

2019 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

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What's New for 2019

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
- Paycheck Protection Program Flexibility Act (PPPFA) of 2020

These acts contain changes affecting estates and trusts for tax year 2019. Because Minnesota has not adopted these federal changes, adjustments are required to correctly determine your Minnesota taxable income. Use the updated instructions on pages 10 and 14-16 to calculate nonconformity adjustments relating to the TCDTR, FFCRA, CARES Act, and PPPFA.

If you amended your 2019 federal return and issued beneficiaries amended Schedules K-1 solely due to the TCDTR, FFCRA, CARES Act, or PPPFA, your Minnesota adjustment will offset the change to your federal taxable income. For these amended returns, write "TCDTR", "FFCRA", "CARES Act", and/or "PPPFA" (all that are applicable) in red at the top of the Minnesota Form M2X and the amended Schedules KF you issue to beneficiaries.

Federal Conformity

The tax bill signed into law on May 30, 2019 generally conforms Minnesota law to the Internal Revenue Code (IRC) for determining your 2019 taxable income.

Minnesota Modifications

The Minnesota legislature passed a number of new Minnesota modifications. The additions applicable to estates and trusts are:

- IRC section 199A qualified business income
- Foreign-derived intangible income (FDII) deduction
- Special deduction under IRC section 965

The subtractions applicable to estates and trusts are:

- Deferred foreign income (IRC section 965)
- Global intangible low-taxed income (GILTI)
- Disallowed IRC section 280E expenses of medical cannabis manufacturers

More information on these modifications can be found on pages 10 and 11.

Historic Structure Rehabilitation Tax Credit

The Minnesota Historic Structure Rehabilitation Tax Credit is payable in equal installments over five years, beginning in the year the building was placed into service. See instructions on page 6.

Filing Requirements

An estate or trust, regardless of whether it is considered a resident, must file Minnesota Form M2, *Income Tax Return for Estates and Trusts (Fiduciaries)* when it has \$600 or more of gross income allocable to Minnesota or 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 must file Form M2 and pay 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 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, which meets one of the following criteria:

1. The trust was created by a will of a decedent who at their death was a Minnesota resident
2. The trust is irrevocable, and at the time it 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:

1. A majority of the discretionary investment decisions are made in Minnesota
2. The majority of discretionary distribution decisions are made in Minnesota
3. The trust's official books and records are kept in Minnesota [M.S. 290.01, subd. 7b]

Questions?

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

Send us an e-mail at:

businessincome.tax@state.mn.us

Call us at 651-556-3075

This information is available in alternate formats.

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.

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** in the search box or call 651-282-5225 or 1-800-657-3605.

Relevant Minimum Connection of Resident Trusts. The Minnesota Supreme Court ruled in *Fielding v. Commissioner of Revenue*, 916 N.W.2d 323 (Minn. 2018) that a trust may be taxed as a resident if there is “(1) some ‘minimum connection’ between the state and the entity subject to tax, and (2) a ‘rational relationship’ between the income the state seeks to tax and the protections and benefits conferred by the state.”

The court set out “relevant connections” to be considered, which include Minnesota’s connections to:

- the trustee
- the trust’s assets
- the administration of the trust
- the trust in the tax year at issue

The resident trust statute is presumed to be constitutional. Complete and enclose with your return the questionnaire on page 13 if you meet the statutory definition of a resident trust, but believe you may not have sufficient minimum connections to Minnesota to be taxed as a resident trust

General Information

Due Date for Filing and Paying

The regular due date for filing Form M2 and paying the tax due is April 15, 2020. If the due date lands on a weekend or legal holiday, returns and payments electronically made or postmarked the next business day are considered timely. 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 is 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 to file your federal return, your state filing due date is extended to the federal due date.

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

Payments

There are four types of fiduciary income tax payments—extension payments, estimated tax payments, tax return payments, and amended return payments. **Note:** If you are currently paying electronically using the ACH credit method, continue to call your bank as usual. If you want 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 page 8).

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* below. If you administer 100 or more trusts or are required to make other payments electronically, you are required to pay all fiduciary income taxes electronically. [M.S. 289A.20, subd. 1c]

Estimated Payments

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

- an estimated tax of \$500 or more
- 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* below. If you’re paying by check, send a completed payment voucher with your payment. For additional information, see *Fiduciary Estimated Tax instructions*.

Continued

Payment Options

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

Pay Electronically For Free Using e-Services

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

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. You can pay by card through one of the following:

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

The department 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 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.

Tax Return Payment

If there is an amount due on line 20 of Form M2, you must make a tax return payment. If you're paying by check, 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, and you do not pay that balance, an additional 5 percent penalty will be assessed on the unpaid tax.

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.

Interest. You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2020 is 5 percent.

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.

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. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If you amended your 2019 federal return and issued beneficiaries amended Schedules K-1 solely due to the TCDTR, FFCRA, CARES Act, or PPPFA, your Minnesota adjustment will offset the change to your federal taxable income. For these amended returns, write "TCDTR", "FFCRA", "CARES Act", and/or "PPPFA" (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 pages 14-16.

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, 600 N. Robert St., St. Paul, MN 55145-5140

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 elect to be included. As a result, the electing beneficiary is not required to file Minnesota 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 for which they are electing composite filing.

Beneficiaries receiving distributions from an estate or trust reporting installment sale gains on line 6 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 a decedent's income tax return, property tax refund claim, the return of an estate, or the return of a terminating trust by filing Minnesota Form M22, *Request for Early Audit of Minnesota Income Tax Return*. The request reduces the time the department has to assess additional taxes from 3 1/2 years from the later of the date the return was due, or when it was filed, to 18 months after the request was received.

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

How to Assemble

Arrange your Minnesota schedules in the order they were completed and place them behind your Form M2. Schedules KF should be sorted with the largest share of Minnesota source income first. 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 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
600 N. Robert St.
St. Paul, MN 55145-1310


Minnesota Department of Revenue Fiduciary Income Tax Mail Station 1310 600 N. Robert St. St. Paul, Minnesota 55145-1310

Form M2 Instructions

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, enter the beginning and ending dates. Without the dates, your filing and payments may not be considered timely.

Minnesota Tax ID Number

Enter 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.

Initial return. If this is the fiduciary's first return filed in Minnesota.

Final return. If this is the fiduciary's 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.

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. If the trust is filing as a Qualified Subchapter S Trust.

Composite income tax. If you are paying composite income tax for your electing nonresident beneficiaries. See the line 13 instructions on page 5.

ESBT (Electing Small Business Trust). An ESBT is 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. The IRC 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. If the trust or estate is filing as a nonresident of Minnesota, refer to the definitions of a resident trust/estate on page 1 and the questionnaire on page 13 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. 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. If the decedent's estate or trust had a M706 estate tax return filed. Enter the gross value of the estate on the line provided.

Owns or Operates Business. 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. If the trust or estate:

- executed an installment sale, after December 31, 2016, of S corporation stock or partnership interests being reported on federal Form 6252,
- executed an installment sale, after December 31, 2016, of the assets of an S corporation or partnership being reported on federal Form 6252, or
- owns an interest in an S corporation, partnership, trust, or estate reporting installment sale gains on line 8 of Schedule KPI or KS, line 6 of Schedule 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 6 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF. Beneficiaries who are receiving Schedules KF with positive values on line 6 may not be included in a composite return.

Line Instructions

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)].

Form M2 Instructions (continued)

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,
- 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 2019 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 12.

Line 7— Income from Non-Minnesota Sources

Minnesota fiduciary income tax 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)]

Enter the total income from sources outside Minnesota to the extent the amounts are included in your federal taxable income. Do not include 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 14 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. 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 18 of Schedule M2MT on line 12 of Form M2. 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 33 from all Schedules KF), and enter the result on line 13 of Form M2.

Form M2 Instructions (continued)

Line 15 — Total Payments and Credits

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

- your total 2019 estimated tax payments made in 2019 and 2020, either paid electronically or by check,
- the portion of your 2018 refund applied to your 2019 estimated tax, and
- any 2019 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 2019 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, include a copy of the 1099, Schedule KPI, Schedule KS or other documentation showing the amount withheld. If the documentation is not included with your Form M2, the department will disallow the amount and assess the tax or reduce your refund.

