

2023 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

Contents

What's New	1
Filing Requirements	1–2
General Information	2–3
Filing Reminders	3
Form M2 Instructions	4–12
Allocation of Adjustments	12–13
Schedule KF	13–16
Tax Tables	17–20

Questions?

You can find forms and information, including answers to frequently asked questions and options for filing and paying electronically, on our website at:

www.revenue.state.mn.us

Send us an e-mail at:

businessincome.tax@state.mn.us

Call us at 651-556-3075

This information is available in alternate formats.

Before You File

Complete a Federal Return

Before you complete Form M2, complete federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*, and supporting schedules. You will need to reference them.

Minnesota Tax ID

Number

Your Minnesota tax ID is the seven-digit number you're assigned when you register with the department. It's important to include your Minnesota tax ID on your return so that any payments you make are properly credited to your account.

If you don't have a Minnesota tax ID, you must apply for one. Go to www.revenue.state.mn.us and type **Business Registration** in the search box or call 651-282-5225 or 1-800-657-3605.

What's New for 2023

Federal Conformity

Minnesota law was updated to generally adopt the Internal Revenue Code (IRC) as amended through May 1, 2023. The 2023 Minnesota income tax forms incorporate federal law through this IRC date.

Delayed Business Interest Deduction Subtraction

The new delayed business interest deduction modification allows a subtraction for 1/5th of the amount of the non-conformity adjustment additions required as a result of the CARES Act Section 2306. For more details, see page 12.

Delayed Net Operating Loss (NOL) Deduction Subtraction

The new delayed NOL deduction modification allows a subtraction for the nonconformity adjustment additions required as a result of the CARES Act Section 2303. For more details, see page 12.

Housing Tax Credit

The new Housing Tax Credit is a nonrefundable credit for qualifying contributions to a state fund. To be eligible for the credit, you must apply to the Minnesota Housing Finance Agency (MHFA) and receive a credit certificate. For more details, visit the MHFA website at www.mnhousing.gov.

Short Line Railroad Infrastructure Modernization Credit

The new Short Line Railroad Infrastructure Modernization Tax Credit is a nonrefundable credit for railroad reconstruction or replacement expenditures of a Class II or Class III railroad. For more details, see Schedule RAIL.

Credit for Sales of Manufactured Home Parks to Cooperatives

The new Credit for Sales of Manufactured Home Parks to Cooperatives is a nonrefundable credit for 5% of the amount of the sale. For more details, see Schedule MHP.

Global Intangible Low-Taxed Income (GILTI)

Minnesota generally conformed to the federal treatment of GILTI (but not the federal section 250 deduction) and repealed the related Minnesota income tax subtraction modifications. GILTI is treated as dividend income for the purposes of the corporate dividends received deduction and the sales factor.

Filing Requirements

An estate or trust, regardless of whether it is considered a resident, must file Minnesota Form M2, *Income Tax Return for Estates and Trusts (Fiduciaries)* when it has \$600 or more of gross income allocable to Minnesota or a nonresident alien as a beneficiary. [M.S. 289A.08.subd. 2] When required, the trustee of a trust or the personal representative of an estate must file Form M2 and pay the tax.

Bankruptcy Estates

If the fiduciary of a bankruptcy estate of a Minnesota resident filed a federal return, a Minnesota return must also be filed. Use Form M1, *Individual Income Tax Return*, to determine the Minnesota tax and attach it to Form M2. File it in the same way you file federal returns.

Resident Estates

A resident estate is an estate of a deceased person where:

- (1) The decedent was domiciled in Minnesota at the date of death, or
- (2) The personal representative or fiduciary was appointed by a Minnesota court in a proceeding other than an ancillary proceeding, or
- (3) The administration of the estate is carried on in Minnesota in a proceeding other than an ancillary proceeding.

[M.S. 290.01, subd. 7a]

Resident trusts

The definition of a resident trust differs depending on the date—before or after December 31, 1995—the trust becomes irrevocable or is first administered in Minnesota.

For trusts that became irrevocable or were first administered in Minnesota after December 31, 1995, a resident trust means a trust, except a grantor type trust, which meets one of the following criteria:

1. The trust was created by a will of a decedent who at their death was a Minnesota resident
2. The trust is irrevocable, and at the time it became irrevocable, the grantor was a Minnesota resident. A trust is considered irrevocable if the grantor is not treated as the owner as defined in sections 671 to 678 of the IRC.

For trusts that became irrevocable or were first administered in Minnesota before January 1, 1996, a resident trust, except a grantor type trust, means any trust administered in Minnesota.

To be considered a resident trust administered in Minnesota, you must meet two of these three criteria:

1. A majority of the discretionary investment decisions are made in Minnesota
2. The majority of discretionary distribution decisions are made in Minnesota
3. The trust's official books and records are kept in Minnesota [M.S. 290.01, subd. 7b]

Relevant Minimum Connection of Resident Trusts. The Minnesota Supreme Court ruled in *Fielding v. Commissioner of Revenue*, 916 N.W.2d 323 (Minn. 2018) that a trust may be taxed as a resident if there is “(1) some ‘minimum connection’ between the state and the entity subject to tax, and (2) a ‘rational relationship’ between the income the state seeks to tax and the protections and benefits conferred by the state.”

The court set out “relevant connections” to be considered, which include Minnesota’s connections to:

- the trustee
- the trust’s assets
- the administration of the trust
- the trust in the tax year at issue

The resident trust statute is presumed to be constitutional. Complete and enclose Schedule M2RT with your return if you meet the statutory definition of a resident trust, but believe you may not have sufficient minimum connections to Minnesota to be taxed as a resident trust. Complete Form M2 as a nonresident and use Schedule M2NM to determine your non-Minnesota income (loss) to include on lines 2 and 7 of Form M2.

General Information

Due Date for Filing and Paying

The regular due date for filing Form M2 and paying the tax due is April 15, 2024. If the due date lands on a weekend or legal holiday, returns and payments electronically made or postmarked the next business day are considered timely. If you file your return according to a fiscal year, your return and payment are due the 15th day of the fourth month following the end of the tax year. Short-year returns are due by the 15th day of the fourth month following the month in which the short year ends. Example: If the fiscal year end is May 31, the due date is September 15.

