



2020 Schedule KF, Beneficiary's Share of Minnesota Taxable Income

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

Tax year beginning (MM/DD/YYYY) ____ / ____ / ____ , 2020 ending (MM/DD/YYYY) ____ / ____ / ____

Amended KF:

Beneficiary's Social Security Number _____			Estate's or Trust's Federal ID Number _____		Minnesota Tax ID Number _____	
Beneficiary's Name _____			Estate's or Trust's Name _____			
Address of Beneficiary _____			Address of Fiduciary _____			
Beneficiary City _____	State _____	ZIP Code _____	Fiduciary City _____	State _____	ZIP Code _____	

Calculate lines 1–27 the same for all resident and nonresident beneficiaries. Calculate lines 28–34 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

Additions to income

Beneficiary: Include on:

- 1 State and municipal bond interest from outside Minnesota **1** ■ _____ Line 1, Schedule M1M
- 2 State taxes deducted in arriving at net income **2** ■ _____ Line 5, Schedule M1M
- 3 Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **3** ■ _____ Line 6, Schedule M1M
- 4 80 percent of the suspended loss from 2001–2005 or 2008–2019 that was generated by bonus depreciation **4** ■ _____ Line 8 inst., M1M
- 5 80 percent of federal bonus depreciation **5** ■ _____ Line 3 inst., M1M
- 6a Beneficiary's pro rata gross profit from installment sale of pass-through entities (see instructions) **6a** ■ _____ Line 1, Schedule M1AR
- 6b Beneficiary's pro rata installment sale income from sales of pass-through entities (see instructions) **6b** ■ _____ Line 3, Schedule M1AR
- 6c Applicable S corporation's or partnership's apportionment percentage of the year of sale (see instructions) **6c** ■ _____ Line 6, Schedule M1AR
- 7 Addition due to federal changes not adopted by Minnesota (KFNC, line 24) **7** ■ _____
- 8 Net operating loss (NOL) carryover adjustment **8** ■ _____ Line 10, Schedule M1M
- 9 Foreign derived intangible income (FDII) deduction **9** ■ _____ Line 7, Schedule M1M
- 10 This line intentionally left blank **10** ■ _____
- 11 This line intentionally left blank **11** ■ _____
- 12 Special deduction under section 965 **12** ■ _____ See line 12 inst.

Subtractions from income

- 13 Interest on U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income **13** ■ _____ Line 18, Schedule M1M
- 14 State income tax refund **14** ■ _____ Line 6, Form M1
- 15 Federal bonus depreciation subtraction **15** ■ _____ Line 21, Schedule M1M

(continued)



Beneficiary's Name

Beneficiary's Social Security Number

- 16 Subtraction for prior addback of reacquisition of business indebtedness income included in federal taxable income 16 ■ _____ Line 36, Schedule M1M
- 17 Subtraction for railroad maintenance expenses. 17 ■ _____ Line 37, Schedule M1M
- 18 Subtraction due to federal changes not adopted by Minnesota (KFNC, line 24 as a positive number) 18 ■ _____
- 19 Net operating loss (NOL) carryover adjustment. 19 ■ _____ Line 35, Schedule M1M
- 20 Deferred foreign income (section 965). 20 ■ _____ Line 43, Schedule M1M
- 21 Global intangible low-taxed income (GILTI) 21 ■ _____ Line 44, Schedule M1M
- 22 Disallowed section 280E expenses of medical cannabis manufacturers 22 ■ _____ Line 31, Schedule M1M

Credits (you must enclose this schedule with your Form M1 if claiming a credit)

Include on:

- 23 Any Minnesota income tax withholding credit received by the fiduciary 23 ■ _____ Line 7, Schedule M1W
- 24 Credit for increasing research activities 24 ■ _____ Line 12, Form M1C
- 25 Tax Credit for Owners of Agricultural Assets 25 ■ _____ Line 11, Form M1C
Enter the certificate number from the certificate
you received from the Rural Finance Authority: AO ____ - _____
- 26 Credit for historic structure rehabilitation (enclose certificate) 26 ■ _____ Line 6, Schedule M1REF
National Park Service (NPS) project number: _____
- 27 Minnesota backup withholding 27 ■ _____ Line 7, Schedule M1W

Nonresident beneficiaries

Include on Schedule M1NR, column B on:

Minnesota portion of amounts from federal Schedule K-1 (1041)