Line 15c – Refundable Credits

An estate or trust may be eligible for the following refundable credits:

- Historic Structure Rehabilitation Credit [M.S. 290.0681]
- Enterprise Zone Credit [M.S. 269.171]
- Angel Investment Tax Credit [M.S. 116J.8737, subd. 4]

Include on line 15c any credits eligible outright by an estate or trust or received on Schedules KPI, KS, or KF as a partner, shareholder, or beneficiary of another entity.

Include on line 15c only the portion of the credit(s) being retained by the estate or trust. Any portion of the credit(s) being distributed to beneficiaries should be reported on the beneficiaries' Schedules KF.

If you are including an amount on line 15c, include a statement indicating which credit(s) the estate or trust is claiming. Include with your return filing any required forms, schedules, credit certificates, or documentation.

Historic Structure Rehabilitation Credit

You may be eligible for the refundable Minnesota Historic Structure Rehabilitation Credit if all of the following apply:

- You made qualified improvements to a certified historic structure in Minnesota.
- The improvements qualify for the federal Historic Rehabilitation Credit under Internal Revenue Code, section 47.
- You applied for certification to the Minnesota State Historic Preservation Office (SHPO) before starting the project.
- SHPO issued a credit certificate upon the project's completion.

For estates and trusts who receive a credit certificate from Minnesota SHPO, enter on line 15c:

- The credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO on or before December 31, 2017.
- One-fifth of the credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO after December 31, 2017.

For details about the Minnesota and federal credits, go to the SHPO website at mn.gov/admin/shpo.

Enterprise Zone Credit

You may be eligible for the refundable Enterprise Zone Credit if the estate or trust operated a business that has been approved by the Minnesota Department of Employment and Economic Development (DEED) as employment property in an enterprise zone.

If you received approval from DEED for the Enterprise Zone Credit, enter the credit amount on line 15c. Attach the certification document received from the DEED.

For more details about the zones, go to the DEED website at mn.gov/deed.

Angel Investment Tax Credit

You may be eligible for the refundable Angel Investment Tax Credit if you made investment in certain Minnesota businesses. The Minnesota Department of Employment and Economic Development (DEED) certifies investors, investment funds, and businesses as being eligible to participate in this credit program.

If you received the Angel Investment Tax Credit Certificate issued by DEED, enter the credit amount on line 15c.

For more information about credit eligibility, go to the DEED website at mn.gov/deed.

Lines 15d, 15e, and 15f – Nonrefundable Credits

An estate or trust may be eligible for the following nonrefundable credits:

- Credit for Owners of Agriculture Assets [M.S. 290.06, subd. 37]
- Credit for Taxes Paid to Another State [M.S. 290.06 subd. 22]
- Employer Transit Pass Credit [M.S. 290.06, subd. 28]

Form M2 Instructions (continued)

- SEED Capital Investment Credit [M.S. 290.06, subd. 35]
- Credit for Increasing Research Activities [M.S. 290.068]
- Alternative Minimum Tax Credit [M.S. 290.01, subd. 6]

The sum of lines 15d, 15e, and 15f may not exceed the tax amount on line 14. Determine the amount of nonrefundable credits you qualify for. Include any credits you are eligible for outright, or received on a Schedule KPI, KS, or KF as a partner, shareholder, or beneficiary of another trust or estate. Also include any credits you are carrying forward from a prior year.

If the total of the credits is less than the amount on line 14, report the full credits you qualify for. If the total is more than the tax on line 14, you may be eligible to carry a credit forward. Credits earned in the current year must be recognized before any credits earned in a prior year.

Include a statement showing which credit(s) you are claiming and the amount of each credit. You must include all required forms, schedules, certificates, and documentation or your credit may be denied.

Line 15d - Tax Credit for Owners of Agricultural Assets

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

If you have multiple credits, enter the certificate number the estate or trust 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. Include a statement showing the certificate numbers and corresponding credit amounts for all credits you included on line 15d. Subtotal all credit amounts on Line 15d.

You may carry any unused credit forward for up to 15 years.

Line 15e – Unused Credits for Owners of Agricultural Assets from a Prior Year

If you have a carryforward of one or more prior year Owners of Agricultural Assets Credits, enter the credit amount you are claiming for the current year and the relating certificate number from prior year(s).

If you can claim multiple carryforward credits in the current year, include a statement summarizing the credit amounts and relating certificate numbers from prior years. Enter the total carryforward amount for all credits you are claiming in the current year on line 15e.

Line 15f – Other Nonrefundable Credits

If you are claiming a nonrefundable credit other than the Credit for Owners of Agricultural Assets, report the credit on line 15f.

Credit for Taxes Paid to Another State

You may claim a nonrefundable credit on line 15f for taxes paid to another state if all of the following are true:

- You are filing as a Minnesota resident estate or trust.
- You paid 2019 income tax (including tax withheld) to Minnesota.
- You paid 2019 income tax (including tax withheld) to another state on the same income as Minnesota. For purposes of this credit, a Canadian province or territory and the District of Columbia are considered a state.

The credit cannot exceed the sum of the taxes shown on lines 10 and 11 of Form M2.

Use Schedule M1CR, *Credit for Income Tax Paid to Another State*, as a worksheet to determine the credit and enter the result on line 15f.

You may not carry forward any unused credit.

Employer Transit Pass Credit

You may be eligible for the nonrefundable Employer Transit Pass Credit if the estate or trust operated a business that purchases transit passes to sell or give to employees. The credit is equal to 30 percent of the difference between the price you paid for the pass and the price charged employees.

If you qualify, complete Schedule ETP, *Employer Transit Pass Credit*. Enter the credit amount on line 15f.

You may not carry forward any unused credit.

SEED Capital Investment Credit

You may be eligible for the SEED Capital Investment Credit if:

- The estate or trust invested in a qualified business in Breckenridge, Dilworth, East Grand Forks, Moorhead, or Ortonville.
- The business has been certified by the Minnesota Department of Employment and Economic Development (DEED) as qualifying for the SEED Capital Investment Program.

Enter the credit amount from the credit certificate you received from the DEED on line 15f.

You may carry any unused credit forward for up to four years.

Credit for Increasing Research Activities

An estate or trust may receive a Minnesota Credit for Increasing Research Activities as a partner of a partnership or shareholder of an S corporation that paid qualified research and development expenses in Minnesota.

Form M2 Instructions (continued)

Include on line 15f the credit amount you received on the:

- 2019 Schedule KS, line 17
- 2019 Schedule KPI, line 17
- 2019 Schedule KF, line 24

You may carry any unused credit forward for up to 15 years.

Alternative Minimum Tax Credit

You may be eligible for the Alternative Minimum Tax Credit if the estate or trust paid Minnesota alternative minimum tax in one or more taxable years from 1989 through 2018. If the estate or trust did not pay Minnesota alternative minimum tax, you do not qualify for the credit.

Use the Schedule M1MTC, *Alternative Minimum Tax Credit*, as a worksheet to determine if you qualify or have a credit carry over from a prior year of any unused portion of your minimum tax credit. Enter the credit calculated from Schedule M1MTC on line 15f.

Line 17 — Penalty

Penalties are collected as part of the tax and are in addition to any charge for underpaying estimated tax. If you are paying your tax after the regular due date, include the appropriate penalties on line 17. Include a statement showing how you arrived at the penalty amount.

Late Payment. If the tax is not paid by the original due date, a penalty is due of 6 percent of the unpaid tax on line 16.

Balance Not Paid. 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.

Late Filing. If you are filing your return after the extended due date, you must pay a late filing penalty. The late filing penalty is 5 percent of the unpaid tax on line 16.

Payment Method. If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if your paper check is sent on time.

If, during the 12 months ending June 30 of the tax year, you paid \$10,000 or more in estimated tax payments, you are required to make all future estimated tax payments electronically beginning January 1 of the following tax year. Once you meet the electronic payment threshold, you are required to pay electronically for all future periods.

You must also pay electronically if you're required to pay any Minnesota business tax electronically.

