adopted by Minnesota

Enter the amount from the Schedule M2NC, line 28 as a positive number on line 38. If the amount on Schedule M2NC, line 28 was positive, leave line 38 blank and enter it as a positive on line 31.

Line 39

Subtraction for Prior Addback of Reacquisition of Indebtedness Income

If you included in this year's federal taxable income any discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in a prior year, enter that amount on line 39.

Line 41

Net Operating Loss (NOL) from 2008 or 2009

Minnesota did not adopt the provisions of the Worker, Homeownership, and Business Assistance Act of 2009 (WHBA). If you chose this federal option, you are limited on your Minnesota return to a carryback period of two years preceding the loss.

On line 41, enter the amount you are carrying forward for 2018 for Minnesota purposes.

For complete information on how to determine line 41 and any amount to carry forward, go to our website at www.revenue.state.mn.us.

Worksheet for Line 37

If you claimed bonus depreciation as an addition on your 2013 Form M2:

- 1 Portion of lines 28 and 29 of your 2013 Form M2 allocated to fiduciary 1 _____
- 2 Net operating loss generated for tax year 2013 (line 25, Schedule A of 2013 federal Form 1045). Enter as a positive number 2 _____
- 3 Subtract step 2 from step 1 3 _____
- 4 Multiply step 3 by 20% (.20) 4 _____

If you claimed bonus depreciation as an addition on your 2014 Form M2:

- 5 Portion of lines 28 and 29 of your 2014 Form M2 allocated to fiduciary 5 _____
- 6 Net operating loss generated for tax year 2014 (line 25, Schedule A of 2014 federal Form 1045). Enter as a positive number 6 _____
- 7 Subtract step 6 from step 5 7 _____
- 8 Multiply step 7 by 20% (.20) 8 _____

If you claimed bonus depreciation as an addition on your 2015 Form M2:

- 9 Portion of lines 28 and 29 of your 2015 Form M2 allocated to fiduciary 9 _____
- 10 Net operating loss generated for tax year 2015 (line 25, Schedule A of 2015 federal Form 1045). Enter as a positive number 10 _____
- 11 Subtract step 10 from step 9 11 _____
- 12 Multiply step 11 by 20% (.20) 12 _____

If you claimed bonus depreciation as an addition on your 2016 Form M2:

- 13 Portion of lines 28 and 29 of your 2016 Form M2 allocated to fiduciary 13 _____
- 14 Net operating loss generated for tax year 2016 (line 25, Schedule A of 2016 federal Form 1045). Enter as a positive number 14 _____
- 15 Subtract step 14 from step 13 (if zero or less, enter 0) 15 _____
- 16 Multiply step 15 by 20% (.20) 16 _____

If you claimed bonus depreciation as an addition on your 2017 Form M2:

- 17 Portion of lines 28 and 29 of your 2017 Form M2 allocated to fiduciary 17 _____
- 18 Net operating loss generated for tax year 2017 (line 25, Schedule A of 2017 federal Form 1045). Enter as a positive number 18 _____
- 19 Subtract step 18 from step 17 (if zero or less, enter 0) 19 _____
- 20 Multiply step 19 by 20% (.20) 20 _____

If you received a subtraction in 2018 from an estate or trust:

- 21 Total of any bonus depreciation subtraction amounts you received as a beneficiary of an estate or trust (from line 13 of Schedule KF) 21 _____

Total subtraction

- 22 Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 37 of Form M2 22 _____

Allocation of Adjustments

The beneficiary(s) of a trust or an estate must file an individual income tax return to report their portion of the income distributed. A resident beneficiary must report all income from the trust or estate. A nonresident beneficiary who receives \$10,650 or more of Minnesota gross income must report income assignable to Minnesota.

The purpose of this section is to allocate any adjustments noted on lines 25-33 and 35-41 between the beneficiary(s) and fiduciary. If all the income is retained by the trust or estate, then any adjustment is allocated entirely to the fiduciary. If all of the income is distributed, then any adjustment is passed through to the beneficiary(s) in proportion to their share of distributable net income. If part of the income is retained and part distributed, then part of the adjustment is allocated to the fiduciary and part to the beneficiary(s).

