



# 2021 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 or credits, or all partners if the partnership is electing PTE tax. 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 1-35 the same for all resident and nonresident partners. Calculate lines 36-52 for all nonresident shareholders, and resident shareholders if the partnership elected PTE tax. 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 ■ \_\_\_\_\_ M1MB, line 2
- 3 Expenses deducted attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) ..... 3 ■ \_\_\_\_\_ M1M, line 3
- 4 100% of partner's distributive share of federal bonus depreciation ..... 4 ■ \_\_\_\_\_ M1MB, see line 1 inst
- 5 Foreign-derived intangible income (FDII) deduction ..... 5 ■ \_\_\_\_\_ M1MB, line 3
- 6 Special deduction under section 965 ..... 6 ■ \_\_\_\_\_ See inst.
- 7a Partner's Pro rata gross profit from installment sales of pass-through businesses (see instructions) ..... 7a ■ \_\_\_\_\_ M1AR, line 1
- 7b Partner's pro rata installment sale income from pass-through businesses (see instructions) ..... 7b ■ \_\_\_\_\_ M1AR, line 3
- 8 Addition due to federal changes not adopted by Minnesota (KPINC, line 32) ..... 8 ■ \_\_\_\_\_
- 9 This line intentionally left blank ..... 9 ■ \_\_\_\_\_
- 10 This line intentionally left blank ..... 10 ■ \_\_\_\_\_
- 11 This line intentionally left blank ..... 11 ■ \_\_\_\_\_
- 12 This line intentionally left blank ..... 12 ■ \_\_\_\_\_
- 13 This line intentionally left blank ..... 13 ■ \_\_\_\_\_
- 14 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income ..... 14 ■ \_\_\_\_\_ M1M, line 14



Partner's Name \_\_\_\_\_

Partner's Federal ID Number or SSN \_\_\_\_\_

Partnership's Name \_\_\_\_\_

Partnership's Federal ID Number \_\_\_\_\_

- 15 Deferred foreign income (*section 965*) . . . . . **15** ■ \_\_\_\_\_ M1MB, line 18
- 16 Global intangible low-taxed income (GILTI) . . . . . **16** ■ \_\_\_\_\_ M1MB, line 19
- 17 Disallowed section 280E expenses of medical cannabis manufacturers. . . . . **17** ■ \_\_\_\_\_ M1MB, line 17
- 18 Subtraction due to federal changes not adopted by Minnesota (*KPINC, line 32 as a positive number*). . **18** ■ \_\_\_\_\_
- 19 This line intentionally left blank . . . . . **19** ■ \_\_\_\_\_
- 20 This line intentionally left blank . . . . . **20** ■ \_\_\_\_\_
- 21 This line intentionally left blank . . . . . **21** ■ \_\_\_\_\_
- 22 This line intentionally left blank . . . . . **22** ■ \_\_\_\_\_
- 23 This line intentionally left blank . . . . . **23** ■ \_\_\_\_\_
- 24 Credit for increasing research activities. . . . . **24** ■ \_\_\_\_\_ M1C, line 13
- 25 Film Production Tax Credit . . . . . **25** ■ \_\_\_\_\_ M1C, line 11  
 Enter the credit certificate number: TAXC - \_\_\_\_\_
- 26 Tax Credit for Owners of Agricultural Assets . . . . . **26** ■ \_\_\_\_\_ M1C, line 12  
 Enter the certificate number from the certificate received from the  
 Rural Finance Authority:  
 AO \_\_\_\_\_
- 27 Credit for historic structure rehabilitation. . . . . **27** ■ \_\_\_\_\_ M1REF, line 6  
 Enter National Park Service (NPS) number \_\_\_\_\_
- 28 Employer Transit Pass Credit. . . . . **28** ■ \_\_\_\_\_ M1C, line 5
- 29 Enterprise Zone Credit. . . . . **29** ■ \_\_\_\_\_ M1REF, line 7
- 30 Pass-through Entity Credit. If the pass-through entity tax  
 satisfies the partner's filing requirement, check this box  . . . . . **30** ■ \_\_\_\_\_ (*see instructions*)
- 31 Minnesota backup withholding . . . . . **31** ■ \_\_\_\_\_ M1W, line 7, col C