Line 18 — Interest

You must pay interest on the unpaid tax and penalty from the regular due date until the total is paid. The interest rate for calendar year 2020 is 5 percent. To figure how much interest you owe, use the following formula with the appropriate interest rate:

Interest = (tax + penalty) x # of days late x interest rate ÷ 365

Line 19 — Trusts Only

Skip this line if you are an estate.

Trusts: If you did not pay the correct amount of estimated tax by the due dates, you may have to pay an additional charge for underpaying or not paying estimated tax.

You may also owe an additional charge if the sum of the following is more than \$500:

- Line 14
- Less any credits on lines 15c, 15d, 15e, and 15f

Complete Schedule EST, *Additional Charge for Underpayment of Estimated Tax (for Trusts, Partnerships and S Corporations)*, to determine the additional charge for underpaying estimated tax, if any, to enter on line 19. Include Schedule EST with your return.

Line 20 — Amount Due

Add lines 16 through 19. This is the amount of tax you owe.

Check the appropriate box on line 20 to indicate your method of payment. See *Payment options* on page 2.

Line 21 — Overpayment

If you have an overpayment, you may choose to have it directly deposited into your bank account, apply all or a portion of your overpayment toward your 2020 estimated tax account, or receive a check.

Line 22 — 2020 Estimated Tax

Skip this line if you owe additional tax or you will be electing to have your entire refund directly deposited (see line 24).

If you are paying 2020 estimated tax, you may apply all or a portion of your refund to your 2020 estimated tax.

Enter the portion of line 21 you want to apply toward your 2020 estimated tax.

Form M2 Instructions (continued)

Line 23 — Minnesota Income Tax Refund

Subtract line 22 from line 21. The result is the amount of your 2019 Minnesota income tax refund that will be refunded to you.

If you want to request your refund to be direct deposited into your bank account, complete line 24. Your bank statement will indicate when your refund was deposited to your account. Otherwise, skip line 24 and your refund will be sent to you in the mail.

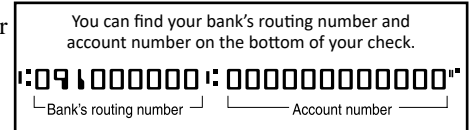
Line 24 — To Request Direct Deposit of Refund

If you want your refund to be directly deposited into your checking or savings account, enter the routing and account numbers.

The **routing number** must have nine digits. The **account number** may contain up to 17 digits (both numbers and letters). Enter the number and leave out any hyphens, spaces and symbols.

If the routing or account number is incorrect or is not accepted by your financial institution, your refund will be sent to you in the form of a paper check.

By completing line 24, you are authorizing the department and your financial institution to initiate electronic credit entries, and if necessary, debit entries and adjustments for any credits made in error.



Signature

The return must be signed by the fiduciary or authorized officer of the organization receiving, controlling or managing the income of the estate or trust. The person must also include his or her ID number.

If someone other than the fiduciary prepared the return, the preparer must also sign and provide their Preparer Tax Identification Number (PTIN) and phone number.

You may check the box in the signature area to give us your permission to discuss your return with the paid preparer. This authorization remains in effect for one year or until you notify the department in writing (either by mail or fax) that the authorization is revoked.

Checking the box does not give your preparer the authority to sign any tax documents on your behalf or to represent you at any audit or appeals conference. For these types of authorities, you must file REV184b, *Business Power of Attorney*, with the department.

E-mail Address

If the department has questions regarding your return and you want to receive correspondence electronically, indicate the e-mail address below your signature. Check a box to indicate if the e-mail address belongs to the fiduciary or paid preparer.

By providing an e-mail address, you are authorizing the department to correspond with you or the designated person via email and you understand that the entity's nonpublic tax data may be transmitted over the Internet.

You also accept the risk that the data may be accessed by someone other than the intended recipient. The department is not liable for any damages that the fiduciary may incur as a result of an interception.

Line 25 — State and Municipal Bond Interest

Enter the amount of interest or dividends received from bonds or a bond mutual fund which invests in non-Minnesota state or municipal securities.

For dividends received from a bond mutual fund, determine the amount to include using the following instructions:

- 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

Enter the amount of expenses deducted on your federal return that relate to income not taxed by Minnesota. [M.S. 290.0131, subd. 6]. If you had expenses attributable to interest or mutual fund dividends from U.S. bonds, see line 38.

Form M2 Instructions (continued)

Line 28 — Suspended Loss of Bonus Depreciation

If you're claiming a suspended loss from 2001-2005 or 2008-2018 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 2008-2018 not added back on Form M2
- 2 Total suspended loss from activity remaining after 2019
- 3 Subtract step 2 from step 1 (if a negative amount, enter zero)
- 4 Multiply step 3 by 80 percent (.80)
- 5 Total of the 80 percent 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) 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 on pages 14-16).

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)
- 3 Add steps 1 and 2
- 4 Multiply step 3 by 80% (.80)
- 5 Total of any 80% federal bonus depreciation addition you received 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 29

* If bonus depreciation included in step 1 or 2 generated a loss in an activity that cannot be deducted in 2019 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2019, up to the bonus depreciation claimed by the activity.

In a future year, you must include the bonus depreciation as an addition when the 2019 suspended loss is allowed. The bonus depreciation is treated as the last suspended loss allowed.

Line 30 — Section 199A Qualified Business Income (QBI)

Enter the amount of QBI you deducted from net income under Internal Revenue Code (IRC) section 199A for the taxable year. Include on line 30 only the portion of the QBI deduction being retained by the estate or trust. Allocate 100% of line 30 to the fiduciary on line 50 of Form M2. [M.S. 290.0131, subd. 16]

Line 32 — Net Operating Loss (NOL) Carryover Adjustment

Minnesota 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 2018, you must add back the federal NOL amount as a positive number on line 32.

Line 33 — Foreign-Derived Intangible Income (FDII) Deduction

Enter the amount of foreign-derived intangible income (FDII) you deducted from net income under IRC section 250 for the taxable year. [M.S. 290.0131, subd. 17]

Line 34 — Special Deduction under IRC Section 965

Enter the amount of any special deduction you deducted from net income under IRC section 965(c) for the taxable year. [M.S. 290.0131, subd. 18]

Line 38 — 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.

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 39 — 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]

Form M2 Instructions (continued)

Line 40 — Federal Bonus Depreciation Subtraction

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

- deducted bonus depreciation on your 2014 through 2018 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2014 through 2018 Form M2, or
- received a federal bonus depreciation subtraction in 2019 from another estate or trust.

To determine the amount, see *Worksheet for Line 40* below.

Worksheet for Line 40

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

1	Portion of lines 28 and 29 of your 2014 Form M2 allocated to fiduciary	1	_____
2	Net operating loss generated for tax year 2014 (line 25, Schedule A of 2014 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 2015 Form M2:

5	Portion of lines 28 and 29 of your 2015 Form M2 allocated to fiduciary	5	_____
6	Net operating loss generated for tax year 2015 (line 25, Schedule A of 2015 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 2016 Form M2:

9	Portion of lines 28 and 29 of your 2016 Form M2 allocated to fiduciary	9	_____
10	Net operating loss generated for tax year 2016 (line 25, Schedule A of 2016 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 2017 Form M2:

13	Portion of lines 28 and 29 of your 2017 Form M2 allocated to fiduciary	13	_____
14	Net operating loss generated for tax year 2017 (line 25, Schedule A of 2017 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 2018 Form M2:

17	Portion of lines 28 and 29 of your 2018 Form M2 allocated to fiduciary	17	_____
18	Net operating loss generated for tax year 2018 (line 25, Schedule A of 2018 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 2019 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 15 of Schedule KF)	21	_____
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Total subtraction

22	Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 40 of Form M2	22	_____
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Line 42 — 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 42.

Line 44 — 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 44, enter the amount you are carrying forward for 2019 for Minnesota purposes.

For complete information on how to determine line 44 and any amount to carry forward, go to our website at www.revenue.state.mn.us.