The share of adjustments in column E is the same percentage share as the fiduciary's and each beneficiary's share of federal distributable net income to the total distributable net income (the amount on Form 1041, Schedule B, line 7.) Divide each share by the total distributable net income to determine the percentage.

Where the adjustment is an addition, that portion of the adjustment allocated to each beneficiary and to the fiduciary must be shown as an addition.

Where the adjustment is a subtraction, that part of the adjustment allocated to each beneficiary and to the fiduciary must be shown as a subtraction.

Column C

Enter the federal distributable net income assigned to each beneficiary and the fiduciary as determined for federal purposes. Add the amounts and enter the total on line 45, column C.

Column D

To obtain the proper percentage, divide each figure from column C on lines 43 and 44 by the total of column C on line 45. Enter this percentage in column D for to correspond with each beneficiary and the fiduciary. The total of column D must equal 100%.

Column E

To obtain the proper share for each beneficiary and the fiduciary, multiply the adjustment on line 45, column E, under additions and subtractions by the percentage in column D. Enter the result for each beneficiary and the fiduciary in column E, under additions or subtractions.

Complete a Schedule KF for each beneficiary who is assigned adjustments.

Schedule KF

Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

Purpose

The purpose of Schedule KF is to provide beneficiaries with the information they need to file Form M1, *Minnesota Individual Income Tax Return*.

The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications.

Be sure to include copies of all Schedules KF and federal Schedules K-1 when you file your Form M2.

If you checked the box for Installment Sale of Pass-through Assets or Interests and the gain from the sale was distributed, complete line 7 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF.

Any nonconformity adjustments allocated to beneficiaries from Form M2NC should be reported on Schedule KFNC for the beneficiary's pro rata share of each adjustment. See Schedule KFNC instructions for more information.