Extension of Time to File

All estates and trusts are granted an automatic six-month extension to file Form M2, if the tax is paid in full by the regular due date. **If the tax is not paid by the regular due date, the extension of time to file is invalid.**

If the IRS grants an extension to file your federal return, your state filing due date is extended to the federal due date. This is a filing extension only. To avoid penalties, you must make an extension tax payment by the regular due date. See **Extension Payment** below for details.

Payments

There are four types of fiduciary income tax payments—extension payments, estimated tax payments, tax return payments, and amended return payments. **Note:** If you are currently paying electronically using the ACH credit method, continue to call your bank as usual. If you want to make payments using the ACH credit method, instructions are available at www.revenue.state.mn.us.

Extension Payment

Your tax is due by the regular due date, even if you’re filing under an extension. Any tax not paid by the regular due date is subject to penalties and interest (see lines 33 and 34 instructions on page 8).

If you’re filing after the regular due date, you can avoid penalty and interest by making an extension payment for the full amount of the tax owed by the regular due date. For information about payment options see **Payment Options** on page 3. If you administer 100 or more trusts or are required to make other payments electronically, you are required to pay all fiduciary income taxes electronically. [*M.S. 289A.20, subd. 1c*]

Estimated Payments

A trust must make quarterly estimated tax payments if it has:

- an estimated tax of \$500 or more
- any nonresident beneficiary’s share of estimated composite income tax of \$500 or more

Payments are due by the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the end of the tax year. Installments for a short tax year are due in equal payments on the 15th day of the fourth, sixth, ninth and final months of the tax year depending on the number of months in the short tax year. No installments are required for a short tax year of fewer than four months.

The required annual payment is the lesser of:

- 90 percent of your current year’s tax liability, or
- 100 percent of the prior year’s tax liability. However, if the trust has more than \$150,000 of Minnesota assignable adjusted gross income, you must use 110 percent, rather than 100 percent, of the prior year’s tax liability.

The required annual payment must be paid in four equal installments unless certain exceptions apply (see the instructions for Schedule EST, *Additional Charge for Underpayment of Estimated Tax*).

If estimated tax is required for both the estimated tax and the composite income tax, include both on the same quarterly payment. [*M.S. 289A.25*]

To make an estimated tax payment, see **Payment Options** on page 3. If paying by check, send a completed payment voucher with your payment.

Tax Return Payment

If there is an amount due on line 36 of Form M2, you must make a tax return payment. If you’re paying by check, send a completed payment voucher with your payment.

Penalties and Interest

Late payment. A late payment penalty is assessed on any tax not paid by the regular due date. The penalty is 6% of the unpaid tax. If you file your return after the regular due date with a balance due, and you do not pay that balance, an additional 5% penalty will be assessed on the unpaid tax.

Late filing. There is also a penalty if you file after the extended due date and owe tax. The late filing penalty is 5% of any tax not paid by the extended due date.

Interest. You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2024 is 8%.

Other penalties. There are also civil and criminal penalties for intentionally failing to file a Minnesota return, evading tax and for filing a false, fraudulent or frivolous return.

Payment Options

If you administer 100 or more trusts, you are required to pay all the fiduciary income taxes electronically. We will assess a penalty of 5% of the payment if you fail to do so when required.

Pay with your Bank Account

Go to www.revenue.state.mn.us and click **Log in to e-Services**

If you're using the system for the first time and need a temporary password, call 651-282-5225 or 1-800-657-3605.

To be timely, you must complete your transaction and receive a confirmation number on or before the due date for that payment.

Pay by Credit or Debit Card

We use a third-party vendor to process credit and debit card payments. A fee is charged for this service.

- Go to www.revenue.state.mn.us and click **Make a Payment**
- Click **By Credit or Debit Card** and follow the prompts to complete the payment

Pay by Check

- Go to our website at www.revenue.state.mn.us and click **Make a Payment**
- Click **By Check or Money Order** to create a payment voucher
- Mail with your check to the address on the voucher

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

Reporting Federal Changes

If the Internal Revenue Service (IRS) changes or audits your federal return and it affects your Minnesota return or distributions to beneficiaries, you must file a Form M2X, *Amended Income Tax Return for Estates and Trusts*, with the department within 180 days after you were notified by the IRS. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If the changes do not affect your Minnesota return or Schedules K-1, you have 180 days to send a letter of explanation to the department. Send your letter and a complete copy of your amended federal return or the correction notice to: Minnesota Fiduciary Income Tax, Mail Station 5140, 600 N. Robert St., St. Paul, MN 55146-5140

If you fail to report as required, a 10 percent penalty will be assessed on any additional tax. [M.S. 289A.60, subd. 24]

Filing Reminders

Composite Income Tax

Minnesota allows estates and trusts to file composite Minnesota income tax on behalf of their beneficiaries who are nonresident individuals and elect to be included. As a result, the electing beneficiary is not required to file Minnesota Form M1, *Minnesota Individual Income Tax Return*.

The electing individuals must not have any Minnesota source income other than the income from this trust or estate and other entities for which they are electing composite tax or are a part of a PTE tax return.

Beneficiaries receiving distributions from an estate or trust reporting installment sale gains on line 6 of Schedule KF are not eligible for inclusion in a composite return.

If you are paying composite income tax for your electing beneficiaries, check the box for composite income tax on the front of Form M2 and see the line 13 instructions on page 5.

Request for Early Audit

You may request an early audit of a decedent's income tax return, property tax refund claim, the return of an estate, or of a terminating trust by filing Minnesota Form M22, *Request for Early Audit of Minnesota Income Tax Return*. The request reduces the time the department has to assess additional taxes from 3 1/2 years from the later of the date the return was due, or when it was filed, to 18 months after the request was received.

Use of Information

Your Minnesota tax ID number is public information. All other information on this form is private, and cannot be given to others except as provided by state law. The identity and income information of the beneficiaries are required under state law so the department can determine the beneficiary's correct Minnesota taxable income and verify if the beneficiary has filed a return and paid the tax. The Social Security numbers of the beneficiaries are required under M.S. 289A.12, subd. 13.