- 28 Capital gain or loss on Minnesota real property 28 ■ _____ Line 4
- 29 a Business income or loss a ■ _____
b Income from Minnesota rents, royalties, part-
nerships, S corporations, estates and trusts . . . b ■ _____
c Farm income or loss c ■ _____
- Total (add lines 29a, 29b, and 29c) 29 ■ _____ Line 6
- 30 Interest and dividend income derived from a trade or business
(S corporations and partnerships) that is assignable to Minnesota 30 ■ _____ Line 2
- 31 Other income 31 ■ _____ Line 8
- 32 Minnesota source gross income from this fiduciary 32 ■ _____ information only

Composite income tax for electing nonresident beneficiaries

- 33 Minnesota source distributive income from this fiduciary 33 ■ _____ information only
- 34 Minnesota composite income tax paid by fiduciary.
If the beneficiary elected composite income tax, check this box 34 ■ _____ composite income tax

Fiduciary: Enclose this schedule and copies of all Schedules KF and federal Schedules K-1 with your Form M2.

Beneficiary: See instructions. Include this schedule when you file your Form M1.



2020 Schedule KF Instructions

Beneficiary's use of information provided on Schedule KF

Purpose of Schedule KF

Schedule KF is a supplemental schedule provided by the fiduciary to its beneficiaries. The beneficiaries need this information to complete a Form M1, *Minnesota Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications. A beneficiary who is a Minnesota resident must report all income from the trust or estate. A nonresident beneficiary must report income which is allocable to Minnesota.

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

If you received an amended Schedule KF from the fiduciary and your income or deductions have changed, you must file an amended Minnesota return. To amend your return, use Form M1X, *Amended Minnesota Income Tax Return*, or Form M2X, *Amended Income Tax Return for Estates and Trusts*.

Line Instructions

Include amounts on the appropriate lines as shown on Schedule KF.

Line 1 – State and Municipal Bond Interest

Individuals: Include on line 1 of Schedule M1M.

Estates and Trusts: Include on line 35 of Form M2.

Line 2 – State Taxes Deducted

Individuals: Include on line 5 of Schedule M1M.

Estates and Trusts: Include on line 36 of Form M2.

Line 3 – Expenses Deducted Attributed to Income Not Taxed by Minnesota

Individuals: Include on line 6 of Schedule M1M.

Estates and Trusts: Include on line 37 of Form M2.

Line 4 – 80% Suspended Loss

Individuals: See Schedule M1M, worksheet for line 8 instructions, to determine how to report this amount.

Estates and Trusts: Include on line 38 of Form M2.

Line 5 – 80% Federal Bonus Depreciation

Individuals: See Schedule M1M, worksheet for line 3 instructions, to determine how to report this amount.

Estates and Trusts: Include on line 39 of Form M2.

Lines 6a, 6b, and 6c – Accelerated Installment Sale Gains

Nonresident Individuals: If any information is reported to you on line 6 of Schedule KF, file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your Minnesota individual income tax return.

Resident Individuals: If any information is reported to you on line 6 of Schedule KF, retain a copy of this schedule for your records for the entire period that you or an entity you have an interest in is receiving installment sale payments. If you become a nonresident in a future year while payments are being made, you are required to file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your final resident tax return.

Estates and Trusts: Pass through pro rata to your beneficiaries.

Line 7 – Addition Due to Federal Changes Not Adopted by Minnesota

Individuals: Not applicable.

Estates and Trusts: Not applicable.

Line 8 – Net Operating Loss (NOL) Carryover Adjustment

Individuals: Include on line 10 of Schedule M1M.

Estates and Trusts: Include on line 42 of Form M2.

Line 9 – Foreign Derived Intangible Income (FDII) Deduction

Individuals: Include on line 7 of Schedule M1M.

Estates and Trusts: Include on line 43 of Form M2.

2020 Schedule KF Instructions (continued)

Line 12 – Special Deduction Under Section 965

Individuals: Not applicable.

Estates and Trusts: Include on line 44 of Form M2.

Line 13 – Interest on U.S. Government Bond Obligations

Individuals: Include on line 18 of Schedule M1M.

Estates and Trusts: Include on line 48 of Form M2.

Line 14 – State Income Tax Refund

Individuals: Include on line 6 of Form M1.

Estates and Trusts: Include on line 49 of Form M2.

