



2018 Schedule KFNC, Federal Adjustments

Minnesota has generally adopted the Internal Revenue Code as amended through December 15, 2022. This schedule allows for any remaining necessary adjustments required to file a state tax return.

Tax year beginning _____, 2018, ending _____
 Beneficiary's Name _____ Beneficiary's Social Security Number _____

Estate's or Trust's Name _____ Estate's or Trust's Federal ID Number _____ Estate's or Trust's Minnesota ID Number _____

Before you complete this schedule, read the instructions which are on a separate sheet.

Enter as a positive or negative. Round amounts to the nearest whole dollar.

Form M1 filers, include on:

Adjustments to federal taxable income (FTI)

- 1 This line intentionally left blank. **1** ■ _____
- 2 a. This line intentionally left blank. **2a** ■ _____
- b. This line intentionally left blank. **2b** ■ _____
- c. This line intentionally left blank. **2c** ■ _____
- 3 This line intentionally left blank. **3** ■ _____
- 4 a. This line intentionally left blank. **4a** ■ _____
- b. This line intentionally left blank. **4b** ■ _____
- 5 a. This line intentionally left blank. **5a** ■ _____
- b. This line intentionally left blank. **5b** ■ _____
- 6 This line intentionally left blank. **6** ■ _____
- 7 This line intentionally left blank. **7** ■ _____
- 8 a. This line intentionally left blank. **8a** ■ _____ a
- b. This line intentionally left blank. **8b** ■ _____
- 9 Limitation on Deduction by Employers of Expenses for Fringe Benefits (TCJA Sec. 13304) **9** ■ _____ M1NC, Line 16
- 10 Other Deduction Provisions (TCJA Sec. 13307, 13308, 13310, 13603) **10** ■ _____ M1NC, Line 16
- 11 This line intentionally left blank. **11** ■ _____
- 12 Cash Distributions from Converted C Corporations (TCJA Sec. 13543(b)) **12** ■ _____ M1NC, Line 29
- 13 Tax Treatment of Alaska Native Corporations and Settlement Trusts (TCJA Sec. 13821) **13** ■ _____ M1NC, Line 20
- 14 Special Rules for Capital Gains Invested In Opportunity Zones (TCJA Sec. 13823) **14** ■ _____ M1NC, Line 21
- 15 a. Section 965 Deferred Foreign Income **15a** ■ _____ M1NC, Line 23a
- b. Income excluded as previously taxed under section 965 or 951A **15b** ■ _____ M1NC, Line 23b



Beneficiary's Name	Beneficiary's Social Security Number
16 Inclusion of Global Intangible Low Taxed Income	16 ■ _____ M1NC, Line 24
17 Deduction for Foreign Derived Intangible Income	17 ■ _____ M1NC, Line 25
18 Related Party Amounts Paid in Hybrid Transactions (TCJA Sec. 14222).	18 ■ _____ M1NC, Line 27
19 This line intentionally left blank.	19 ■ _____
20 Source of Income from Sales of Inventory (TCJA Sec. 14303)	20 ■ _____ M1NC, Line 29
21 This line intentionally left blank	21 ■ _____
22 Other Provisions (TCJA Sec. 13309, 13312, 13314, 13504, 13522, 13531, 13532, 14502)	22 ■ _____ M1NC, Line 29
23 Extension of Credits and Tax Incentives (TCJA Sec. 13401, 13403)	23 ■ _____ M1NC, Line 30
24 Other adjustments to federal taxable income	24 ■ _____ M1NC, Line 29
25 IRC Section 461 Net Nonbusiness Income/Loss	25 ■ _____ See inst.
26 Adjustments for the TCDTR and CARES Act	26 ■ _____ M1NC, Line 26
27 Total lines 1-26. If the result is positive, enter it on Schedule KF, line 8 If the amount is negative, enter it as a positive number on Schedule KF, line 16	27 ■ _____

You must include this schedule when you file Schedule KF.



2018 Schedule KFNC Instructions

Beneficiary's use of information provided on Schedule KFNC

Purpose of Schedule KFNC

Schedule KFNC is a supplemental schedule provided by a trust or an estate to its beneficiaries. The beneficiaries need this information to complete one of the following:

- *Minnesota Schedule M1NC* if you are an individual beneficiary.
- *Minnesota Schedule M2NC* if you are a trust or estate beneficiary.

These instructions are intended to help you report your share of the trust's or estate's nonconformity adjustments on your Minnesota return.

