



## 2023 Schedule KF, Beneficiary's Share of Minnesota Taxable Income

*Fiduciary: Complete and provide Schedule KF to each estate, trust, or nonresident individual beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income or credits.*

Tax year beginning (MM/DD/YYYY) \_\_\_\_/\_\_\_\_/\_\_\_\_, 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 1–40 the same for all resident and nonresident beneficiaries. Calculate lines 41–45 for estate, trust, and nonresident individual beneficiaries only. Calculate lines 46–47 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 2, Schedule M1MB
- 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 3, Schedule M1M
- 4 80 percent of the suspended loss from 2001–2005 or 2008–2022 that was generated by bonus depreciation . . . . . **4** ■ \_\_\_\_\_ Line 4 inst., Sched. M1MB
- 5 80 percent of federal bonus depreciation . . . . . **5** ■ \_\_\_\_\_ Line 1 inst., Sched. M1MB
- 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 This line intentionally left blank . . . . . **7** ■ \_\_\_\_\_
- 8 Net operating loss (NOL) carryover adjustment . . . . . **8** ■ \_\_\_\_\_ Line 5, Schedule M1MB
- 9 Foreign derived intangible income (FDII) deduction . . . . . **9** ■ \_\_\_\_\_ Line 3, Schedule M1MB
- 10 Other additions (see instructions) . . . . . **10** ■ \_\_\_\_\_ See line 10 instructions
- 11 This line intentionally left blank . . . . . **11** ■ \_\_\_\_\_
- 12 This line intentionally left blank . . . . . **12** ■ \_\_\_\_\_
- 13 This line intentionally left blank . . . . . **13** ■ \_\_\_\_\_
- 14 This line intentionally left blank . . . . . **14** ■ \_\_\_\_\_
- 15 This line intentionally left blank . . . . . **15** ■ \_\_\_\_\_

(continued)





Beneficiary's Name

Beneficiary's Social Security Number

Subtractions from income

- 16 Interest on U.S. government bond obligations... 16
17 State income tax refund... 17
18 Federal bonus depreciation subtraction... 18
19 Subtraction for railroad maintenance expenses... 19
20 This line intentionally left blank... 20
21 Net operating loss (NOL) carryover adjustment... 21
22 Deferred foreign income (section 965)... 22
23 Disallowed section 280E expenses of a licensed cannabis business... 23
24 Delayed business interest... 24
25 Other subtractions (see instructions)... 25
26 This line intentionally left blank... 26
27 This line intentionally left blank... 27
28 This line intentionally left blank... 28
29 This line intentionally left blank... 29

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

Include on:

- 30 Any Minnesota income tax withholding credit received by the fiduciary... 30
31 Credit for increasing research activities... 31
32 Film Production Tax Credit... 32
33 Tax Credit for Owners of Agricultural Assets... 33
34 Unused credit for owners of agricultural assets from a prior year... 34
35 Housing Tax Credit... 35
36 Short Line Railroad Infrastructure Modernization Credit... 36
37 Credit for Sales of Manufactured Home Parks to Cooperatives... 37
38 Credit for historic structure rehabilitation... 38
39 Pass-Through Entity Tax Credit... 39
40 Minnesota backup withholding... 40

(continued)





Beneficiary's Name \_\_\_\_\_

Beneficiary's Social Security Number \_\_\_\_\_

**Estate, trust, and nonresident individual beneficiaries**  
**Minnesota portion of amounts from federal Schedule K-1 (1041)**

**Include on Schedule M1NR, column B on:**

- 41 Capital gain or loss on Minnesota real property ..... 41 ■ \_\_\_\_\_ Line 4
- 42 a Business income or loss ..... a ■ \_\_\_\_\_
- b Income from Minnesota rents, royalties, partnerships, S corporations, estates and trusts ... b ■ \_\_\_\_\_
- c Farm income or loss ..... c ■ \_\_\_\_\_
- Total (add lines 42a, 42b, and 42c) ..... 42 ■ \_\_\_\_\_ Line 6
- 43 Interest and dividend income derived from a trade or business (S corporations and partnerships) that is assignable to Minnesota ..... 43 ■ \_\_\_\_\_ Line 2
- 44 Other income ..... 44 ■ \_\_\_\_\_ Line 8
- 45 Minnesota source gross income from this fiduciary ..... 45 ■ \_\_\_\_\_ *information only*
- Nonresident beneficiaries**
- Composite income tax for electing nonresident beneficiaries**
- 46 Minnesota source distributive income from this fiduciary ..... 46 ■ \_\_\_\_\_ *information only*
- 47 Minnesota composite income tax paid by fiduciary. If the beneficiary elected composite income tax, check this box  ..... 47 ■ \_\_\_\_\_ *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.



# 2023 Schedule KF Instructions

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## 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. An individual beneficiary who is a Minnesota resident must report all income from the trust or estate. All other beneficiaries 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 41 of Form M2.