Line 45 — Deferred Foreign Income (IRC Section 965)

Enter the amount of deferred foreign income included in net income under IRC section 965 for the taxable year. [M.S. 290.0132, subd. 27]

Line 46 — Global Intangible Low-Taxed Income (GILTI)

Enter the amount of global intangible low-taxed income (GILTI) included in net income under IRC section 951A for the taxable year. [M.S. 290.0132, subd. 28]

Line 47 — Disallowed IRC Section 280E Expenses of Medical Cannabis

If you are a medical cannabis manufacturer registered with the Minnesota Department of Health, you may subtract expenses that were not allowed for federal tax purposes under IRC section 280Ee. Enter the disallowed IRC section 280E expenses on line 47. [M.S. 290.0132, subd. 29]

Allocation of Adjustments (Lines 49—51)

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 \$12,200 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 25-36 and 38–47 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 51, column C.

Column D

To obtain the proper percentage, divide each figure from column C on lines 49 and 50 by the total of column C on line 51. 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 51, 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. Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

Schedule KF

Schedule KF provides beneficiaries 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.

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 6 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF.

Resident Trust Questionnaire

The Minnesota Supreme Court ruled in *Fielding v. Commissioner of Revenue*, 916 N.W.2d 323 (Minn. 2018) that a trust may be taxed as a resident if there is “(1) some ‘minimum connection’ between the state and the entity subject to tax, and (2) a ‘rational relationship’ between the income the state seeks to tax and the protections and benefits conferred by the state.” The court set out “relevant connections” to be considered.

The below questionnaire may assist you in determining if the trust has sufficient “relevant connections” with Minnesota to be considered a resident trust. The questions listed below are examples of factors that may create sufficient “relevant connection” with Minnesota. The questions listed below identify factors which may by themselves or in combination establish a sufficient “relevant connection” with Minnesota.

Include a copy of the completed questionnaire as an attachment to your return.

1. Were one or more of the trustees residents (full-year or part-year) of Minnesota during the tax year? Yes No
 - a. If yes, enter the name and address of the trustees who were residents (full-year or part-year) of Minnesota

2. Were any of the trust’s other fiduciaries, protectors, advisors, administrators, or custodians residents (full-year or part-year) of Minnesota during the tax year? Yes No
 - a. If yes, enter the name and address of the fiduciaries, protectors, advisors, administrators, or custodians who were residents (full-year or part-year) of Minnesota

3. Were any of the trust’s tangible (real or personal) or intangible assets located, in whole or in part, in Minnesota during the tax year? Yes No
 - a. Describe the assets located in Minnesota and enter their dollar value

4. Did any part of the administration of the trust take place in Minnesota during the tax year? Yes No
“Administration of the trust” includes, but is not limited to, the following:
 - Investment of trust assets
 - Distribution of trust assets
 - Conducting trust business
 - Conducting litigation or administrative proceedings
 - Undertaking administrative services including, but not limited to, record-keeping and the preparation and filing of tax returns
 - Fiduciary functions including decisions regarding any of the above
 - a. Describe the trust administrative functions that took place in Minnesota

5. Are the laws of Minnesota specifically made applicable to the trust? Yes No
 - a. If yes, do the trust documents contain a choice of law provision designating Minnesota for that purpose? Yes No
 - b. If yes, was the trust formed under, or is its operation governed by, the laws of Minnesota? Yes No

6. Were any of the trust’s beneficiaries residents (full-year or part-year) of Minnesota during the tax year? Yes No
 - a. Enter the names and addresses of the beneficiaries who were residents, full-year or part-year, of Minnesota

 - b. Do the resident beneficiaries have some degree of possession, control or enjoyment of the trust property or a right to receive that property? Yes No

7. Were any of the trust’s settlors or grantors residents (full-year or part-year) of Minnesota during the tax year? Yes No
 - a. Enter the names and addresses of the settlors or grantors who were residents, full-year or part-year, of Minnesota

 - b. Do the resident settlors or grantors have some degree of possession or control of the trust property? Yes No

8. Was the trust created by a will of a decedent who at death resided in Minnesota? Yes No
 - a. If yes, was the trust probated in Minnesota’s courts? Yes No
 - b. If yes, did Minnesota’s courts have a continuing supervisory or other existing relationship with the trust in the tax year? Yes No

Federal Adjustments for Estates and Trusts for Tax Year 2019

Under current law, definitions used in determining Minnesota taxable income are based on the Internal Revenue Code (IRC), as amended through December 31, 2018 (2018 IRC). 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
- Paycheck Protection Program Flexibility Act (PPPPA) of 2020

These acts contain changes affecting estates and trusts for tax year 2019. Because Minnesota has not adopted these federal changes, adjustments are required to correctly determine your Minnesota taxable income. Use the following instructions to calculate nonconformity adjustments relating to the TCDTR, FFCRA, CARES Act, and PPPFA.

How to Report the Federal Adjustments

If any of the federal provisions that are included in the TCDTR, FFCRA, CARES Act, and PPPFA affect the amount of taxable income reported on your 2019 federal Form 1041, U.S. Income Tax Return for Estates and Trusts, you must make an adjustment to income on your 2019 Minnesota return. To determine the adjustment amount, compute your federal taxable income based on 2018 IRC. Report the difference between this amount and the amount allowed on your federal return as an adjustment to income.

Certain CARES Act provisions and information must be reported on the following lines:

- Form M2, line 35 or Form M2SB, line 22 – Modifications of excess business loss limitation
- Form M2, line 35 or Form M2SB, line 22 – Modifications of net operating loss (NOL) deduction
- Form M2, line 36 or Form M2SB, line 23 – Business interest expense limitation
- Schedule KF, line 10 – IRC Section 461 net nonbusiness income/loss
- Schedule KF, line 11 – Business interest expense limitation

Subtotal all remaining nonconformity adjustments (positive and negative) calculated from the provisions listed below. If the net of all adjustments results in an increase of your federal taxable income (FTI), enter the net adjustment as a positive number on line 31 of Form M2. If the net of all adjustments results in a reduction of your FTI, enter the net adjustment as a positive number on line 41 of Form M2. For purposes of calculating the adjustments, use any federal regulation or ruling issued by the Internal Revenue Service prior to the passage of the TCDTR, FFCRA, CARES Act, and PPPFA which governs the referenced provisions.

To report the differences for Minnesota tax purposes, you must attach to your Form M2 a list of the federal provisions affecting your taxable income by act and section number and show how you calculated each adjustment amount.

If you amended your 2019 federal return and issued beneficiaries amended Schedules K-1 solely due to the TCDTR, FFCRA, CARES Act, or PPPFA, your Minnesota adjustment will offset the change to your federal taxable income. For these amended returns, write “TCDTR”, “FFCRA”, “CARES Act”, and/or “PPPPA” (all that are applicable) in red at the top of the Minnesota Form M2X and the amended Schedules KF you issue to beneficiaries.

Provisions That May Require an Income Adjustment

The following provisions may require an income adjustment for Minnesota tax purposes. This list includes the most common adjustments; you must make adjustments as described above for all provisions included in the TCDTR, FFCRA, CARES Act, and PPPFA.

TCDTR Sections

Section 111. Indian Employment Credit

If you were not allowed to deduct expenses due to the Indian Employment Credit on your federal return, include the amount of the disallowed expenses as a negative number.

Section 112. Railroad Track Maintenance Credit

No nonconformity adjustment is needed because Minnesota requires a subtraction on line 43 of the Minnesota Form M2.

Section 113. Mine Rescue Team Training Credit

If you were not allowed to deduct expenses due to the Mine Rescue Team Training Credit on your federal return, include the amount of the disallowed expenses as a negative number.

Section 114. Classification of Certain Race Horses as 3-Year Property

If you own race horses and you claimed a 3-year recovery period on your federal return, calculate the difference between the 3-year recovery period and the recovery period you would have been allowed under 2018 IRC. If your recovery period reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your recovery period reported on your federal return is less than the recalculated amount, include the difference as a negative number.

Section 115. 7-Year Recovery Period for Motorsports Entertainment Complexes

If you have a motorsports entertainment complex and you claimed a 7-year recovery period on your federal return, calculate the difference between the 7-year recovery period and the recovery period you would have been allowed under 2018 IRC. If your recovery period reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your recovery period reported on your federal return is less than the recalculated amount, include the difference as a negative number.