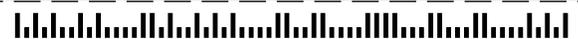
When Filing a Paper Return

How to Assemble

Arrange your Minnesota schedules in the order they were completed and place them behind your Form M2. Schedules KF should be grouped together and sorted with the largest share of Minnesota source income first. Then place your federal return and its schedules behind the Minnesota material. Do not staple or tape any enclosures to your return.

Where to Send

Mail your Minnesota and federal forms and schedules, using the mailing label below. Cut on the dotted line and tape to your envelope. Or mail to: Minnesota Department of Revenue, Fiduciary Income Tax, Mail Station 1310, 600 N. Robert St., St. Paul, MN 55146-1310



Minnesota Department of Revenue
Fiduciary Income Tax
Mail Station 1310
600 N. Robert St.
St. Paul, Minnesota 55146-1310

Form M2 Instructions

Before you complete Form M2, you must first complete federal Form 1041 and supporting schedules.

If you are a	Completed federal Form
Charitable remainder or charitable lead trust (enter zero on Form M2, lines 1 and 9)	1041A or 5227
Designated or qualified settlement fund (under IRC section 468B)	1120-SF
Qualified funeral trust	1041-QFT
Electing small business trust (ESBT)	1041

Tax Year

If you are filing on a fiscal year basis, enter the beginning and ending dates. Without the dates, your filing and payments may not be considered timely.

Minnesota Tax ID Number

Enter your Minnesota tax ID number on Form M2. Without it, processing of the return is delayed, and your estimated tax and extension prepayments cannot be verified and credited properly.

Check Boxes

Place an X in all boxes that apply.

Bankruptcy estate. A separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code. Enter the bankruptcy debtor's SSN in the bankruptcy debtor SSN box and, if filing jointly, enter the second debtor's SSN in the corresponding box.

Composite income tax. If you are paying composite income tax for your electing nonresident beneficiaries. See the line 13 instructions on page 5.

Due Process Nonresident. A trust or estate that meets the definition of a statutory resident (check the statutory resident checkbox), but you believe may not have sufficient minimum connections to Minnesota to be taxed as a resident trust or estate. If you check this box and are a trust, you must also complete and enclose Schedule M2RT with your return. See the instructions on pages 1- 2 and Schedule M2RT for more details.

ESBT (Electing Small Business Trust). An ESBT is a non-grantor trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust. See Schedule M2SB for more details.

Initial return. If this is the fiduciary's first return filed in Minnesota.

Final return. If this is the fiduciary's final return. For income tax purposes, Minnesota follows federal law on termination of estates and trusts. All income, deductions and credits are passed through to the beneficiaries.

Form M706 Filed. If the decedent's estate or trust had a M706 estate tax return filed. Enter the gross value of the estate on the line provided.

Grantor Trust. A trust is a grantor trust if the grantor retains certain powers or ownership benefits.

Installment Sale of Pass-through Assets or Interests. If the trust or estate:

- executed an installment sale, after December 31, 2016, of S corporation stock or partnership interests being reported on federal Form 6252,
- executed an installment sale, after December 31, 2016, of the assets of an S corporation or partnership being reported on federal Form 6252, or
- owns an interest in an S corporation, partnership, trust, or estate reporting installment sale gains on line 7 of Schedule KPI or KS, line 6 of Schedule KF, or line 10 of Schedule KPC.

If you are required to check the box and the gain from the sale was distributed, complete line 6 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF. Beneficiaries who are receiving Schedules KF with positive values on line 6 may not be included in a composite return.

Irrevocable Trust. A trust is considered irrevocable if the grantor no longer has control over the trust assets and administration. Enter the date the trust became irrevocable.

Owns or Operates Business. If the estate or trust owns or operates a business through the estate or trust. Provide the Federal Identification Number(FEIN) of the business in the box provided. If the estate or trust owns or operates more than one business, provide a list of all FEINs of the businesses in an attachment.

QSST. If the trust is filing as a Qualified Subchapter S Trust.

Section 645 Election. The IRC section 645 election allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Minnesota. Enclose a copy of federal Form 8855 or letter making the election.

Statutory Nonresident. A trust or estate that does not meet the definition of a statutory resident under Minnesota Statute section 290.01, subdivisions 7a and 7b and therefore is considered a statutory nonresident. See instructions on pages 1- 2 for more details.

Statutory Resident. A trust or estate that meets the definition of a statutory resident under Minnesota Statute section 290.01, subdivisions 7a and 7b. See instructions on pages 1- 2 for more details.

Tax Position Disclosure. If you filed Form TPD to disclose items or positions that are not otherwise adequately disclosed on your return. See Form TPD for more details.

Form M2 Instructions (continued)

Line Instructions

Round amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next higher dollar.

Line 2 — Deductions and Losses not Allowed

Use Schedule M2NM to determine the amount to include on Line 2.

Line 3 — Capital Gain of Lump Sum Distribution

If you received a qualifying lump-sum distribution in 2023 and chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file Form M2.

Lines 4 and 6 — Additions and Subtractions

Include the amount from line 74, column E of Form M2. See the instructions for *Allocation of Adjustments* on page 12 for more details.

Line 7 — Income from Non-Minnesota Sources

Use Schedule M2NM to determine the amount to include on Line 7.

Line 10 — Minnesota Tax

Use the table starting on page 16 to determine the amount to enter on line 10.

Line 11 — Tax from S portion of an Electing Small Business Trust

If you are filing as an Electing Small Business Trust (ESBT), you must file Schedule M2SB to report all items relating to the S portion of the trust. Enter the tax calculated on the M2SB on line 11 of Form M2. Include Schedule M2SB when you file Form M2.

Line 12 — Additional Tax

Schedule M1LS—Tax on a Lump-Sum Distribution. If you received a lump-sum distribution from a qualified pension plan, profit sharing plan or stock bonus plan and the 10-year averaging method on federal Form 4972 was used, you must complete Minnesota Schedule M1LS, *Tax on Lump-Sum Distribution*.

Include the amount from line 11 of Schedule M1LS on line 12 of Form M2. Check the box for Schedule M1LS and include a copy of the schedule when you file your return.

