



2020 KPI, Partner's Share of Income, Credits and Modifications

Partnership: Complete and provide Schedule KPI to each nonresident individual, estate or trust partner and any Minnesota individual, estate or trust partner who has adjustments to income. For corporate and partnership partners, use Schedule KPC instead.

Tax year beginning (MM/DD/YYYY) ____/____/____, and ending (MM/DD/YYYY) ____/____/____ **Amended KPI:**

Partner's Federal ID or Social Security Number	FEIN of Partner Ultimately Taxed (see inst)	Partnership's Federal ID Number	Partnership's Minnesota ID
Partner's Name		Partnership's Name	
Mailing Address		Mailing Address	
City	State	ZIP Code	City
			State
			ZIP Code

Entity of Partner (check one box): Individual Trust Estate _____ %
Partner's Distributive Share

Calculate lines 1-26 the same for all resident and nonresident partners. Calculate lines 27-43 for nonresident partners only. Round amounts to the nearest whole dollar.

Form M1 filers, include on:

Individual, Estate and Trust Partners

- 1 Interest income from non-Minnesota state and municipal bonds **1** ■ _____ M1M, line 1
- 2 State taxes deducted in arriving at partnership's net income **2** ■ _____ M1M, line 5
- 3 Expenses deducted attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **3** ■ _____ M1M, line 6
- 4 If the partnership had section 179 expensing for property placed in service in a fiscal year beginning **4** ■ _____ M1M, see line 4 inst before January 1, 2020, enter the partner's flow-through section 179 expensing for **Minnesota purposes**
- 5 100% of partner's distributive share of federal bonus depreciation **5** ■ _____ M1M, see line 3 inst
- 6 Foreign-derived intangible income (FDII) deduction **6** ■ _____ M1M, line 7
- 7 Special deduction under section 965 **7** ■ _____ See inst.
- 8a Partner's Pro rata gross profit from installment sales of pass-through businesses (see instructions) **8a** ■ _____ M1AR, line 1
- 8b Partner's pro rata installment sale income from pass-through businesses (see instructions) **8b** ■ _____ M1AR, line 3
- 9 Addition due to federal changes not adopted by Minnesota (KPINC, line 24) **9** ■ _____
- 10 This line intentionally left blank **10** ■ _____
- 11 This line intentionally left blank **11** ■ _____
- 12 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income **12** ■ _____ M1M, line 18
- 13 Deferred foreign income (section 965) **13** ■ _____ M1M, line 43

Continued next page



Partner's Name _____

Partner's Federal ID Number or SSN _____

Partnership's Name _____

Partnership's Federal ID Number _____

14	Global intangible low-taxed income (GILTI)	14 ■ _____	M1M, line 44
15	Disallowed section 280E expenses of medical cannabis manufacturers.	15 ■ _____	M1M, line 31
16	Subtraction due to federal changes not adopted by Minnesota (<i>KPINC, line 24 as a positive number</i>).	16 ■ _____	
17	Credit for increasing research activities.	17 ■ _____	M1C, line 12
18	Tax Credit for Owners of Agricultural Assets	18 ■ _____	M1C, line 11
	Enter the certificate number from the certificate received from the Rural Finance Authority:		
	AO _____		
19	Credit for historic structure rehabilitation.	19 ■ _____	M1REF, line 6
	Enter National Park Service (NPS) number _____		
20	Employer Transit Pass Credit.	20 ■ _____	M1C, line 5
21	Enterprise Zone Credit.	21 ■ _____	M1REF, line 7
22	Minnesota backup withholding	22 ■ _____	M1W, line 7, col C
Relating to Alternative Minimum Tax			
23	Intangible drilling costs	23 ■ _____	<i>Use lines 23-26 to compute M1MT, lines 6 and 7. See M1MT instructions for details.</i>
24	Gross income from oil, gas and geothermal properties	24 ■ _____	
25	Deductions allocable to oil, gas and geothermal properties	25 ■ _____	
26	Depletion	26 ■ _____	
Minnesota Portion of Amounts From Federal Schedule K-1 (1065)			
27	Minnesota source gross income	27 ■ _____	<i>info only (see inst.)</i>
28	Ordinary Minnesota source income (loss) from trade or business activities	28 ■ _____	M1NR, line 6, col B
29	Income (loss) from Minnesota rental real estate	29 ■ _____	M1NR, line 6, col B
30	Other net income (loss) from Minnesota rental activities	30 ■ _____	M1NR, line 6, col B
31	Guaranteed payments	31 ■ _____	M1NR, line 6, col B
32	Interest income	32 ■ _____	M1NR, line 2, col B
33	Ordinary dividends	33 ■ _____	M1NR, line 2, col B





Partner's Name _____

Partner's Federal ID Number or SSN _____

Partnership's Name _____

Partnership's Federal ID Number _____

- 34 Royalties 34 ■ _____ M1NR, line 6, col B
- 35 Net Minnesota short-term capital gain (loss) 35 ■ _____ M1NR, line 4, col B
- 36 Net Minnesota long-term capital gain (loss) 36 ■ _____ M1NR, line 4, col B
- 37 Section 1231 Minnesota net gain (loss) 37 ■ _____ M1NR, line 4 or 8, col B
- 38 Other Minnesota income (loss). *(Describe type of income or include separate sheet: _____)* 38 ■ _____ M1NR, line 8, col B
- 39 Section 179 expense deduction apportionable to Minnesota 39 ■ _____ M1NR inst, line 6, col B
- 40 Partnership's Minnesota apportionment factor *(line 5, column C of M3A)* 40 ■ _____ information only