Section 116. Accelerated Depreciation for Business Property on Indian Reservations

If you have qualified Indian reservation property and claimed accelerated depreciation, calculate the depreciation you would have been allowed under 2018 IRC. If your depreciation reported on your federal return is greater than the recalculated amount, include the difference as a positive number. If your depreciation reported on your federal return is less than the recalculated amount, include the difference as a negative number.

Section 117. Expensing Rules for Certain Productions

If you were allowed to deduct instead of capitalize expenditures related to a qualified film, television, and theatrical productions on your federal return, subtract the capital expenditures allowed under 2018 IRC from the amount deducted on your federal return, and include that difference as a positive number.

Section 118. Empowerment Zone Tax Incentives

If you had a tax change relating to an empowerment zone that impacted your FTI on your federal return, reverse the tax impacts to your FTI.

Section 122. Second Generation Biofuel Producer Credit

If you claimed the Second Generation Biofuel Producer Credit on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

Section 124. Qualified Fuel Cell Motor Vehicles

If you claimed the credit for Qualified Fuel Cell Motor Vehicles on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

Section 125. Alternative Fuel Refueling Property Credit

If you claimed the Alternative Fuel Refueling Property Credit on your federal return, adjust the property's basis without regard to the basis reduction required under **current federal law**. Include any adjustments to FTI as a result of this Minnesota change in basis.

Section 126. 2-Wheeled Plug-in Electric Vehicle Credit

If you claimed the 2-Wheeled Plug-In Electric Vehicle Credit on your federal return, adjust the vehicle's basis without regard to the basis reduction required under **current federal law**. Include any adjustments to FTI as a result of this Minnesota change in basis.

Section 129. Energy Efficient Homes Credit

If you claimed the Energy Efficient Homes Credit on your federal return, adjust the property's basis without regard to the basis reduction required under **current federal law**. Include any adjustments to FTI as a result of this Minnesota change in basis.

Section 130. Special Allowance for Second Generation Biofuel Plant Property

If you were allowed to deduct the additional first-year 50-percent bonus depreciation for cellulosic biofuel facilities on your federal return, include the additional depreciation as a positive number.

Section 131. Energy Efficient Commercial Buildings Deduction

If you claimed an energy efficient commercial buildings deduction on your federal return that impacted your FTI, reverse the tax impacts to your FTI.

Section 132. Special Rule for Sales or Dispositions to Implement FERC or State Electric Restructuring Policy for Qualified Electric Utilities

If you elected to recognize gain from qualifying electric transmission transactions ratably over an eight-year period on your federal return, include the amount of the deferred gain as a positive number.

Section 203. Employee Retention Credit for Employers Affected by Qualified Disasters

If you were not allowed to deduct wages due to claiming the Employee Retention Credit on your federal return, include the amount of the disallowed wages as a negative number.

FFCRA Sections**Section 7001. Employer Credit for Paid Medical Leave**

If you were not allowed to deduct wages due to claiming the Employer Credit for Paid Medical Leave on your federal return, include the amount of the disallowed wages as a negative number.

Section 7003. Employer Payroll Credit for Required Paid Family Leave

If you were not allowed to deduct wages due to claiming the Employer Payroll Credit for Required Paid Family Leave on your federal return, include the amount of the disallowed wages as a negative number.

CARES Act Sections**Section 1106. Paycheck Protection Program**

If you claimed Paycheck Protection Program loan forgiveness on your federal return, take the amount that was excluded from gross income for federal purposes and subtract the amount that would have been deductible as a business expense if you had not claimed the loan forgiveness treatment. Include the amount as a positive number.

Incorporate the modifications included in the PPPFA in the above described adjustments made as a result of Section 1106 of the CARES Act.

Section 2206. Exclusion for Employer Payments of Student Loans

If you were not allowed to deduct business expenses as a result of this provision on your federal return, include the amount of the disallowed employee student loan payments as a negative number.

Section 2301. Refundable Credit for Employer Equal to 50% COVID Wages

If you were not allowed to deduct wages due to claiming the refundable payroll tax credit on your federal return, include the amount of the disallowed wages as a negative number.

Section 2303. Allowance of Retroactive NOL Carrybacks and Suspension of 80% Limit

If you carried back NOLs and/or fully offset your income using the NOLs, determine the difference to what was allowed prior to the CARES Act. Include the result as a positive number on line 35 of Form M2. Report only the portion being retained by the estate or trust. Allocate 100% of this adjustment to the fiduciary on line 50 of Form M2.

Section 2304. Modification of Excess Loss Limitation

Calculate the amount of losses taken on your federal return that exceeds \$250,000 for individuals and \$500,000 for those married filing jointly. Include the result, as a positive number, on line 35 of Form M2. Report only the portion being retained by the estate or trust. Allocate 100% of this adjustment to the fiduciary on line 50 of Form M2.

Section. 2304. Excess Business Losses (IRC Section 461 Net Nonbusiness Income/Loss)

In order for your beneficiary to calculate their excess business loss limitation for Minnesota purposes, provide your beneficiary the total non-business income and nonbusiness loss amounts as it relates to IRC Section 461. Net the total nonbusiness income against the nonbusiness loss and include the result on line 10 of Schedule KF.

Section 2306. Modification of Business Interest Limitation

If your business interest expense deduction exceeds the sum of 30% of your adjusted taxable income, your business interest income, and your floor plan financing interest, determine the difference between your federal deduction and the deduction allowable using 30% of your adjusted taxable income. Include the result as a positive number on line 36 of Form M2.

Section 2307. Qualified Improvement Property Technical Fix

If you claimed federal bonus depreciation on qualified leasehold improvement property, qualified restaurant property, or qualified retail improvement property, determine the difference between the federal bonus depreciation you claimed on this property and the cost recovery deduction or expensing method you would have been able to claim prior to the CARES Act, this may include a Minnesota modification for section 179 expensing. Include the result as a positive number.

If you filed an amended federal return increasing your federal bonus depreciation as a result of this provision of the CARES Act, do not adjust your Minnesota addition for bonus depreciation on line 29 of Form M2

If you claimed bonus depreciation on this property on your 2018 return and made a nonconformity adjustment on your 2018 return to add back the amount not allowed for Minnesota purposes, you may calculate the depreciation you would have been able to claim prior to the CARES Act for 2019. Include this amount as a negative number.