#### Line 2 – State Taxes Deducted

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

**Estates and Trusts:** Include on line 42 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 43 of Form M2.

#### Line 4 – 80% Suspended Loss of Bonus Depreciation

**Individuals:** See Schedule M1MB, worksheet for line 4 instructions, to determine how to report this amount.

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

#### Line 5 – 80% 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 45 of the 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

This line is intentionally left blank.

#### Line 8 – Net Operating Loss (NOL) Carryover Adjustment

**Individuals:** Include on line 5 of Schedule M1MB.

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

#### Line 9 – Foreign Derived Intangible Income (FDII) Deduction

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

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

#### Line 10 - Other Additions

**Individuals:** Include on the appropriate line on Schedule M1M.

**Estates and Trusts:** Include on line 51 of Form M2.

## 2023 Schedule KF Instructions (continued)

### Lines 11 through 15

These lines are intentionally left blank.

### Line 16 – Interest on U.S. Government Bond Obligations

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

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

### Line 17 – State Income Tax Refund

**Individuals:** Include on line 6 of Form M1.

**Estates and Trusts:** Include on line 58 of Form M2.

### Line 18 – Federal Bonus Depreciation Subtraction

**Individuals:** Include on line 10 of Schedule M1MB.

**Estates and Trusts:** Include on line 59 of Form M2.

### Line 19 – Subtraction for Railroad Maintenance Expenses

**Individuals:** Include on line 14 of Schedule M1MB.

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

### Line 20

This line is intentionally left blank.

### Line 21 – Net Operating Loss (NOL) Carryover Adjustment

**Individuals:** Include on line 13 of Schedule M1MB.

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

### Line 22 – Deferred Foreign Income (Section 965)

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

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

### Line 23 – Disallowed Section 280E Expenses of a Licensed Cannabis Business

**Individuals:** Include on line 16 of Schedule M1MB.

**Estates and Trusts:** Include on line 64 of Form M2.

### Line 24 - Delayed Business Interest

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

**Estates and Trusts:** Include on line 65 of Form M2.

### Line 25 - Other Subtractions

**Individuals:** Include on the appropriate line on Schedule M1M.

**Estates and Trusts:** Include on Line 67 of Form M2.

### Lines 26 through 29

These lines are intentionally left blank.

### Line 30 –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 27 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 31 – Credit for Increasing Research Activities

**Individuals:** Include on line 16 of Form M1C. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 22 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 32 - 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.

## 2023 Schedule KF Instructions (continued)

### Line 33 – 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 34 - Unused Credit for Owners of Agricultural Assets from a Prior Year

**Individuals:** Include on line 18 of Form M1C and enter the certificate number in the space provided. The Schedule KF provides the remaining years to which the unused credit may be carried forward. This number includes the current tax year. To claim this credit, you must include this schedule with Form M1.

**Estates and Trusts:** Include on line 18 of Form M2 and enter the certificate number in the space provided. The Schedule KF provides the remaining years to which the unused credit may be carried forward. This number includes the current tax year. To claim this credit, you must include this schedule with Form M2.

### Line 35 - Housing Tax Credit

**Individuals:** Include on line 15 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 19 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 36 - Short Line Railroad Infrastructure Modernization Credit

**Individuals:** Include on line 14 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.

### Line 37 - Credit for Sales of Manufactured Home Parks to Cooperatives

**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 21 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 38 – 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 29 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 39 - 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 26 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 40 – 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 41 – 44 Minnesota Portion of Federal Amounts

Lines 41-44 apply to estate, trust, and nonresident individual beneficiaries. All income of a Minnesota individual resident beneficiary is assigned to Minnesota, regardless of the source.

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 income.

**Individuals:** Use the information on lines 41-44 to complete Schedule M1NR.

**Estates and Trusts:** Use the information on lines 41-44 to complete Schedule M2NM.

### Line 45 – Minnesota Source Gross Income

Minnesota source gross income is used to determine if a nonresident individual 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 2023 Minnesota source gross income is \$13,825 or more and you did not elect composite filing or have your filing requirement satisfied through a PTE tax filing, then you are required to file Form M1 and Schedule M1NC, *Nonresident/Party-Year Residents*.

If your 2023 Minnesota source gross income is less than \$13,825 and you had Minnesota tax withheld (see line 30 and line 40 of Schedule KF), file Form M1 and Schedule M1NR to receive a refund.

## 2023 Schedule KF Instructions (continued)

### **Line 46 – Minnesota Source Distributive Income**

Although Minnesota source gross income (line 45 of Schedule KF) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 46 – 47 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 state’s income tax return.

If you elected for the fiduciary to pay composite tax or have your filing requirement satisfied through a PTE tax filing, then you are not required to file Form M1.

### **Line 47 – 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 46, minus your share of any credits on lines 30, 32 through 38, and 40. You are not required to file Form M1.

## **Forms and Information**

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Phone: 651-556-3075

This information is available in alternate formats.