You must include Schedule KFNC when you file your Minnesota return. If you do not include the schedule with your return as required, your return processing will be delayed.

If you receive an amended Schedule KFNC from the fiduciary and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use one of the following:

- Form M1X, *Amended Minnesota Income Tax Return*, if you are an individual beneficiary.
- Form M2X, *Amended Income Tax Return for Estate and Trust*, if you are a trust or estate beneficiary.

Line Instructions

Line 9 – Deduction by Employers of Expenses for Fringe Benefits (TCJA Sec. 13304)

Individuals: Include this amount on Schedule M1NC, line 16.

Trusts and Estates: Include this amount on Schedule M2NC, line 10.

Line 10 – Other Deduction Provisions (TCJA Sec. 13307, 13308, 13310, 13603)

Individuals: Include this amount on Schedule M1NC, line 16.

Trusts and Estates: Include this amount on Schedule M2NC, line 11.

Line 12 – Cash Distributions from Converted C Corporations (TCJA Sec. 13543(b))

Individuals: Include this amount on Schedule M1NC, line 29.

Trusts and Estates: Include this amount on Schedule M2NC, line 13.

Line 13 – Tax Treatment of Alaska Native Corporations and Settlement Trusts (TCJA Sec. 13821)

Individuals: Include this amount on Schedule M1NC, line 20.

Trusts and Estates: Include this amount on Schedule M2NC, line 14.

Line 14 – Capital Gains Invested in Opportunity Zones (TCJA Sec. 13823)

Individuals: Include this amount on Schedule M1NC, line 21.

Trusts and Estates: Include this amount on Schedule M2NC, line 15.

Line 15a – Section 965 Deferred Foreign Income

Individuals: Include this amount on Schedule M1NC, line 23a.

Trusts and Estates: Include this amount on Schedule M2NC, line 16a.

Line 15b – Income Excluded as Previously Taxed Under Section 965 or 951A

Individuals: Include this amount on Schedule M1NC, line 23b.

Trusts and Estates: Include this amount on Schedule M2NC, line 16b.

Line 16 – Inclusion of Global Intangible Low Taxed Income

Individuals: Include this amount on Schedule M1NC, line 24.

Trusts and Estates: Include this amount on Schedule M2NC, line 17.

Line 17 – Deduction for Foreign Derived Intangible Income

Individuals: Include this amount on Schedule M1NC, line 25.

Trusts and Estates: Include this amount on Schedule M2NC, line 18.

Line 18 – Related Party Amounts Paid in Hybrid Transactions (TCJA Sec. 14222)

Individuals: Include this amount on Schedule M1NC, line 27.

Trusts and Estates: Include this amount on Schedule M2NC, line 19.

Line 20 – Source of Income from Sales of Inventory (TCJA Sec. 14303)

Individuals: Include this amount on Schedule M1NC, line 29.

Trusts and Estates: Include this amount on Schedule M2NC, line 21.

Line 22 – Other Provisions (TCJA Sec. 13309, 13312, 13314, 13504, 13522, 13531, 13532, 14502)

Individuals: Include this amount on Schedule M1NC, line 29.

Trusts and Estates: Include this amount on Schedule M2NC, line 23.

Line 23 – Extension of Credits and Tax Incentives (TCJA Sec. 13401, 13403)

Individuals: Include this amount on Schedule M1NC, line 30.

Trusts and Estates: Include this amount on Schedule M2NC, line 24.

Line 24 – Other Adjustments to Federal Taxable Income

Individuals: Include this amount on Schedule M1NC, line 29.

Trusts and Estates: Include this amount on Schedule M2NC, line 25.

Line 25 - IRC Section 461 Net Nonbusiness Income/Loss

Individuals: Include on step 10 of the worksheet for excess business losses within the Schedule M1NC instructions for line 15a. Enclose a copy of this schedule with Form M1NC.

Estates and Trusts: Use this amount when calculating line 26 of Form M2NC. For any portion distributed to beneficiaries, report the beneficiary's pro rata share of this amount on line 25 of Schedule KFNC.

Line 26 – Adjustments for the TCDTR and CARES Act

Individuals: Include this amount on Schedule M1NC, line 26.

Trusts and Estates: Include this amount on Schedule M2NC, line 27.

Line 27 – Total

If the total on this line is a positive, enter it on Schedule KF, line 8. If the total on this line is a negative, enter it as a **positive** number on Schedule KF, line 16.