2019 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	1,042
20	100	3	6,500	6,600	350	13,000	13,100	698	19,500	19,600	1,048
100	200	8	6,600	6,700	356	13,100	13,200	704	19,600	19,700	1,055
200	300	13	6,700	6,800	361	13,200	13,300	709	19,700	19,800	1,062
300	400	19	6,800	6,900	366	13,300	13,400	714	19,800	19,900	1,069
400	500	24	6,900	7,000	372	13,400	13,500	720	19,900	20,000	1,076
500	600	29	7,000	7,100	377	13,500	13,600	725	20,000	20,100	1,082
600	700	35	7,100	7,200	383	13,600	13,700	730	20,100	20,200	1,089
700	800	40	7,200	7,300	388	13,700	13,800	736	20,200	20,300	1,096
800	900	45	7,300	7,400	393	13,800	13,900	741	20,300	20,400	1,103
900	1,000	51	7,400	7,500	399	13,900	14,000	746	20,400	20,500	1,110
1,000	1,100	56	7,500	7,600	404	14,000	14,100	752	20,500	20,600	1,116
1,100	1,200	62	7,600	7,700	409	14,100	14,200	757	20,600	20,700	1,123
1,200	1,300	67	7,700	7,800	415	14,200	14,300	762	20,700	20,800	1,130
1,300	1,400	72	7,800	7,900	420	14,300	14,400	768	20,800	20,900	1,137
1,400	1,500	78	7,900	8,000	425	14,400	14,500	773	20,900	21,000	1,144
1,500	1,600	83	8,000	8,100	431	14,500	14,600	778	21,000	21,100	1,150
1,600	1,700	88	8,100	8,200	436	14,600	14,700	784	21,100	21,200	1,157
1,700	1,800	94	8,200	8,300	441	14,700	14,800	789	21,200	21,300	1,164
1,800	1,900	99	8,300	8,400	447	14,800	14,900	794	21,300	21,400	1,171
1,900	2,000	104	8,400	8,500	452	14,900	15,000	800	21,400	21,500	1,178
2,000	2,100	110	8,500	8,600	457	15,000	15,100	805	21,500	21,600	1,184
2,100	2,200	115	8,600	8,700	463	15,100	15,200	811	21,600	21,700	1,191
2,200	2,300	120	8,700	8,800	468	15,200	15,300	816	21,700	21,800	1,198
2,300	2,400	126	8,800	8,900	473	15,300	15,400	821	21,800	21,900	1,205
2,400	2,500	131	8,900	9,000	479	15,400	15,500	827	21,900	22,000	1,212
2,500	2,600	136	9,000	9,100	484	15,500	15,600	832	22,000	22,100	1,218
2,600	2,700	142	9,100	9,200	490	15,600	15,700	837	22,100	22,200	1,225
2,700	2,800	147	9,200	9,300	495	15,700	15,800	843	22,200	22,300	1,232
2,800	2,900	152	9,300	9,400	500	15,800	15,900	848	22,300	22,400	1,239
2,900	3,000	158	9,400	9,500	506	15,900	16,000	853	22,400	22,500	1,246
3,000	3,100	163	9,500	9,600	511	16,000	16,100	859	22,500	22,600	1,252
3,100	3,200	169	9,600	9,700	516	16,100	16,200	864	22,600	22,700	1,259
3,200	3,300	174	9,700	9,800	522	16,200	16,300	869	22,700	22,800	1,266
3,300	3,400	179	9,800	9,900	527	16,300	16,400	875	22,800	22,900	1,273
3,400	3,500	185	9,900	10,000	532	16,400	16,500	880	22,900	23,000	1,280
3,500	3,600	190	10,000	10,100	538	16,500	16,600	885	23,000	23,100	1,286
3,600	3,700	195	10,100	10,200	543	16,600	16,700	891	23,100	23,200	1,293
3,700	3,800	201	10,200	10,300	548	16,700	16,800	896	23,200	23,300	1,300
3,800	3,900	206	10,300	10,400	554	16,800	16,900	901	23,300	23,400	1,307
3,900	4,000	211	10,400	10,500	559	16,900	17,000	907	23,400	23,500	1,314
4,000	4,100	217	10,500	10,600	564	17,000	17,100	912	23,500	23,600	1,320
4,100	4,200	222	10,600	10,700	570	17,100	17,200	918	23,600	23,700	1,327
4,200	4,300	227	10,700	10,800	575	17,200	17,300	923	23,700	23,800	1,334
4,300	4,400	233	10,800	10,900	580	17,300	17,400	928	23,800	23,900	1,341
4,400	4,500	238	10,900	11,000	586	17,400	17,500	934	23,900	24,000	1,348
4,500	4,600	243	11,000	11,100	591	17,500	17,600	939	24,000	24,100	1,354
4,600	4,700	249	11,100	11,200	597	17,600	17,700	944	24,100	24,200	1,361
4,700	4,800	254	11,200	11,300	602	17,700	17,800	950	24,200	24,300	1,368
4,800	4,900	259	11,300	11,400	607	17,800	17,900	955	24,300	24,400	1,375
4,900	5,000	265	11,400	11,500	613	17,900	18,000	960	24,400	24,500	1,382
5,000	5,100	270	11,500	11,600	618	18,000	18,100	966	24,500	24,600	1,388
5,100	5,200	276	11,600	11,700	623	18,100	18,200	971	24,600	24,700	1,395
5,200	5,300	281	11,700	11,800	629	18,200	18,300	976	24,700	24,800	1,402
5,300	5,400	286	11,800	11,900	634	18,300	18,400	982	24,800	24,900	1,409
5,400	5,500	292	11,900	12,000	639	18,400	18,500	987	24,900	25,000	1,416
5,500	5,600	297	12,000	12,100	645	18,500	18,600	992	25,000	25,100	1,422
5,600	5,700	302	12,100	12,200	650	18,600	18,700	998	25,100	25,200	1,429
5,700	5,800	308	12,200	12,300	655	18,700	18,800	1,003	25,200	25,300	1,436
5,800	5,900	313	12,300	12,400	661	18,800	18,900	1,008	25,300	25,400	1,443
5,900	6,000	318	12,400	12,500	666	18,900	19,000	1,014	25,400	25,500	1,450
6,000	6,100	324	12,500	12,600	671	19,000	19,100	1,019	25,500	25,600	1,456
6,100	6,200	329	12,600	12,700	677	19,100	19,200	1,025	25,600	25,700	1,463
6,200	6,300	334	12,700	12,800	682	19,200	19,300	1,030	25,700	25,800	1,470
6,300	6,400	340	12,800	12,900	687	19,300	19,400	1,035	25,800	25,900	1,477