Schedule M2MT—Alternative Minimum Tax. If you had to complete federal Schedule I, *Alternative Minimum Tax*, you must complete Minnesota Schedule M2MT, *Alternative Minimum Tax for Estates and Trusts*.

Include the amount from line 18 of Schedule M2MT on line 12 of Form M2. Check the box for Schedule M2MT and include a copy of the schedule with your return.

Line 13 — Composite Income Tax

Add the composite income tax attributed to all electing beneficiaries (the total of line 47 from all Schedules KF), and enter the result on line 13 of Form M2.

Line 15 — Credit for Taxes Paid to Another State

You may claim a nonrefundable credit on line 15 for taxes paid to another state if all of the following are true:

- You are filing as a Minnesota resident estate or trust.
- You paid 2023 income tax to Minnesota.
- You paid 2023 income tax to another state on the same income as Minnesota. For purposes of this credit, a Canadian province or territory and the District of Columbia are considered a state.

The credit cannot exceed the sum of the taxes shown on lines 10 and 11 of Form M2.

Use Schedule M1CR, *Credit for Income Tax Paid to Another State*, as a worksheet to determine the credit and enter the result on line 15.

You may not carry forward any unused credit.

Line 16 — Film Production Credit

If you received a credit certificate from the Department of Employment and Economic Development (DEED) for eligible production costs, enter the credit amount on line 16 and the certificate number in the space provided.

You may carry any unused credit forward for up to 5 years.

For more details regarding this tax credit, go to the DEED website at mn.gov/deed.

Line 17 — Tax Credit for Owners of Agricultural Assets

If you received a credit certificate from the Minnesota Rural Finance Authority for selling or leasing agricultural assets to a beginning farmer, enter the credit amount on line 17 and certificate number in the space provided.

If you have multiple credits, enter the certificate number the estate or trust received directly from the Rural Finance Authority within the certificate number box. If you have multiple credits and received all credits from other pass-through entities, enter the certificate number relating to the largest credit amount within the certificate number box. Include a statement showing the certificate numbers and corresponding credit amounts for all credits you included on line 17. Subtotal all credit amounts on line 17.

You may carry any unused credit forward for up to 15 years.

Form M2 Instructions (continued)

Line 18 — Unused Credits for Owners of Agricultural Assets from a Prior Year

If you have a carryforward of one or more prior year Owners of Agricultural Assets Credits, enter the credit amount you are claiming for the current year and the relating certificate number from prior year(s).

If you can claim multiple carryforward credits in the current year, include a statement summarizing the credit amounts and relating certificate numbers from prior years. Enter the total carryforward amount for all credits you are claiming in the current year on line 18.

Include a breakdown schedule showing the amount of credits earned, used, and remaining in each taxable year.

Line 19 — Housing Tax Credit

If you received a certificate from the Minnesota Housing Finance Agency (MHFA) for qualifying contributions to a state fund, enter the credit amount on line 19 and the certificate number in the space provided.

You may carry any unused credit forward for up to 10 years.

For more details regarding this tax credit, go to the MHFA website at www.mnhousing.gov.

Line 20 - Short Line Railroad Infrastructure Modernization Credit

You may be eligible for the nonrefundable Short Line Railroad Infrastructure Modernization Credit if the estate or trust operates as a Class II or Class III Railroad.

If you qualify, complete Schedule RAIL, Short Line Railroad Infrastructure Modernization Credit. Enter the credit amount on line 20.

You may carry any unused credit forward for up to five years or transfer the unused credit to one other taxpayer. To transfer the credit, complete the Assignment Form on Schedule RAIL.

Line 21 - Credit for Sales of Manufactured Home Parks to Cooperatives

You may be eligible for the nonrefundable Credit for Sales of Manufactured Parks to Cooperatives if the estate or trust sold a manufactured home park to a cooperative.

If you qualify, complete Schedule MHP, Credit for Sales of Manufactured Home Parks to Cooperatives. Enter the credit amount on line 21.

You may carry any unused credit forward for up to 5 years.

Line 22 — Credit for Increasing Research Activities

An estate or trust may receive a Minnesota Credit for Increasing Research Activities as a partner of a partnership or shareholder of an S corporation that paid qualified research and development expenses in Minnesota.

Include on line 19 the credit amount you received on the:

- 2023 Schedule KS, line 24
- 2023 Schedule KPI, line 24
- 2023 Schedule KF, line 31

The credit is limited to the sum of the taxes shown on lines 10 and 11 of Form M2, or the liability for tax, whichever is less. You may carry any unused credit forward for up to 15 years.

Line 23 — Other Nonrefundable Credits

If you are claiming a nonrefundable credit other than the credits listed on lines 15 through 22, include the credit on line 23.

Include on line 23 any credits eligible outright by an estate or trust or received on Schedules KPI, KS, or KF as a partner, shareholder, or beneficiary of another entity.

Include on line 23 only the portion of the credit(s) being retained by the estate or trust. Any portion of the credit(s) being distributed to beneficiaries should be reported on the beneficiaries' Schedules KF.

If you are including an amount on line 23, include a statement indicating which credit(s) the estate or trust is claiming. Include with your return filing any required forms, schedules, credit certificates, or documentation.

Employer Transit Pass Credit

You may be eligible for the nonrefundable Employer Transit Pass Credit if the estate or trust operated a business that purchases transit passes to sell or give to employees. The credit is equal to 30 percent of the difference between the price you paid for the pass and the price charged employees.

If you qualify, complete Schedule ETP, *Employer Transit Pass Credit*. Enter the credit amount on line 23.

You may not carry forward any unused credit.

SEED Capital Investment Credit

You may be eligible for the SEED Capital Investment Credit if:

- The estate or trust invested in a qualified business in Breckenridge, Dilworth, East Grand Forks, Moorhead, or Ortonville.
- The business has been certified by the Minnesota Department of Employment and Economic Development (DEED) as qualifying for the SEED Capital Investment Program.

Enter the credit amount from the credit certificate you received from the DEED on line 23.

You may carry any unused credit forward for up to four years.

Form M2 Instructions (continued)

Alternative Minimum Tax Credit

You may be eligible for the Alternative Minimum Tax Credit if the estate or trust paid Minnesota alternative minimum tax in one or more taxable years from 1989 through 2022. If the estate or trust did not pay Minnesota alternative minimum tax, you do not qualify for the credit.