2018 Tax Table

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
0	20	0	6,400	6,500	345	12,900	13,000	693	19,400	19,500	1,049
20	100	3	6,500	6,600	350	13,000	13,100	698	19,500	19,600	1,056
100	200	8	6,600	6,700	356	13,100	13,200	704	19,600	19,700	1,064
200	300	13	6,700	6,800	361	13,200	13,300	709	19,700	19,800	1,071
300	400	19	6,800	6,900	366	13,300	13,400	714	19,800	19,900	1,078
400	500	24	6,900	7,000	372	13,400	13,500	720	19,900	20,000	1,085
500	600	29	7,000	7,100	377	13,500	13,600	725	20,000	20,100	1,092
600	700	35	7,100	7,200	383	13,600	13,700	730	20,100	20,200	1,099
700	800	40	7,200	7,300	388	13,700	13,800	736	20,200	20,300	1,106
800	900	45	7,300	7,400	393	13,800	13,900	741	20,300	20,400	1,113
900	1,000	51	7,400	7,500	399	13,900	14,000	746	20,400	20,500	1,120
1,000	1,100	56	7,500	7,600	404	14,000	14,100	752	20,500	20,600	1,127
1,100	1,200	62	7,600	7,700	409	14,100	14,200	757	20,600	20,700	1,134
1,200	1,300	67	7,700	7,800	415	14,200	14,300	762	20,700	20,800	1,141
1,300	1,400	72	7,800	7,900	420	14,300	14,400	768	20,800	20,900	1,148
1,400	1,500	78	7,900	8,000	425	14,400	14,500	773	20,900	21,000	1,155
1,500	1,600	83	8,000	8,100	431	14,500	14,600	778	21,000	21,100	1,162
1,600	1,700	88	8,100	8,200	436	14,600	14,700	784	21,100	21,200	1,169
1,700	1,800	94	8,200	8,300	441	14,700	14,800	789	21,200	21,300	1,176
1,800	1,900	99	8,300	8,400	447	14,800	14,900	794	21,300	21,400	1,183
1,900	2,000	104	8,400	8,500	452	14,900	15,000	800	21,400	21,500	1,190
2,000	2,100	110	8,500	8,600	457	15,000	15,100	805	21,500	21,600	1,197
2,100	2,200	115	8,600	8,700	463	15,100	15,200	811	21,600	21,700	1,205
2,200	2,300	120	8,700	8,800	468	15,200	15,300	816	21,700	21,800	1,212
2,300	2,400	126	8,800	8,900	473	15,300	15,400	821	21,800	21,900	1,219
2,400	2,500	131	8,900	9,000	479	15,400	15,500	827	21,900	22,000	1,226
2,500	2,600	136	9,000	9,100	484	15,500	15,600	832	22,000	22,100	1,233
2,600	2,700	142	9,100	9,200	490	15,600	15,700	837	22,100	22,200	1,240
2,700	2,800	147	9,200	9,300	495	15,700	15,800	843	22,200	22,300	1,247
2,800	2,900	152	9,300	9,400	500	15,800	15,900	848	22,300	22,400	1,254
2,900	3,000	158	9,400	9,500	506	15,900	16,000	853	22,400	22,500	1,261
3,000	3,100	163	9,500	9,600	511	16,000	16,100	859	22,500	22,600	1,268
3,100	3,200	169	9,600	9,700	516	16,100	16,200	864	22,600	22,700	1,275
3,200	3,300	174	9,700	9,800	522	16,200	16,300	869	22,700	22,800	1,282
3,300	3,400	179	9,800	9,900	527	16,300	16,400	875	22,800	22,900	1,289
3,400	3,500	185	9,900	10,000	532	16,400	16,500	880	22,900	23,000	1,296
3,500	3,600	190	10,000	10,100	538	16,500	16,600	885	23,000	23,100	1,303
3,600	3,700	195	10,100	10,200	543	16,600	16,700	891	23,100	23,200	1,310
3,700	3,800	201	10,200	10,300	548	16,700	16,800	896	23,200	23,300	1,317
3,800	3,900	206	10,300	10,400	554	16,800	16,900	901	23,300	23,400	1,324
3,900	4,000	211	10,400	10,500	559	16,900	17,000	907	23,400	23,500	1,331
4,000	4,100	217	10,500	10,600	564	17,000	17,100	912	23,500	23,600	1,338
4,100	4,200	222	10,600	10,700	570	17,100	17,200	918	23,600	23,700	1,346
4,200	4,300	227	10,700	10,800	575	17,200	17,300	923	23,700	23,800	1,353
4,300	4,400	233	10,800	10,900	580	17,300	17,400	928	23,800	23,900	1,360
4,400	4,500	238	10,900	11,000	586	17,400	17,500	934	23,900	24,000	1,367
4,500	4,600	243	11,000	11,100	591	17,500	17,600	939	24,000	24,100	1,374
4,600	4,700	249	11,100	11,200	597	17,600	17,700	944	24,100	24,200	1,381
4,700	4,800	254	11,200	11,300	602	17,700	17,800	950	24,200	24,300	1,388
4,800	4,900	259	11,300	11,400	607	17,800	17,900	955	24,300	24,400	1,395
4,900	5,000	265	11,400	11,500	613	17,900	18,000	960	24,400	24,500	1,402
5,000	5,100	270	11,500	11,600	618	18,000	18,100	966	24,500	24,600	1,409
5,100	5,200	276	11,600	11,700	623	18,100	18,200	971	24,600	24,700	1,416
5,200	5,300	281	11,700	11,800	629	18,200	18,300	976	24,700	24,800	1,423
5,300	5,400	286	11,800	11,900	634	18,300	18,400	982	24,800	24,900	1,430
5,400	5,500	292	11,900	12,000	639	18,400	18,500	987	24,900	25,000	1,437
5,500	5,600	297	12,000	12,100	645	18,500	18,600	992	25,000	25,100	1,444
5,600	5,700	302	12,100	12,200	650	18,600	18,700	998	25,100	25,200	1,451
5,700	5,800	308	12,200	12,300	655	18,700	18,800	1,003	25,200	25,300	1,458
5,800	5,900	313	12,300	12,400	661	18,800	18,900	1,008	25,300	25,400	1,465
5,900	6,000	318	12,400	12,500	666	18,900	19,000	1,014	25,400	25,500	1,472
6,000	6,100	324	12,500	12,600	671	19,000	19,100	1,021	25,500	25,600	1,479
6,100	6,200	329	12,600	12,700	677	19,100	19,200	1,028	25,600	25,700	1,487
6,200	6,300	334	12,700	12,800	682	19,200	19,300	1,035	25,700	25,800	1,494
6,300	6,400	340	12,800	12,900	687	19,300	19,400	1,042	25,800	25,900	1,501