2019 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	1,484	32,400	32,500	1,926	38,900	39,000	2,368	45,400	45,500	2,810
26,000	26,100	1,490	32,500	32,600	1,932	39,000	39,100	2,374	45,500	45,600	2,816
26,100	26,200	1,497	32,600	32,700	1,939	39,100	39,200	2,381	45,600	45,700	2,823
26,200	26,300	1,504	32,700	32,800	1,946	39,200	39,300	2,388	45,700	45,800	2,830
26,300	26,400	1,511	32,800	32,900	1,953	39,300	39,400	2,395	45,800	45,900	2,837
26,400	26,500	1,518	32,900	33,000	1,960	39,400	39,500	2,402	45,900	46,000	2,844
26,500	26,600	1,524	33,000	33,100	1,966	39,500	39,600	2,408	46,000	46,100	2,850
26,600	26,700	1,531	33,100	33,200	1,973	39,600	39,700	2,415	46,100	46,200	2,857
26,700	26,800	1,538	33,200	33,300	1,980	39,700	39,800	2,422	46,200	46,300	2,864
26,800	26,900	1,545	33,300	33,400	1,987	39,800	39,900	2,429	46,300	46,400	2,871
26,900	27,000	1,552	33,400	33,500	1,994	39,900	40,000	2,436	46,400	46,500	2,878
27,000	27,100	1,558	33,500	33,600	2,000	40,000	40,100	2,442	46,500	46,600	2,884
27,100	27,200	1,565	33,600	33,700	2,007	40,100	40,200	2,449	46,600	46,700	2,891
27,200	27,300	1,572	33,700	33,800	2,014	40,200	40,300	2,456	46,700	46,800	2,898
27,300	27,400	1,579	33,800	33,900	2,021	40,300	40,400	2,463	46,800	46,900	2,905
27,400	27,500	1,586	33,900	34,000	2,028	40,400	40,500	2,470	46,900	47,000	2,912
27,500	27,600	1,592	34,000	34,100	2,034	40,500	40,600	2,476	47,000	47,100	2,918
27,600	27,700	1,599	34,100	34,200	2,041	40,600	40,700	2,483	47,100	47,200	2,925
27,700	27,800	1,606	34,200	34,300	2,048	40,700	40,800	2,490	47,200	47,300	2,932
27,800	27,900	1,613	34,300	34,400	2,055	40,800	40,900	2,497	47,300	47,400	2,939
27,900	28,000	1,620	34,400	34,500	2,062	40,900	41,000	2,504	47,400	47,500	2,946
28,000	28,100	1,626	34,500	34,600	2,068	41,000	41,100	2,510	47,500	47,600	2,952
28,100	28,200	1,633	34,600	34,700	2,075	41,100	41,200	2,517	47,600	47,700	2,959
28,200	28,300	1,640	34,700	34,800	2,082	41,200	41,300	2,524	47,700	47,800	2,966
28,300	28,400	1,647	34,800	34,900	2,089	41,300	41,400	2,531	47,800	47,900	2,973
28,400	28,500	1,654	34,900	35,000	2,096	41,400	41,500	2,538	47,900	48,000	2,980
28,500	28,600	1,660	35,000	35,100	2,102	41,500	41,600	2,544	48,000	48,100	2,986
28,600	28,700	1,667	35,100	35,200	2,109	41,600	41,700	2,551	48,100	48,200	2,993
28,700	28,800	1,674	35,200	35,300	2,116	41,700	41,800	2,558	48,200	48,300	3,000
28,800	28,900	1,681	35,300	35,400	2,123	41,800	41,900	2,565	48,300	48,400	3,007
28,900	29,000	1,688	35,400	35,500	2,130	41,900	42,000	2,572	48,400	48,500	3,014
29,000	29,100	1,694	35,500	35,600	2,136	42,000	42,100	2,578	48,500	48,600	3,020
29,100	29,200	1,701	35,600	35,700	2,143	42,100	42,200	2,585	48,600	48,700	3,027
29,200	29,300	1,708	35,700	35,800	2,150	42,200	42,300	2,592	48,700	48,800	3,034
29,300	29,400	1,715	35,800	35,900	2,157	42,300	42,400	2,599	48,800	48,900	3,041
29,400	29,500	1,722	35,900	36,000	2,164	42,400	42,500	2,606	48,900	49,000	3,048
29,500	29,600	1,728	36,000	36,100	2,170	42,500	42,600	2,612	49,000	49,100	3,054
29,600	29,700	1,735	36,100	36,200	2,177	42,600	42,700	2,619	49,100	49,200	3,061
29,700	29,800	1,742	36,200	36,300	2,184	42,700	42,800	2,626	49,200	49,300	3,068
29,800	29,900	1,749	36,300	36,400	2,191	42,800	42,900	2,633	49,300	49,400	3,075
29,900	30,000	1,756	36,400	36,500	2,198	42,900	43,000	2,640	49,400	49,500	3,082
30,000	30,100	1,762	36,500	36,600	2,204	43,000	43,100	2,646	49,500	49,600	3,088
30,100	30,200	1,769	36,600	36,700	2,211	43,100	43,200	2,653	49,600	49,700	3,095
30,200	30,300	1,776	36,700	36,800	2,218	43,200	43,300	2,660	49,700	49,800	3,102
30,300	30,400	1,783	36,800	36,900	2,225	43,300	43,400	2,667	49,800	49,900	3,109
30,400	30,500	1,790	36,900	37,000	2,232	43,400	43,500	2,674	49,900	50,000	3,116
30,500	30,600	1,796	37,000	37,100	2,238	43,500	43,600	2,680	50,000	50,100	3,122
30,600	30,700	1,803	37,100	37,200	2,245	43,600	43,700	2,687	50,100	50,200	3,129
30,700	30,800	1,810	37,200	37,300	2,252	43,700	43,800	2,694	50,200	50,300	3,136
30,800	30,900	1,817	37,300	37,400	2,259	43,800	43,900	2,701	50,300	50,400	3,143
30,900	31,000	1,824	37,400	37,500	2,266	43,900	44,000	2,708	50,400	50,500	3,150
31,000	31,100	1,830	37,500	37,600	2,272	44,000	44,100	2,714	50,500	50,600	3,156
31,100	31,200	1,837	37,600	37,700	2,279	44,100	44,200	2,721	50,600	50,700	3,163
31,200	31,300	1,844	37,700	37,800	2,286	44,200	44,300	2,728	50,700	50,800	3,170
31,300	31,400	1,851	37,800	37,900	2,293	44,300	44,400	2,735	50,800	50,900	3,177
31,400	31,500	1,858	37,900	38,000	2,300	44,400	44,500	2,742	50,900	51,000	3,184
31,500	31,600	1,864	38,000	38,100	2,306	44,500	44,600	2,748	51,000	51,100	3,190
31,600	31,700	1,871	38,100	38,200	2,313	44,600	44,700	2,755	51,100	51,200	3,197
31,700	31,800	1,878	38,200	38,300	2,320	44,700	44,800	2,762	51,200	51,300	3,204
31,800	31,900	1,885	38,300	38,400	2,327	44,800	44,900	2,769	51,300	51,400	3,211
31,900	32,000	1,892	38,400	38,500	2,334	44,900	45,000	2,776	51,400	51,500	3,218
32,000	32,100	1,898	38,500	38,600	2,340	45,000	45,100	2,782	51,500	51,600	3,224
32,100	32,200	1,905	38,600	38,700	2,347	45,100	45,200	2,789	51,600	51,700	3,231
32,200	32,300	1,912	38,700	38,800	2,354	45,200	45,300	2,796	51,700	51,800	3,238
32,300	32,400	1,919	38,800	38,900	2,361	45,300	45,400	2,803	51,800	51,900	3,245