Use the Schedule M1MTC, *Alternative Minimum Tax Credit*, as a worksheet to determine if you qualify or have a credit carry over from a prior year of any unused portion of your minimum tax credit. Enter the credit calculated from Schedule M1MTC on line 23.

Line 26 — Pass-Through Entity Tax Credit

An estate or trust may receive a tax credit as a qualifying owner of an electing pass-through entity.

Include on line 26 the credit amount you received on the:

- 2023 Schedule KS, line 30
- 2023 Schedule KPI, line 30
- 2023 Schedule KF, line 39

Line 27 — Minnesota Income Tax Withheld

Enter the total of any 2023 Minnesota tax withheld, including:

- Minnesota income tax withheld in error (and not repaid) by an employer on wages and salaries of a decedent that was received by the decedent's estate (enclose a copy of federal Form W-2, Wage and Tax Statement), and
- The fiduciary's share of any Minnesota income tax withholding from Schedule KS or KPI not passed through to the beneficiaries.

Minnesota requires backup withholding to be made when the payee is subject to federal backup withholding on reportable payments made to a trust for personal services. (*IRC section 3406*). The Minnesota backup withholding is equal to the payment multiplied by the highest Minnesota tax rate for trusts. The Minnesota backup withholding must be passed through to the trust's beneficiary(s) based upon the income distributed to the beneficiary(s). Report each beneficiary's portion of the backup withholding on line 40 of Schedule KF.

If you are including withholding on line 27, include a copy of the federal Form 1099, Schedule KPI, Schedule KS or other documentation showing the amount withheld. If the documentation is not included with your Form M2, the department will disallow the amount and assess the tax or reduce your refund.

Line 28 — Total Estimated Tax Payments and Any Extension Payments

Enter your total estimated tax and extension payments paid for the tax year, including:

- your total 2023 estimated tax payments made in 2023 and 2024, either paid electronically or by check,
- the portion of your 2022 refund applied to your 2023 estimated tax, and
- any 2023 extension payment, paid electronically or by check, that was made by the due date when filing under an extension.

Line 29 — Historic Structure Rehabilitation Tax Credit

You may be eligible for the refundable Minnesota Historic Structure Rehabilitation Credit if all of the following apply:

- You made qualified improvements to a certified historic structure in Minnesota.
- The improvements qualify for the federal Historic Rehabilitation Credit under Internal Revenue Code, section 47.
- You applied for certification to the Minnesota State Historic Preservation Office (SHPO) before starting the project.
- SHPO issued a credit certificate upon the project's completion.

For estates and trusts who receive a credit certificate from Minnesota SHPO, enter the National Park Service (NPS) project number from the credit certificate you received in the space provided, and include on line 29:

- The credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO on or before December 31, 2017.
- One-fifth of the credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO after December 31, 2017.

For details about the Minnesota and federal credits, go to the SHPO website at mn.gov/admin/shpo.

Line 30 — Other Refundable Credits

If you are claiming a refundable credit other than the Historic Structure Rehabilitation Tax Credit or Pass-Through Entity Tax Credit, include the credit on line 30.

Include on line 30 any credits eligible outright by an estate or trust or received on Schedules KPI, KS, or KF as a partner, shareholder, or beneficiary of another entity.

Include on line 30 only the portion of the credit(s) being retained by the estate or trust. Any portion of the credit(s) being distributed to beneficiaries should be reported on the beneficiaries' Schedules KF.

If you are including an amount on line 30, include a statement indicating which credit(s) the estate or trust is claiming. Include with your return filing any required forms, schedules, credit certificates, or documentation.

Form M2 Instructions (continued)

Enterprise Zone Credit

You may be eligible for the refundable Enterprise Zone Credit if the estate or trust operated a business that has been approved by the Minnesota Department of Employment and Economic Development (DEED) as employment property in an enterprise zone.

If you received approval from DEED for the Enterprise Zone Credit, enter the credit amount on line 30. Attach the certification document received from the DEED.

For more details about the zones, go to the DEED website at mn.gov/deed.

Angel Investment Tax Credit

You may be eligible for the refundable Angel Investment Tax Credit if you made investment in certain Minnesota businesses. The Minnesota Department of Employment and Economic Development (DEED) certifies investors, investment funds, and businesses as being eligible to participate in this credit program.

If you received the Angel Investment Tax Credit Certificate issued by DEED, enter the credit amount on line 30.

For more information about credit eligibility, go to the DEED website at mn.gov/deed.

Line 33 — Penalty

Penalties are collected as part of the tax and are in addition to any charge for underpaying estimated tax. If you are paying your tax after the regular due date, include the appropriate penalties on line 33. Include a statement showing how you arrived at the penalty amount.

Late Payment. If the tax is not paid by the original due date, a penalty is due of 6 percent of the unpaid tax on line 32.

Balance Not Paid. If you file your return after the regular due date with a balance due, an additional 5 percent penalty will be assessed on the unpaid tax.

Late Filing. If you are filing your return after the extended due date, you must pay a late filing penalty. The late filing penalty is 5 percent of the unpaid tax on line 32.

Payment Method. If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if your paper check is sent on time.

If, during the 12 months ending June 30 of the tax year, you paid \$10,000 or more in estimated tax payments, you are required to make all future estimated tax payments electronically beginning January 1 of the following tax year. Once you meet the electronic payment threshold, you are required to pay electronically for all future periods.

You must also pay electronically if you're required to pay any Minnesota business tax electronically.

Line 34 — Interest

You must pay interest on the unpaid tax and penalty from the regular due date until the total is paid. The interest rate for calendar year 2024 is 8%. To figure how much interest you owe, use the following formula with the appropriate interest rate:

Interest = (tax + penalty) x # of days late x interest rate ÷ 365

Line 35 — Trusts Only - Additional Charge

Skip this line if you are an estate.

Trusts: If you did not pay the correct amount of estimated tax by the due dates, you may have to pay an additional charge for underpaying or not paying estimated tax.

You may also owe an additional charge if the sum of the following is more than \$500:

- Line 14
- Less the sum of any credits on lines 15 - 24.