2018 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
25,900	26,000	1,508	32,400	32,500	1,966	38,900	39,000	2,424	45,400	45,500	2,882
26,000	26,100	1,515	32,500	32,600	1,973	39,000	39,100	2,431	45,500	45,600	2,889
26,100	26,200	1,522	32,600	32,700	1,980	39,100	39,200	2,438	45,600	45,700	2,897
26,200	26,300	1,529	32,700	32,800	1,987	39,200	39,300	2,445	45,700	45,800	2,904
26,300	26,400	1,536	32,800	32,900	1,994	39,300	39,400	2,452	45,800	45,900	2,911
26,400	26,500	1,543	32,900	33,000	2,001	39,400	39,500	2,459	45,900	46,000	2,918
26,500	26,600	1,550	33,000	33,100	2,008	39,500	39,600	2,466	46,000	46,100	2,925
26,600	26,700	1,557	33,100	33,200	2,015	39,600	39,700	2,474	46,100	46,200	2,932
26,700	26,800	1,564	33,200	33,300	2,022	39,700	39,800	2,481	46,200	46,300	2,939
26,800	26,900	1,571	33,300	33,400	2,029	39,800	39,900	2,488	46,300	46,400	2,946
26,900	27,000	1,578	33,400	33,500	2,036	39,900	40,000	2,495	46,400	46,500	2,953
27,000	27,100	1,585	33,500	33,600	2,043	40,000	40,100	2,502	46,500	46,600	2,960
27,100	27,200	1,592	33,600	33,700	2,051	40,100	40,200	2,509	46,600	46,700	2,967
27,200	27,300	1,599	33,700	33,800	2,058	40,200	40,300	2,516	46,700	46,800	2,974
27,300	27,400	1,606	33,800	33,900	2,065	40,300	40,400	2,523	46,800	46,900	2,981
27,400	27,500	1,613	33,900	34,000	2,072	40,400	40,500	2,530	46,900	47,000	2,988
27,500	27,600	1,620	34,000	34,100	2,079	40,500	40,600	2,537	47,000	47,100	2,995
27,600	27,700	1,628	34,100	34,200	2,086	40,600	40,700	2,544	47,100	47,200	3,002
27,700	27,800	1,635	34,200	34,300	2,093	40,700	40,800	2,551	47,200	47,300	3,009
27,800	27,900	1,642	34,300	34,400	2,100	40,800	40,900	2,558	47,300	47,400	3,016
27,900	28,000	1,649	34,400	34,500	2,107	40,900	41,000	2,565	47,400	47,500	3,023
28,000	28,100	1,656	34,500	34,600	2,114	41,000	41,100	2,572	47,500	47,600	3,030
28,100	28,200	1,663	34,600	34,700	2,121	41,100	41,200	2,579	47,600	47,700	3,038
28,200	28,300	1,670	34,700	34,800	2,128	41,200	41,300	2,586	47,700	47,800	3,045
28,300	28,400	1,677	34,800	34,900	2,135	41,300	41,400	2,593	47,800	47,900	3,052
28,400	28,500	1,684	34,900	35,000	2,142	41,400	41,500	2,600	47,900	48,000	3,059
28,500	28,600	1,691	35,000	35,100	2,149	41,500	41,600	2,607	48,000	48,100	3,066
28,600	28,700	1,698	35,100	35,200	2,156	41,600	41,700	2,615	48,100	48,200	3,073
28,700	28,800	1,705	35,200	35,300	2,163	41,700	41,800	2,622	48,200	48,300	3,080
28,800	28,900	1,712	35,300	35,400	2,170	41,800	41,900	2,629	48,300	48,400	3,087
28,900	29,000	1,719	35,400	35,500	2,177	41,900	42,000	2,636	48,400	48,500	3,094
29,000	29,100	1,726	35,500	35,600	2,184	42,000	42,100	2,643	48,500	48,600	3,101