**Relating to Alternative Minimum Tax**

- 32 Intangible drilling costs . . . . . **32** ■ \_\_\_\_\_ *Use lines 32-35 to compute M1MT, lines 6 and 7. See M1MT instructions for details.*
- 33 Gross income from oil, gas and geothermal properties . . . . . **33** ■ \_\_\_\_\_
- 34 Deductions allocable to oil, gas and geothermal properties . . . . . **34** ■ \_\_\_\_\_





Partner's Name \_\_\_\_\_

Partner's Federal ID Number or SSN \_\_\_\_\_

Partnership's Name \_\_\_\_\_

Partnership's Federal ID Number \_\_\_\_\_

35 Depletion .....	35 ■	_____	
<b>Minnesota Portion of Amounts From Federal Schedule K-1 (1065)</b>			
36 Minnesota source gross income .....	36 ■	_____	<i>info only (see inst.)</i>
37 Ordinary Minnesota source income (loss) from trade or business activities .....	37 ■	_____	M1NR, line 6, col B
38 Income (loss) from Minnesota rental real estate .....	38 ■	_____	M1NR, line 6, col B
39 Other net income (loss) from Minnesota rental activities .....	39 ■	_____	M1NR, line 6, col B
40 Guaranteed payments .....	40 ■	_____	M1NR, line 6, col B
41 Interest income .....	41 ■	_____	M1NR, line 2, col B
42 Ordinary dividends .....	42 ■	_____	M1NR, line 2, col B
43 Royalties .....	43 ■	_____	M1NR, line 6, col B
44 Net Minnesota short-term capital gain (loss) .....	44 ■	_____	M1NR, line 4, col B
45 Net Minnesota long-term capital gain (loss) .....	45 ■	_____	M1NR, line 4, col B
46 Section 1231 Minnesota net gain (loss) .....	46 ■	_____	M1NR, line 4 or 8, col B
47 Other Minnesota income (loss). (Describe type of income or include separate sheet: _____) .....	47 ■	_____	M1NR, line 8, col B
48 Section 179 expense deduction apportionable to Minnesota .....	48 ■	_____	M1NR inst, line 6, col B
49 Partnership's Minnesota apportionment factor (line 5, column C of M3A) .....	49 ■	_____	<i>information only</i>

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

50 Minnesota source distributive income (see instructions) .....	50 ■	_____	<i>See Schedule KPI Inst.</i>
51 Minnesota composite income tax paid by partnership. If the partner elected composite income tax, check this box: <input type="checkbox"/> .....	51 ■	_____	<i>composite income tax</i>
52 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: <input type="checkbox"/> .....	52 ■	_____	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).



# 2021 Schedule KPI Instructions

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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 38 of Form M2.

### Line 2 – State Taxes Deducted

*Individuals:* Include on line 2 of Schedule M1MB.

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

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

*Individuals:* Include on line 3 of Schedule M1M.

*Estates and Trusts:* Include on line 40 of Form M2.

### Line 4 – Federal Bonus Depreciation

*Individuals:* See Schedule M1MB, worksheet for line 1 instructions, to determine how to report this amount.

*Estates and Trusts:* Include this amount on step 2 for the worksheet to determine Line 42 of the Form M2.

### Line 5 – Foreign Derived Intangible Income (FDII) Deduction

*Individuals:* Include on line 3 of Schedule M1MB.

*Estates and Trusts:* Include on line 46 of Form M2.

### Line 6 – Special Deduction Under Section 965

*Individuals:* This line does not apply.