Complete Schedule EST, *Additional Charge for Underpayment of Estimated Tax (for Trusts, Partnerships and S Corporations)*, to determine the additional charge for underpaying estimated tax, if any, to enter on line 35. Include Schedule EST with your return.

Line 36 — Amount Due

Add lines 32 through 35. This is the total amount you owe.

Check the appropriate box on line 36 to indicate your method of payment. See **Payment Options** on page 3.

Line 37 — Overpayment

If you have an overpayment, you may choose to have it directly deposited into your bank account, apply all or a portion of your overpayment toward your 2024 estimated tax account, or receive a check.

Line 38 — 2024 Estimated Tax

Skip this line if you owe additional tax or you will be electing to have your entire refund directly deposited (see line 40).

If you are paying 2024 estimated tax, you may apply all or a portion of your refund to your 2024 estimated tax.

Enter the portion of line 37 you want to apply toward your 2024 estimated tax.

Line 39 — Minnesota Income Tax Refund

Subtract line 38 from line 37. The result is the amount of your 2023 Minnesota income tax refund that will be refunded to you.

If you want to request your refund to be direct deposited into your bank account, complete line 40. Your bank statement will indicate when your refund was deposited to your account. Otherwise, skip line 40 and your refund will be sent to you in the mail.

Form M2 Instructions (continued)

Line 44 — Suspended Loss of Bonus Depreciation

If you're claiming a suspended loss from 2001-2005 or 2008-2022 on your federal return that was generated by bonus depreciation, and you did not add back 80 percent of the bonus depreciation in those years, complete the following steps:

- 1 Bonus depreciation from 2001–2005 or 2008-2022 not added back on Form M2
- 2 Total suspended loss from activity remaining after 2023
- 3 Subtract step 2 from step 1 (if a negative amount, enter zero)
- 4 Multiply step 3 by 80 percent (.80)
- 5 Total of the 80 percent bonus depreciation addition passed through to you as a beneficiary of another estate or trust (from line 4 of Schedule KF)
- 6 Add steps 4 and 5. Enter here and on line 44

Line 45 — Bonus Depreciation Addition

If you claimed federal bonus depreciation, you must add back 80 percent of the bonus depreciation to Minnesota. Follow the steps below to determine line 45.

- 1 Add line 14 and line 25 of your federal Form 4562*
- 2 Total of bonus depreciation passed through to you as a shareholder of an S corporation (from line 4 of Schedule KS), or as a partner of a partnership (from line 4 of Schedule KPI)
- 3 Add steps 1 and 2
- 4 Multiply step 3 by 80% (.80)
- 5 Total of any 80% federal bonus depreciation addition you received as a beneficiary of another estate or trust (from line 5 of Schedule KF)
- 6 Add steps 4 and 5. Enter here and on line 45

* If bonus depreciation included in step 1 or 2 generated a loss in an activity that cannot be deducted in 2023 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2023, up to the bonus depreciation claimed by the activity.

In a future year, you must include the bonus depreciation as an addition when the 2023 suspended loss is allowed. The bonus depreciation is treated as the last suspended loss allowed.

Line 46 — Section 199A Qualified Business Income (QBI)

Enter the amount of QBI you deducted from net income under Internal Revenue Code (IRC) section 199A for the taxable year. Include on line 46 only the portion of the QBI deduction being retained by the estate or trust. Allocate 100% of line 46 to the fiduciary on line 74 of Form M2. [M.S. 290.0131, subd. 16]

Line 47

This line is intentionally left blank.

Line 48 — Net Operating Loss (NOL) Carryover Adjustment

If you claimed a federal net operating loss deduction on line 15b of federal Form 1041 in this tax year, add that amount to line 48 as a positive number.

Line 49 — Foreign-Derived Intangible Income (FDII) Deduction

Enter the amount of foreign-derived intangible income (FDII) you deducted from net income under IRC section 250 for the taxable year. [M.S. 290.0131, subd. 17]

Line 50

This line is intentionally left blank.

Line 51 — Other Additions

Include an amount on line 51 if the estate or trust is required to make any of the following Minnesota additions:

- First-time home buyer savings account addition [M.S. 290.0131, subd. 14]
- 529 plan addition [M.S. 290.0131, subd. 15]

Lines 52 through 55

These lines are intentionally left blank.

Line 57 — Net Interest from U.S. Bonds

Interest earned on certain direct federal obligations is taxable on the federal return, but is not taxable on the state return. You may reduce your taxable income if you reported interest on your federal return that is exempt from state income tax.

Include the interest you received from certain U.S. bonds, bills, notes and other debt instruments, reduced by any related investment interest and other expenses you deducted on your federal return that relate to this income.

Form M2 Instructions (continued)

You may also include the portion of dividends from mutual funds that are attributable to such bonds, bill or notes, reduced by any related expenses you deducted on your federal return.

Enclose a statement from the fund indicating the proportionate interest earned on the above securities. [M.S. 290.0132, subd. 2]

Line 58 — State Income Tax Refunds

Income tax refunded by Minnesota or any other taxing jurisdiction that was included as income on the federal return is not taxed by Minnesota. [M.S. 290.0132, subd. 3]

Line 59 — Federal Bonus Depreciation Subtraction

You may be able to reduce your taxable income if you:

- deducted bonus depreciation on your 2018 through 2022 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2018 through 2022 Form M2, or
- received a federal bonus depreciation subtraction in 2023 from another estate or trust.

To determine the amount, see *Worksheet for Line 59*.