29,100	29,200	1,733	35,600	35,700	2,192	42,100	42,200	2,650	48,600	48,700	3,108
29,200	29,300	1,740	35,700	35,800	2,199	42,200	42,300	2,657	48,700	48,800	3,115
29,300	29,400	1,747	35,800	35,900	2,206	42,300	42,400	2,664	48,800	48,900	3,122
29,400	29,500	1,754	35,900	36,000	2,213	42,400	42,500	2,671	48,900	49,000	3,129
29,500	29,600	1,761	36,000	36,100	2,220	42,500	42,600	2,678	49,000	49,100	3,136
29,600	29,700	1,769	36,100	36,200	2,227	42,600	42,700	2,685	49,100	49,200	3,143
29,700	29,800	1,776	36,200	36,300	2,234	42,700	42,800	2,692	49,200	49,300	3,150
29,800	29,900	1,783	36,300	36,400	2,241	42,800	42,900	2,699	49,300	49,400	3,157
29,900	30,000	1,790	36,400	36,500	2,248	42,900	43,000	2,706	49,400	49,500	3,164
30,000	30,100	1,797	36,500	36,600	2,255	43,000	43,100	2,713	49,500	49,600	3,171
30,100	30,200	1,804	36,600	36,700	2,262	43,100	43,200	2,720	49,600	49,700	3,179
30,200	30,300	1,811	36,700	36,800	2,269	43,200	43,300	2,727	49,700	49,800	3,186
30,300	30,400	1,818	36,800	36,900	2,276	43,300	43,400	2,734	49,800	49,900	3,193
30,400	30,500	1,825	36,900	37,000	2,283	43,400	43,500	2,741	49,900	50,000	3,200
30,500	30,600	1,832	37,000	37,100	2,290	43,500	43,600	2,748	50,000	50,100	3,207
30,600	30,700	1,839	37,100	37,200	2,297	43,600	43,700	2,756	50,100	50,200	3,214
30,700	30,800	1,846	37,200	37,300	2,304	43,700	43,800	2,763	50,200	50,300	3,221
30,800	30,900	1,853	37,300	37,400	2,311	43,800	43,900	2,770	50,300	50,400	3,228
30,900	31,000	1,860	37,400	37,500	2,318	43,900	44,000	2,777	50,400	50,500	3,235
31,000	31,100	1,867	37,500	37,600	2,325	44,000	44,100	2,784	50,500	50,600	3,242
31,100	31,200	1,874	37,600	37,700	2,333	44,100	44,200	2,791	50,600	50,700	3,249
31,200	31,300	1,881	37,700	37,800	2,340	44,200	44,300	2,798	50,700	50,800	3,256
31,300	31,400	1,888	37,800	37,900	2,347	44,300	44,400	2,805	50,800	50,900	3,263
31,400	31,500	1,895	37,900	38,000	2,354	44,400	44,500	2,812	50,900	51,000	3,270
31,500	31,600	1,902	38,000	38,100	2,361	44,500	44,600	2,819	51,000	51,100	3,277
31,600	31,700	1,910	38,100	38,200	2,368	44,600	44,700	2,826	51,100	51,200	3,284
31,700	31,800	1,917	38,200	38,300	2,375	44,700	44,800	2,833	51,200	51,300	3,291
31,800	31,900	1,924	38,300	38,400	2,382	44,800	44,900	2,840	51,300	51,400	3,298
31,900	32,000	1,931	38,400	38,500	2,389	44,900	45,000	2,847	51,400	51,500	3,305
32,000	32,100	1,938	38,500	38,600	2,396	45,000	45,100	2,854	51,500	51,600	3,312
32,100	32,200	1,945	38,600	38,700	2,403	45,100	45,200	2,861	51,600	51,700	3,320
32,200	32,300	1,952	38,700	38,800	2,410	45,200	45,300	2,868	51,700	51,800	3,327
32,300	32,400	1,959	38,800	38,900	2,417	45,300	45,400	2,875	51,800	51,900	3,334