**Nonresident Individual Partners Only:
Composite Income Tax or Nonresident Withholding**

- 41 Minnesota source distributive income *(see instructions)* 41 ■ _____ *If an amount is on line 43 below, include line 41 on M1W, line 7, col. B.*
- 42 Minnesota composite income tax paid by partnership.
If the partner elected composite income tax, check this box: 42 ■ _____ composite income tax
- 43 Minnesota income tax withheld for nonresident individual partner not electing to file composite income tax. If the partner completed and signed a Form AWC, check this box: 43 ■ _____ M1W, line 7, col C

Partnership: Include this schedule and copies of federal Schedules K and K-1 with your Form M3.
Partner: Include this schedule with your Form M1 (individuals) or Form M2 (estates and trusts).



2020 Schedule KPI Instructions

Individual, estate and trust partner's use of information provided on Schedule KPI

Purpose of Schedule KPI

Schedule KPI is a supplemental schedule provided by the partnership to its individual, estate or trust partners.

The partners will need this information to complete a Minnesota Form M1, *Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

An individual partner who is a Minnesota resident will be taxed by Minnesota on all of his or her distributive income from the partnership even if the income is apportioned between Minnesota and other states. An individual nonresident partner will be taxed on the Minnesota distributive income from the partnership.

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

You must include Schedule KPI when you file your Form M1 and Form M2. If you do not include the schedule with your return as required, the department will disallow any credits and assess the tax or reduce your refund.

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

Individuals: Use Form M1X, *Amended Minnesota Income Tax Return*, for the year you are amending.

Estates and trusts: You must use the current version of Form M2X, *Amended Income Tax Return for Estates and Trusts*, regardless of the year you are amending.

Line Instructions

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

Line 1 – Non-Minnesota 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 – Section 179 Expensing

Individuals: See Schedule M1M, worksheet for line 4 instructions, to determine how to report this amount.

Estates and Trusts: Not applicable.

Line 5 – 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.

Line 6 – Foreign Derived Intangible Income (FDII) Deduction

Individuals: Include on line 7 of Schedule M1M.

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

Line 7 – Special Deduction Under Section 965

Individuals: This line does not apply.

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

Lines 8a, and 8b – Accelerated Installment Sale Gains

Nonresident Individuals: If any information is reported to you on line 8a of Schedule KPI, 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 8 of Schedule KPI, 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.

2020 Schedule KPI Instructions (Continued)

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

Line 9 – Addition Due to Federal Changes Not Adopted by Minnesota

Individuals: This line does not apply.

Estates and Trusts: This line does not apply.

Line 12 – 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 13 – Deferred Foreign Income (Section 965)

Individuals: Include on line 43 of Schedule M1M.

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

Line 14 – 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 15 – 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 16 – Subtraction Due to Federal Changes Not Adopted by Minnesota

Individuals: This line does not apply.

Estates and Trusts: This line does not apply.

Line 17 – 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 18 – 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.

Line 19 – 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 20 – Employer Transit Pass Credit

Of the credit amount from Schedule ETP, any amount not claimed on line 6 of Form M8 may be passed through to partners based on their distributive share.

Individuals: Include on line 5 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 21 – Enterprise Zone Credit

Individuals: Include on line 7 of Form M1REF. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 24 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 22 – 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. You must include this schedule with Form M1.

Lines 23 – 26 Items Relating to Alternative Minimum Tax

Individuals: Use the information on lines 23 through 26 to complete Schedule M1MT.

Estates and Trusts: Use the information on lines 23 through 26 to complete Schedule M2MT.

2020 Schedule KPI Instructions (Continued)

Lines 27 – 40 Minnesota Portion of Federal Amounts

Lines 27-40 apply to nonresident individual partners, and Estate and Trust income tax payers.

If certain items are not entirely included in your federal 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.

Individuals: Use the information on lines 27 through 38 to complete Schedule M1NR.

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 M1NR, Nonresident/Party-Year Residents.

If your 2020 Minnesota source gross income is less than \$12,400 and you had Minnesota tax withheld (see line 22 and line 43 of Schedule KPI), file Form M1 and Schedule M1NR to receive a refund.

Estates and Trusts: Use the information on lines 27 through 38 to complete Form M2.

Line 28

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 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 41 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 27 of Schedule KPI) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Line 42 – Minnesota Composite Income Tax

Individuals: 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 18-22. You are not required to file Form M1.

Estates and Trusts: This line does not apply.

Line 43 – Minnesota Nonresident withholding

Individuals: Include the amount from line 43 on Schedule M1W, line 7, column C. Also include the amount from line 39 on Schedule M1W, line 7, column B.

Estates and Trusts: Include the amount from line 43 on Form M2, line 21.

Sale of a Partnership Interest

If you sell any portion of your interest in a partnership, some or all of the gain may be taxable. Or you can use any loss on the sale to offset other Minnesota income to the extent the losses are deducted on your federal return.

To determine the ratio of gain or loss that is assigned to Minnesota at the time of the sale, divide the original cost of the partnership's tangible property *in Minnesota* by the original cost of all tangible property of the partnership. (Tangible property includes real estate, inventory and equipment.) If you don't have these numbers, contact the partnership.

If more than 50 percent of the value of the partnership's assets are intangibles, the gain/loss is allocated to Minnesota using the partnership's prior year sales factor. Include the result on Schedule M1NR, line 4, column B.