Worksheet for Line 59

If you claimed bonus depreciation as an addition on your 2018 Form M2:

1	Portion of lines 28 and 29 of your 2018 Form M2 allocated to fiduciary	1	_____
2	Net operating loss generated for tax year 2018 (line 25, Schedule A of 2018 federal Form 1045). Enter as a positive number	2	_____
3	Subtract step 2 from step 1	3	_____
4	Multiply step 3 by 20% (.20)	4	_____

If you claimed bonus depreciation as an addition on your 2019 Form M2:

5	Portion of lines 28 and 29 of your 2019 Form M2 allocated to fiduciary	5	_____
6	Net operating loss generated for tax year 2019 (line 25, Schedule A of 2019 federal Form 1045). Enter as a positive number	6	_____
7	Subtract step 6 from step 5	7	_____
8	Multiply step 7 by 20% (.20)	8	_____

If you claimed bonus depreciation as an addition on your 2020 Form M2:

9	Portion of lines 38 and 39 of your 2020 Form M2 allocated to fiduciary	9	_____
10	Net operating loss generated for tax year 2020 (line 24, Schedule A of 2020 federal Form 1045). Enter as a positive number	10	_____
11	Subtract step 10 from step 9	11	_____
12	Multiply step 11 by 20% (.20)	12	_____

If you claimed bonus depreciation as an addition on your 2021 Form M2:

13	Portion of lines 41 and 42 of your 2021 Form M2 allocated to fiduciary	13	_____
14	Net operating loss generated for tax year 2021 (line 24, Schedule A of 2021 federal Form 1045). Enter as a positive number	14	_____
15	Subtract step 14 from step 13 (if zero or less, enter 0)	15	_____
16	Multiply step 15 by 20% (.20)	16	_____

If you claimed bonus depreciation as an addition on your 2022 Form M2:

17	Portion of lines 41 and 42 of your 2022 Form M2 allocated to fiduciary	17	_____
18	Net operating loss generated for tax year 2022 (line 24, Schedule A of 2022 federal Form 1045). Enter as a positive number	18	_____
19	Subtract step 18 from step 17 (if zero or less, enter 0)	19	_____
20	Multiply step 19 by 20% (.20)	20	_____

If you received a subtraction in 2023 from an estate or trust:

21	Total of any bonus depreciation subtraction amounts you received as a beneficiary of an estate or trust (from line 18 of Schedule KF)	21	_____
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Total subtraction

22	Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 59 of Form M2	22	_____
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Line 60

This line is intentionally left blank.

Line 61 — Subtraction for Railroad Maintenance Expenses

Enter the amount of any qualified railroad track maintenance expenditures that are not allowed to be deducted on your federal return due to claiming the federal credit under IRC section 45G(a). This includes the amount of depreciation expenses you were not allowed for federal income tax purposes due to making a basis adjustment as a result of claiming the federal credit. [M.S. 290.0132, subd. 22]

Line 62 — Net Operating Loss (NOL) Carryover Adjustment

Enter the amount of your Minnesota net operating loss allowed in this year. [M.S. 290.095, subd. 11]

Line 63 — Deferred Foreign Income (IRC Section 965)

Enter the amount of deferred foreign income included in net income under IRC section 965 for the taxable year. [M.S. 290.0132, subd. 27]

Line 64 — Disallowed IRC Section 280E Expenses of a Licensed Cannabis Business

If you are a licensed cannabis business with the Office of Cannabis Management, you may subtract expenses that were not allowed for federal tax purposes under IRC section 280Ee. Enter the disallowed IRC section 280E expenses on line 62. [M.S. 290.0132, subd. 29]

Lines 65 — Delayed Business Interest

You may be able to reduce your taxable income if you:

- Reported a nonconformity adjustment in tax years 2019 through 2022 for business interest expense deducted under the special rule (CARES Act Section 2306) in section 163(j)(1)(A) and (B) of the Internal Revenue Code.
- Have an unused Minnesota-only excess business interest expense carried forward from your 2019 through 2022 Minnesota returns.

To determine the amount of your subtraction, sum the amounts reported on the following nonconformity adjustment lines:

- 2019 Form M2, line 36, or 2019 Form M2SB, line 23
- 2020 Schedule M2NC, line 6, or 2020 Schedule M2SBNC, line 6
- 2021 Schedule M2NC, line 5, or 2021 Schedule M2SBNC, line 5
- 2022 Schedule M2NC, line 5, or 2022 Schedule M2SBNC, line 5

Multiply the total of the above lines by 20 percent. This is the amount of your subtraction in tax year 2023. The remaining 4/5th of the total can be taken as a 20 percent subtraction in each of the tax years 2024 through 2027.

Lines 66 — Delayed Net Operating Loss Deduction

You may be able to reduce your taxable income if you:

- Reported a nonconformity adjustment in tax years 2017 through 2022 for net operating loss deducted as a result of the CARES Act Section 2303.
- Have an unused Minnesota-only net operating loss deduction carried forward from your 2017 through 2022 Minnesota returns.

To determine the amount of your subtraction, sum the amounts reported on the following nonconformity adjustment lines:

- 2017 Form M2, line 31b with Code 19, or 2017 Form M2SB, line 18b with Code 19
- 2018 Schedule M2NC, line 26, or 2018 Schedule M2SBNC, line 27
- 2019 Form M2, line 35, or 2019 Form M2SB, line 22
- 2020 Schedule M2NC, line 4, or 2020 Schedule M2SBNC, line 4
- 2021 Schedule M2NC, line 3, or 2021 Schedule M2SBNC, line 3
- 2022 Schedule M2NC, line 3, or 2022 Schedule M2SBNC, line 3

Use the worksheet below to determine your Minnesota subtraction.

Worksheet for Line 66

- 1 Enter the amount from your prior year nonconformity adjustments totaled above _____
- 2 Enter the amount of federal taxable income from line 23 of federal Form 1041. If less than zero, enter 0. _____
- 3 Multiply step 2 by 80% (.80) _____
- 4 Enter the lesser of step 1 or step 3. Include this amount on line 66 _____
- 5 Subtract step 4 from step 1. This is your Minnesota NOL carried into 2024. Retain this amount for your records _____

Line 67 — Other Subtractions

Include an amount on line 67 if the estate or trust is required to make any of the following Minnesota subtractions:

- Gain on forced sale of farm property subtraction [M.S. 290.0132, subd. 6]
- National Guard and reserve compensation subtraction [M.S. 290.0132, subd. 11]
- Armed forces active-duty compensation paid to Minnesota residents subtraction [M.S. 290.0132, subd. 12]
- Nonresident military service compensation subtraction [M.S. 290.0132, subd. 15]
- National service educational awards subtraction [M.S. 290.0132, subd. 16]
- Military service pension and retirement pay subtraction [M.S. 290.0132, subd. 21]
- Contributions to section 529 plan subtraction [M.S. 290.0132, subd. 23]
- First-time home buyer savings account subtraction [M.S. 290.0132, subd. 25]
- Social Security benefits subtraction [M.S. 290.0132, subd. 26]
- Volunteer driver reimbursement subtraction [M.S. 290.0132, subd. 30]
- Qualified retirement benefits subtraction [M.S. 290.0132, subd. 34]
- Damages for sexual harassment or abuse subtraction [M.S. 290.0132, subd. 35]

Lines 68 through 71

These lines are intentionally left blank.