Continued

2018 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
51,900	52,000	3,341	58,400	58,500	3,799	64,900	65,000	4,257	71,400	71,500	4,715
52,000	52,100	3,348	58,500	58,600	3,806	65,000	65,100	4,264	71,500	71,600	4,722
52,100	52,200	3,355	58,600	58,700	3,813	65,100	65,200	4,271	71,600	71,700	4,730
52,200	52,300	3,362	58,700	58,800	3,820	65,200	65,300	4,278	71,700	71,800	4,737
52,300	52,400	3,369	58,800	58,900	3,827	65,300	65,400	4,285	71,800	71,900	4,744
52,400	52,500	3,376	58,900	59,000	3,834	65,400	65,500	4,292	71,900	72,000	4,751
52,500	52,600	3,383	59,000	59,100	3,841	65,500	65,600	4,299	72,000	72,100	4,758
52,600	52,700	3,390	59,100	59,200	3,848	65,600	65,700	4,307	72,100	72,200	4,765
52,700	52,800	3,397	59,200	59,300	3,855	65,700	65,800	4,314	72,200	72,300	4,772
52,800	52,900	3,404	59,300	59,400	3,862	65,800	65,900	4,321	72,300	72,400	4,779
52,900	53,000	3,411	59,400	59,500	3,869	65,900	66,000	4,328	72,400	72,500	4,786
53,000	53,100	3,418	59,500	59,600	3,876	66,000	66,100	4,335	72,500	72,600	4,793
53,100	53,200	3,425	59,600	59,700	3,884	66,100	66,200	4,342	72,600	72,700	4,800
53,200	53,300	3,432	59,700	59,800	3,891	66,200	66,300	4,349	72,700	72,800	4,807
53,300	53,400	3,439	59,800	59,900	3,898	66,300	66,400	4,356	72,800	72,900	4,814
53,400	53,500	3,446	59,900	60,000	3,905	66,400	66,500	4,363	72,900	73,000	4,821
53,500	53,600	3,453	60,000	60,100	3,912	66,500	66,600	4,370	73,000	73,100	4,828
53,600	53,700	3,461	60,100	60,200	3,919	66,600	66,700	4,377	73,100	73,200	4,835
53,700	53,800	3,468	60,200	60,300	3,926	66,700	66,800	4,384	73,200	73,300	4,842
53,800	53,900	3,475	60,300	60,400	3,933	66,800	66,900	4,391	73,300	73,400	4,849
53,900	54,000	3,482	60,400	60,500	3,940	66,900	67,000	4,398	73,400	73,500	4,856
54,000	54,100	3,489	60,500	60,600	3,947	67,000	67,100	4,405	73,500	73,600	4,863
54,100	54,200	3,496	60,600	60,700	3,954	67,100	67,200	4,412	73,600	73,700	4,871
54,200	54,300	3,503	60,700	60,800	3,961	67,200	67,300	4,419	73,700	73,800	4,878
54,300	54,400	3,510	60,800	60,900	3,968	67,300	67,400	4,426	73,800	73,900	4,885
54,400	54,500	3,517	60,900	61,000	3,975	67,400	67,500	4,433	73,900	74,000	4,892
54,500	54,600	3,524	61,000	61,100	3,982	67,500	67,600	4,440	74,000	74,100	4,899
54,600	54,700	3,531	61,100	61,200	3,989	67,600	67,700	4,448	74,100	74,200	4,906
54,700	54,800	3,538	61,200	61,300	3,996	67,700	67,800	4,455	74,200	74,300	4,913
54,800	54,900	3,545	61,300	61,400	4,003	67,800	67,900	4,462	74,300	74,400	4,920
54,900	55,000	3,552	61,400	61,500	4,010	67,900	68,000	4,469	74,400	74,500	4,927
55,000	55,100	3,559	61,500	61,600	4,017	68,000	68,100	4,476	74,500	74,600	4,934