*Estates and Trusts:* Include on line 47 of Form M2.

### Lines 7a, and 7b – Accelerated Installment Sale Gains

*Nonresident Individuals:* If any information is reported to you on line 7a 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 7 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.

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

# 2021 Schedule KPI Instructions (Continued)

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## **Line 8 – Addition Due to Federal Changes Not Adopted by Minnesota**

*Individuals:* This line does not apply.

*Estates and Trusts:* This line does not apply.

## **Lines 9 through 13**

These lines are intentionally left blank.

## **Line 14 – Interest on U.S. Government Bond Obligations**

*Individuals:* Include on line 14 of Schedule M1M.

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

## **Line 15 – Deferred Foreign Income (Section 965)**

*Individuals:* Include on line 18 of Schedule M1MB.

*Estates and Trusts:* Include on line 61 of Form M2.

## **Line 16 – Global Intangible Low-Taxed Income (GILTI)**

*Individuals:* Include on line 19 of Schedule M1MB.

*Estates and Trusts:* Include on line 62 of Form M2.

## **Line 17 – Disallowed Section 280E Expenses of Medical Cannabis Manufacturers**

*Individuals:* Include on line 17 of Schedule M1MB.

*Estates and Trusts:* Include on line 63 of Form M2.

## **Line 18 – Subtraction Due to Federal Changes Not Adopted by Minnesota**

*Individuals:* This line does not apply.

*Estates and Trusts:* This line does not apply.

## **Lines 19 through 23**

These lines are intentionally left blank.

## **Line 24 – Credit for Increasing Research Activities**

*Individuals:* Include on line 13 of Form M1C. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 19 of Form M2. To claim this credit, you must include this schedule with Form M2.

## **Line 25 – Film Production Tax Credit**

*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 26 – Tax Credit for Owners of Agricultural Assets**

*Individuals:* Include on line 12 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 17 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 27 – 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 26 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 28 – Employer Transit Pass Credit**

Of the credit amount from Schedule ETP, any amount not claimed on line 6 of Form M3 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 20 of Form M2. To claim this credit, you must include this schedule with Form M2.

# 2021 Schedule KPI Instructions (Continued)

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## Line 29 – 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 27 of Form M2. To claim this credit, you must include this schedule with Form M2.

## Line 30–Pass-Through Entity Tax Credit

*Individuals:* Include on line 9 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 23 of Form M2. To claim this credit, you must include this schedule with Form M2.

*Nonresidents:* If your only Minnesota source income is from entities making a PTE tax election, or entities in which you elected composite income tax, you do not need to file Form M1.

## Line 31 – 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 32 – 35 Items Relating to Alternative Minimum Tax

*Individuals:* Use the information on lines 32 through 35 to complete Schedule M1MT.

*Estates and Trusts:* Use the information on lines 32 through 35 to complete Schedule M2MT.

## Lines 36 – 49 Minnesota Portion of Federal Amounts

Lines 36-49 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 36 through 48 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 2021 Minnesota source gross income is \$12,525 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NR, Nonresident/Part-Year Residents.

If your 2021 Minnesota source gross income is less than \$12,525 and you had Minnesota tax withheld (see line 31 and line 52 of Schedule KPI), file Form M1 and Schedule M1NR to receive a refund.

*Estates and Trusts:* Use the information on lines 36 through 47 to complete line 7 of Form M2. See Form M2 instructions for details.

## Line 50 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 36 of Schedule KPI) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

## Line 51 – 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 50, minus your share of any credits on lines 26-31. You are not required to file Form M1.

*Estates and Trusts:* This line does not apply.

## Line 52 – Minnesota Nonresident withholding

*Individuals:* Include the amount from line 52 on Schedule M1W, line 7, column C. Also include the amount from line 50 on Schedule M1W, line 7, column B.

*Estates and Trusts:* Include the amount from line 52 on Form M2, line 24.

## 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.