2019 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	3,252	58,400	58,500	3,694	64,900	65,000	4,136	71,400	71,500	4,578
52,000	52,100	3,258	58,500	58,600	3,700	65,000	65,100	4,142	71,500	71,600	4,584
52,100	52,200	3,265	58,600	58,700	3,707	65,100	65,200	4,149	71,600	71,700	4,591
52,200	52,300	3,272	58,700	58,800	3,714	65,200	65,300	4,156	71,700	71,800	4,598
52,300	52,400	3,279	58,800	58,900	3,721	65,300	65,400	4,163	71,800	71,900	4,605
52,400	52,500	3,286	58,900	59,000	3,728	65,400	65,500	4,170	71,900	72,000	4,612
52,500	52,600	3,292	59,000	59,100	3,734	65,500	65,600	4,176	72,000	72,100	4,618
52,600	52,700	3,299	59,100	59,200	3,741	65,600	65,700	4,183	72,100	72,200	4,625
52,700	52,800	3,306	59,200	59,300	3,748	65,700	65,800	4,190	72,200	72,300	4,632
52,800	52,900	3,313	59,300	59,400	3,755	65,800	65,900	4,197	72,300	72,400	4,639
52,900	53,000	3,320	59,400	59,500	3,762	65,900	66,000	4,204	72,400	72,500	4,646
53,000	53,100	3,326	59,500	59,600	3,768	66,000	66,100	4,210	72,500	72,600	4,652
53,100	53,200	3,333	59,600	59,700	3,775	66,100	66,200	4,217	72,600	72,700	4,659
53,200	53,300	3,340	59,700	59,800	3,782	66,200	66,300	4,224	72,700	72,800	4,666
53,300	53,400	3,347	59,800	59,900	3,789	66,300	66,400	4,231	72,800	72,900	4,673
53,400	53,500	3,354	59,900	60,000	3,796	66,400	66,500	4,238	72,900	73,000	4,680
53,500	53,600	3,360	60,000	60,100	3,802	66,500	66,600	4,244	73,000	73,100	4,686
53,600	53,700	3,367	60,100	60,200	3,809	66,600	66,700	4,251	73,100	73,200	4,693
53,700	53,800	3,374	60,200	60,300	3,816	66,700	66,800	4,258	73,200	73,300	4,700
53,800	53,900	3,381	60,300	60,400	3,823	66,800	66,900	4,265	73,300	73,400	4,707
53,900	54,000	3,388	60,400	60,500	3,830	66,900	67,000	4,272	73,400	73,500	4,714
54,000	54,100	3,394	60,500	60,600	3,836	67,000	67,100	4,278	73,500	73,600	4,720
54,100	54,200	3,401	60,600	60,700	3,843	67,100	67,200	4,285	73,600	73,700	4,727
54,200	54,300	3,408	60,700	60,800	3,850	67,200	67,300	4,292	73,700	73,800	4,734
54,300	54,400	3,415	60,800	60,900	3,857	67,300	67,400	4,299	73,800	73,900	4,741
54,400	54,500	3,422	60,900	61,000	3,864	67,400	67,500	4,306	73,900	74,000	4,748
54,500	54,600	3,428	61,000	61,100	3,870	67,500	67,600	4,312	74,000	74,100	4,754
54,600	54,700	3,435	61,100	61,200	3,877	67,600	67,700	4,319	74,100	74,200	4,761
54,700	54,800	3,442	61,200	61,300	3,884	67,700	67,800	4,326	74,200	74,300	4,768
54,800	54,900	3,449	61,300	61,400	3,891	67,800	67,900	4,333	74,300	74,400	4,775
54,900	55,000	3,456	61,400	61,500	3,898	67,900	68,000	4,340	74,400	74,500	4,782
55,000	55,100	3,462	61,500	61,600	3,904	68,000	68,100	4,346	74,500	74,600	4,788
55,100	55,200	3,469	61,600	61,700	3,911	68,100	68,200	4,353	74,600	74,700	4,795
55,200	55,300	3,476	61,700	61,800	3,918	68,200	68,300	4,360	74,700	74,800	4,802
55,300	55,400	3,483	61,800	61,900	3,925	68,300	68,400	4,367	74,800	74,900	4,809
55,400	55,500	3,490	61,900	62,000	3,932	68,400	68,500	4,374	74,900	75,000	4,816
55,500	55,600	3,496	62,000	62,100	3,938	68,500	68,600	4,380	75,000	75,100	4,822
55,600	55,700	3,503	62,100	62,200	3,945	68,600	68,700	4,387	75,100	75,200	4,829
55,700	55,800	3,510	62,200	62,300	3,952	68,700	68,800	4,394	75,200	75,300	4,836
55,800	55,900	3,517	62,300	62,400	3,959	68,800	68,900	4,401	75,300	75,400	4,843
55,900	56,000	3,524	62,400	62,500	3,966	68,900	69,000	4,408	75,400	75,500	4,850
56,000	56,100	3,530	62,500	62,600	3,972	69,000	69,100	4,414	75,500	75,600	4,856
56,100	56,200	3,537	62,600	62,700	3,979	69,100	69,200	4,421	75,600	75,700	4,863
56,200	56,300	3,544	62,700	62,800	3,986	69,200	69,300	4,428	75,700	75,800	4,870
56,300	56,400	3,551	62,800	62,900	3,993	69,300	69,400	4,435	75,800	75,900	4,877
56,400	56,500	3,558	62,900	63,000	4,000	69,400	69,500	4,442	75,900	76,000	4,884
56,500	56,600	3,564	63,000	63,100	4,006	69,500	69,600	4,448	76,000	76,100	4,890
56,600	56,700	3,571	63,100	63,200	4,013	69,600	69,700	4,455	76,100	76,200	4,897
56,700	56,800	3,578	63,200	63,300	4,020	69,700	69,800	4,462	76,200	76,300	4,904
56,800	56,900	3,585	63,300	63,400	4,027	69,800	69,900	4,469	76,300	76,400	4,911
56,900	57,000	3,592	63,400	63,500	4,034	69,900	70,000	4,476	76,400	76,500	4,918
57,000	57,100	3,598	63,500	63,600	4,040	70,000	70,100	4,482	76,500	76,600	4,924
57,100	57,200	3,605	63,600	63,700	4,047	70,100	70,200	4,489	76,600	76,700	4,931
57,200	57,300	3,612	63,700	63,800	4,054	70,200	70,300	4,496	76,700	76,800	4,938
57,300	57,400	3,619	63,800	63,900	4,061	70,300	70,400	4,503	76,800	76,900	4,945
57,400	57,500	3,626	63,900	64,000	4,068	70,400	70,500	4,510	76,900	77,000	4,952
57,500	57,600	3,632	64,000	64,100	4,074	70,500	70,600	4,516	77,000	77,100	4,959
57,600	57,700	3,639	64,100	64,200	4,081	70,600	70,700	4,523	77,100	77,200	4,967
57,700	57,800	3,646	64,200	64,300	4,088	70,700	70,800	4,530	77,200	77,300	4,974
57,800	57,900	3,653	64,300	64,400	4,095	70,800	70,900	4,537	77,300	77,400	4,982
57,900	58,000	3,660	64,400	64,500	4,102	70,900	71,000	4,544	77,400	77,500	4,990
58,000	58,100	3,666	64,500	64,600	4,108	71,000	71,100	4,550	77,500	77,600	4,998
58,100	58,200	3,673	64,600	64,700	4,115	71,100	71,200	4,557	77,600	77,700	5,006
58,200	58,300	3,680	64,700	64,800	4,122	71,200	71,300	4,564	77,700	77,800	5,014
58,300	58,400	3,687	64,800	64,900	4,129	71,300	71,400	4,571	77,800	77,900	5,022

2019 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	5,029	80,900	81,000	5,265	83,900	84,000	5,500	86,900	87,000	5,736
78,000	78,100	5,037	81,000	81,100	5,273	84,000	84,100	5,508	87,000	87,100	5,744
78,100	78,200	5,045	81,100	81,200	5,281	84,100	84,200	5,516	87,100	87,200	5,752
78,200	78,300	5,053	81,200	81,300	5,288	84,200	84,300	5,524	87,200	87,300	5,759
78,300	78,400	5,061	81,300	81,400	5,296	84,300	84,400	5,532	87,300	87,400	5,767
78,400	78,500	5,069	81,400	81,500	5,304	84,400	84,500	5,540	87,400	87,500	5,775
78,500	78,600	5,076	81,500	81,600	5,312	84,500	84,600	5,547	87,500	87,600	5,783
78,600	78,700	5,084	81,600	81,700	5,320	84,600	84,700	5,555	87,600	87,700	5,791
78,700	78,800	5,092	81,700	81,800	5,328	84,700	84,800	5,563	87,700	87,800	5,799
78,800	78,900	5,100	81,800	81,900	5,336	84,800	84,900	5,571	87,800	87,900	5,807
78,900	79,000	5,108	81,900	82,000	5,343	84,900	85,000	5,579	87,900	88,000	5,814
79,000	79,100	5,116	82,000	82,100	5,351	85,000	85,100	5,587	88,000	88,100	5,822
79,100	79,200	5,124	82,100	82,200	5,359	85,100	85,200	5,595	88,100	88,200	5,830
79,200	79,300	5,131	82,200	82,300	5,367	85,200	85,300	5,602	88,200	88,300	5,838
79,300	79,400	5,139	82,300	82,400	5,375	85,300	85,400	5,610	88,300	88,400	5,846
79,400	79,500	5,147	82,400	82,500	5,383	85,400	85,500	5,618	88,400	88,500	5,854
79,500	79,600	5,155	82,500	82,600	5,390	85,500	85,600	5,626	88,500	88,600	5,861
79,600	79,700	5,163	82,600	82,700	5,398	85,600	85,700	5,634	88,600	88,700	5,869
79,700	79,800	5,171	82,700	82,800	5,406	85,700	85,800	5,642	88,700	88,800	5,877
79,800	79,900	5,179	82,800	82,900	5,414	85,800	85,900	5,650	88,800	88,900	5,885
79,900	80,000	5,186	82,900	83,000	5,422	85,900	86,000	5,657	88,900	89,000	5,893
80,000	80,100	5,194	83,000	83,100	5,430	86,000	86,100	5,665	89,000	89,100	5,901
80,100	80,200	5,202	83,100	83,200	5,438	86,100	86,200	5,673	89,100	89,200	5,909
80,200	80,300	5,210	83,200	83,300	5,445	86,200	86,300	5,681	89,200	89,300	5,916
80,300	80,400	5,218	83,300	83,400	5,453	86,300	86,400	5,689	89,300	89,400	5,924
80,400	80,500	5,226	83,400	83,500	5,461	86,400	86,500	5,697	89,400	89,500	5,932
80,500	80,600	5,233	83,500	83,600	5,469	86,500	86,600	5,704	89,500	89,600	5,940
80,600	80,700	5,241	83,600	83,700	5,477	86,600	86,700	5,712	89,600	89,700	5,948
80,700	80,800	5,249	83,700	83,800	5,485	86,700	86,800	5,720	89,700	89,800	5,956
80,800	80,900	5,257	83,800	83,900	5,493	86,800	86,900	5,728	89,800	89,900	5,964
									89,900	90,000	5,971

90,000 & over				
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		of the amount over—
is:	but not over—			
\$0	\$19,385	\$0.00	5.35%	\$0
\$19,385	\$77,010	\$1,037.10	+ 6.80%	\$19,385
\$77,010	\$134,505	\$4,955.60	+ 7.85%	\$77,010
\$134,505		\$9,468.96	+ 9.85%	\$134,505

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.