55,100	55,200	3,566	61,600	61,700	4,025	68,100	68,200	4,483	74,600	74,700	4,941
55,200	55,300	3,573	61,700	61,800	4,032	68,200	68,300	4,490	74,700	74,800	4,948
55,300	55,400	3,580	61,800	61,900	4,039	68,300	68,400	4,497	74,800	74,900	4,955
55,400	55,500	3,587	61,900	62,000	4,046	68,400	68,500	4,504	74,900	75,000	4,962
55,500	55,600	3,594	62,000	62,100	4,053	68,500	68,600	4,511	75,000	75,100	4,969
55,600	55,700	3,602	62,100	62,200	4,060	68,600	68,700	4,518	75,100	75,200	4,976
55,700	55,800	3,609	62,200	62,300	4,067	68,700	68,800	4,525	75,200	75,300	4,984
55,800	55,900	3,616	62,300	62,400	4,074	68,800	68,900	4,532	75,300	75,400	4,992
55,900	56,000	3,623	62,400	62,500	4,081	68,900	69,000	4,539	75,400	75,500	5,000
56,000	56,100	3,630	62,500	62,600	4,088	69,000	69,100	4,546	75,500	75,600	5,007
56,100	56,200	3,637	62,600	62,700	4,095	69,100	69,200	4,553	75,600	75,700	5,015
56,200	56,300	3,644	62,700	62,800	4,102	69,200	69,300	4,560	75,700	75,800	5,023
56,300	56,400	3,651	62,800	62,900	4,109	69,300	69,400	4,567	75,800	75,900	5,031
56,400	56,500	3,658	62,900	63,000	4,116	69,400	69,500	4,574	75,900	76,000	5,039
56,500	56,600	3,665	63,000	63,100	4,123	69,500	69,600	4,581	76,000	76,100	5,047
56,600	56,700	3,672	63,100	63,200	4,130	69,600	69,700	4,589	76,100	76,200	5,054
56,700	56,800	3,679	63,200	63,300	4,137	69,700	69,800	4,596	76,200	76,300	5,062
56,800	56,900	3,686	63,300	63,400	4,144	69,800	69,900	4,603	76,300	76,400	5,070
56,900	57,000	3,693	63,400	63,500	4,151	69,900	70,000	4,610	76,400	76,500	5,078
57,000	57,100	3,700	63,500	63,600	4,158	70,000	70,100	4,617	76,500	76,600	5,086
57,100	57,200	3,707	63,600	63,700	4,166	70,100	70,200	4,624	76,600	76,700	5,094
57,200	57,300	3,714	63,700	63,800	4,173	70,200	70,300	4,631	76,700	76,800	5,102
57,300	57,400	3,721	63,800	63,900	4,180	70,300	70,400	4,638	76,800	76,900	5,109
57,400	57,500	3,728	63,900	64,000	4,187	70,400	70,500	4,645	76,900	77,000	5,117
57,500	57,600	3,735	64,000	64,100	4,194	70,500	70,600	4,652	77,000	77,100	5,125
57,600	57,700	3,743	64,100	64,200	4,201	70,600	70,700	4,659	77,100	77,200	5,133
57,700	57,800	3,750	64,200	64,300	4,208	70,700	70,800	4,666	77,200	77,300	5,141
57,800	57,900	3,757	64,300	64,400	4,215	70,800	70,900	4,673	77,300	77,400	5,149
57,900	58,000	3,764	64,400	64,500	4,222	70,900	71,000	4,680	77,400	77,500	5,157
58,000	58,100	3,771	64,500	64,600	4,229	71,000	71,100	4,687	77,500	77,600	5,164
58,100	58,200	3,778	64,600	64,700	4,236	71,100	71,200	4,694	77,600	77,700	5,172
58,200	58,300	3,785	64,700	64,800	4,243	71,200	71,300	4,701	77,700	77,800	5,180
58,300	58,400	3,792	64,800	64,900	4,250	71,300	71,400	4,708	77,800	77,900	5,188