Line 15 – Federal Bonus Depreciation Subtraction

Individuals: Include on line 21 of Schedule M1M.

Estates and Trusts: Include on line 50 of Form M2.

Line 16 – Subtraction for Prior Addback of Reacquisition of Business Indebtedness Income

Individuals: Include on line 36 on Schedule M1M.

Estates and Trusts: Include on line 52 of Form M2.

Line 17 – Subtraction for Railroad Maintenance Expenses

Individuals: Include on line 37 of Schedule M1M.

Estates and Trusts: Include on line 53 of Form M2.

Line 18 – Subtraction Due to Federal Changes not Adopted by Minnesota

Individuals: Not applicable.

Estates and Trusts: Not applicable.

Line 19 – Net Operating Loss (NOL) Carryover Adjustment

Individuals: Include on line 35 of Schedule M1M.

Estates and Trusts: Include on line 54 of Form M2.

Line 20 – Deferred Foreign Income (Section 965)

Individuals: Include on line 43 of Schedule M1M.

Estates and Trusts: Include on line 55 of Form M2.

Line 21 – Global Intangible Low-Taxed Income (GILTI)

Individuals: Include on line 44 of Schedule M1M.

Estates and Trusts: Include on line 56 of Form M2.

Line 22 – Disallowed Section 280E Expenses of Medical Cannabis Manufacturers

Individuals: Include on line 31 of Schedule M1M.

Estates and Trusts: Include on line 57 of Form M2.

Line 23 – Minnesota Income Tax Withholding Credit

Individuals: Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 21 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 24 – Credit for Increasing Research Activities

Individuals: Include on line 12 of Form M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 18 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 25 – Tax Credit for Owners of Agricultural Assets

Individuals: Include on line 11 of Form M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 16 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

2020 Schedule KF Instructions (continued)

Line 26 – Credit for Historic Structure Rehabilitation

Individuals: Include on line 6 of Schedule M1REF and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 23 of Form M2 and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 27 – Minnesota Backup Withholding

Individuals: Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Pass through pro rata to your beneficiaries.

Lines 28 – 31 Minnesota Portion of Federal Amounts

Lines 28-31 apply to nonresident beneficiaries. All income of a Minnesota individual resident is assigned to Minnesota, regardless of the source.

If certain items are not entirely included in your federal adjusted gross income because of passive activity loss limitation, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income.

Line 28

Individuals: If you are a nonresident or part-year resident, include the amount on line 4, column B of Schedule M1NR.

Estates and Trusts: Use this information to complete line 7 of Form M2. See Form M2 instructions for details.

Line 29

Individuals: If you are a nonresident or part-year resident, include the amount on line 6, column B of Schedule M1NR.

Estates and Trusts: Use this information to complete line 7 of Form M2. See Form M2 instructions for details.

Line 30

Individuals: If you are a nonresident or part-year resident, include the amount on line 2, column B of Schedule M1NR.

Estates and Trusts: Use this information to complete line 7 of Form M2. See Form M2 instructions for details.

Line 31

Individuals: If you are a nonresident or part-year resident, include the amount on line 8, column B of Schedule M1NR.

Estates and Trusts: Use this information to complete line 7 of Form M2. See Form M2 instructions for details.

Line 32 – Minnesota Source Gross Income

Minnesota source gross income is used to determine if a nonresident is required to file a Minnesota individual income tax return. Gross income is income before business or rental deductions and does not include losses.

If your 2020 Minnesota source gross income is \$12,400 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NC, *Nonresident/Party-Year Residents*.

If your 2020 Minnesota source gross income is less than \$12,400 and you had Minnesota tax withheld (see line 23 and line 27 of Schedule KF), file Form M1 and Schedule M1NR to receive a refund.

Line 33 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 32 of Schedule KF) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 33 – 34 were used to determine your share of the fiduciary's Minnesota source distributive income. You may need to refer to these amounts when you file your home state's income tax return.

If you elected for the fiduciary to pay composite tax, you are not required to file Form M1.

Line 34 – Minnesota Composite Income Tax

If you elected composite income tax, the amount paid on your behalf equals 9.85% of your Minnesota taxable income on line 33, minus your share of any credits on lines 28-31. You are not required to file Form M1.

Forms and Information

Website: www.revenue.state.mn.us

Phone: 651-556-3075

This information is available in alternate formats.