2018 Tax Table (continued)

If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:			If line 9 of Form M2 is:		
at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:	at least	but less than	your tax is:
77,900	78,000	5,196	80,900	81,000	5,431	83,900	84,000	5,667	86,900	87,000	5,902
78,000	78,100	5,204	81,000	81,100	5,439	84,000	84,100	5,675	87,000	87,100	5,910
78,100	78,200	5,211	81,100	81,200	5,447	84,100	84,200	5,682	87,100	87,200	5,918
78,200	78,300	5,219	81,200	81,300	5,455	84,200	84,300	5,690	87,200	87,300	5,926
78,300	78,400	5,227	81,300	81,400	5,463	84,300	84,400	5,698	87,300	87,400	5,934
78,400	78,500	5,235	81,400	81,500	5,471	84,400	84,500	5,706	87,400	87,500	5,942
78,500	78,600	5,243	81,500	81,600	5,478	84,500	84,600	5,714	87,500	87,600	5,949
78,600	78,700	5,251	81,600	81,700	5,486	84,600	84,700	5,722	87,600	87,700	5,957
78,700	78,800	5,259	81,700	81,800	5,494	84,700	84,800	5,730	87,700	87,800	5,965
78,800	78,900	5,266	81,800	81,900	5,502	84,800	84,900	5,737	87,800	87,900	5,973
78,900	79,000	5,274	81,900	82,000	5,510	84,900	85,000	5,745	87,900	88,000	5,981
79,000	79,100	5,282	82,000	82,100	5,518	85,000	85,100	5,753	88,000	88,100	5,989
79,100	79,200	5,290	82,100	82,200	5,525	85,100	85,200	5,761	88,100	88,200	5,996
79,200	79,300	5,298	82,200	82,300	5,533	85,200	85,300	5,769	88,200	88,300	6,004
79,300	79,400	5,306	82,300	82,400	5,541	85,300	85,400	5,777	88,300	88,400	6,012
79,400	79,500	5,314	82,400	82,500	5,549	85,400	85,500	5,785	88,400	88,500	6,020
79,500	79,600	5,321	82,500	82,600	5,557	85,500	85,600	5,792	88,500	88,600	6,028
79,600	79,700	5,329	82,600	82,700	5,565	85,600	85,700	5,800	88,600	88,700	6,036
79,700	79,800	5,337	82,700	82,800	5,573	85,700	85,800	5,808	88,700	88,800	6,044
79,800	79,900	5,345	82,800	82,900	5,580	85,800	85,900	5,816	88,800	88,900	6,051
79,900	80,000	5,353	82,900	83,000	5,588	85,900	86,000	5,824	88,900	89,000	6,059
80,000	80,100	5,361	83,000	83,100	5,596	86,000	86,100	5,832	89,000	89,100	6,067
80,100	80,200	5,368	83,100	83,200	5,604	86,100	86,200	5,839	89,100	89,200	6,075
80,200	80,300	5,376	83,200	83,300	5,612	86,200	86,300	5,847	89,200	89,300	6,083
80,300	80,400	5,384	83,300	83,400	5,620	86,300	86,400	5,855	89,300	89,400	6,091
80,400	80,500	5,392	83,400	83,500	5,628	86,400	86,500	5,863	89,400	89,500	6,099
80,500	80,600	5,400	83,500	83,600	5,635	86,500	86,600	5,871	89,500	89,600	6,106
80,600	80,700	5,408	83,600	83,700	5,643	86,600	86,700	5,879	89,600	89,700	6,114
80,700	80,800	5,416	83,700	83,800	5,651	86,700	86,800	5,887	89,700	89,800	6,122
80,800	80,900	5,423	83,800	83,900	5,659	86,800	86,900	5,894	89,800	89,900	6,130
									89,900	90,000	6,138

90,000 & over					
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		of the amount over—	
over—	but not over—				
\$0	\$18,930	\$0.00	5.35%	\$0	
\$18,930	\$75,190	\$1,012.76	+ 7.05%	\$18,930	
\$75,190	\$133,350	\$4,979.09	+ 7.85%	\$75,190	
\$133,350		\$9,544.65	+ 9.85%	\$133,350	

Common Problems Using Software Packages

If you use tax preparation software, be careful to buy packages acceptable to the Department of Revenue. Forms produced by the software must meet requirements and be approved before being sold or provided to consumers.

If you are considering any company's tax preparation software, ask to see the vendor's approval letter for the forms you will be using. Keep in mind that we usually won't know if they are approved until late January. It is also important to test the software before filing forms prepared with it. We do not, however, approve the operation or accuracy of any software.

Below are common problems found on fiduciary returns submitted using software packages:

- **Verify that the program uses updated tax tables.** Tax tables are required to be updated every year for inflation. Be sure that the amount on line 10 of your Form M2 is the same amount shown in the tax tables.
 - Fiscal year filers must use the table based on the beginning year of the return.
 - If you are an Electing Small Business Trust (ESBT), verify that the software package uses the tax table when determining the tax. The ESBT is taxed at the highest tax rate only for federal purposes.
- **Look for a payment voucher if you have tax due on line 20 of Form M2.** If you owe tax, your software package is required to include a payment voucher when you print out a copy of your return. If you are paying your tax by check, you must complete and send this payment voucher with your check to ensure your payment is credited properly.
- **Verify that estimated tax payments were made.** Some software programs may insert the amount of estimated tax payments that *should* have been paid, not the amount of tax *actually* paid.