Allocation of Adjustments (Lines 73-75)

The beneficiary(s) of a trust or an estate must file an individual or fiduciary income tax return to report their portion of the income distributed. A resident individual beneficiary must report all income from the trust or estate. A nonresident individual beneficiary who receives \$13,825 or more of Minnesota gross income must report income assignable to Minnesota.

The purpose of this section is to allocate any adjustments noted on lines 41-55 and 57-71 between the beneficiary(s) and fiduciary. If all the income is retained by the trust or estate, then any adjustment is allocated entirely to the fiduciary. If all of the income is distributed, then any adjustment is passed through to the beneficiary(s) in proportion to their share of distributable net income. If part of the income is retained and part distributed, then part of the adjustment is allocated to the fiduciary and part to the beneficiary(s).

The share of adjustments in column E is the same percentage share as the fiduciary's and each beneficiary's share of federal distributable net income to the total distributable net income (the amount on Form 1041, Schedule B, line 7). Divide each share by the total distributable net income to determine the percentage.

Certain adjustments must be assigned entirely to the fiduciary or the beneficiary. See the instructions for line 27 on page 7 for the allocation instructions for Minnesota backup withholding. See the instructions for line 46 on page 10 for the allocation instructions for the Section 199A QBI addition.

Where the adjustment is an addition, that portion of the adjustment allocated to each beneficiary and to the fiduciary must be shown as an addition.

Where the adjustment is a subtraction, that part of the adjustment allocated to each beneficiary and to the fiduciary must be shown as a subtraction.

Column C

Enter the federal distributable net income assigned to each beneficiary and the fiduciary as determined for federal purposes. Add the amounts and enter the total on line 75, column C.

Column D

To obtain the proper percentage, divide each figure from column C on lines 73 and 74 by the total of column C on line 75. Enter this percentage in column D to correspond with each beneficiary and the fiduciary. The total of column D must equal 100%.

Column E

To obtain the proper share for each beneficiary and the fiduciary, multiply the adjustment on line 75, column E, under additions and subtractions by the percentage in column D. Enter the result for each beneficiary and the fiduciary in column E, under additions or subtractions.

Complete a Schedule KF for each beneficiary who is assigned adjustments. Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

Completing Schedule KF

Complete and provide Schedule KF to each nonresident beneficiary and any Minnesota resident beneficiary who has adjustments to income.

Enter the information associated with this estate or trust and beneficiary.

Purpose

An estate or trust must provide each nonresident beneficiary, and any Minnesota beneficiary with adjustments to income, with enough information for them to complete a Minnesota income tax return and determine their correct Minnesota tax.

Schedule KF provides beneficiaries the information they need to file a Minnesota income tax return. The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications. Provide the beneficiary a copy of both the front and back of the completed Schedule KF and instructions.

If there are no modifications or credits and the beneficiary is a full-year Minnesota resident, you do not have to provide Schedule KF.

You must enclose with your Form M2 copies of the Schedules KF and attachments issued to your beneficiaries and copies of your federal Schedules K-1.

Line Instructions

Enter the name, address and social security number of the beneficiary.

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.

All Beneficiaries, Lines 1-40

KF, lines 1-5 and 7-29

If all or part of the fiduciary's income is distributed, then any adjustment shown on lines 41-55 and 57-71 of Form M2 is passed through to the beneficiary(s) in proportion to their share of distributable net income. Certain adjustments must be assigned entirely to the fiduciary or the beneficiary. See the **Allocation of Adjustments** instructions on page 12 for more details. From line 73 of Form M2, enter the adjustments to income allocated to each beneficiary.

Completing Schedule KF (continued)

KF, line 6

If you checked the box for Installment Sale of Pass-through Assets or Interests and the gain from the sale was distributed, then complete line 6 for all applicable Schedules KF to report installment sale information to your beneficiaries.

Line 6a. Enter each beneficiary's share of the gross profit from any installment sale of S corporation stock or assets, or partnership interests or assets executed after December 31, 2016.

If the sale was completed by the fiduciary, then the total gross profit is found on federal Form 6252, line 16. If the sale was executed by an entity owned by the fiduciary, or another entity in a multi-tiered structure, then this information is reported on:

- Schedules KS and KPI, line 7a
- Schedule KPC, line 10a
- Schedule KF, line 6a

This amount is allocable amongst the beneficiaries in proportion to their share of distributable net income.

If installment sale information is reported to the fiduciary on informational schedules from other entities, then the amount reported to the beneficiaries should equal the total amount reported on all Schedules KF, KPI, KS, and KPC.

If the fiduciary receives installment payments from multiple sales executed after December 31, 2016, attach a schedule to Form M2 detailing the different sales and distributive allocations.

Line 6b. Enter each beneficiary's share of installment sale income from the sale of S corporation stock, or partnership interests, and any installment sale income from the sale of the assets of any S corporation or partnership. If the sale was completed by the fiduciary completing this schedule, then the total installment sale income is found on Form 6252, line 24. If the sale was executed by an entity owned by the fiduciary, or another entity in a multi-tiered structure, then this information is reported on:

- Schedules KS and KPI, line 7b
- Schedule KPC, line 10a
- Schedule KF, line 6b

This amount is allocable amongst the beneficiaries in proportion to their share of distributable net income.

If installment sale information is reported to the fiduciary on informational schedules from other entities, then the amount reported to the beneficiaries should equal the total amount reported on all Schedules KF, KPI, KS, and KPC.

Line 6c. Enter the S corporation's or partnership's apportionment percentage in the year of the installment sale. This information is reported on:

- Schedule KS, line 47, for shareholders of a S corporation
- Schedule KPI, line 49, for partners of a partnership
- Schedule KF, line 6c, for beneficiaries of a trust or estate. Enter the amount as a positive number carried to five decimal places.

Note: If you are reporting a gain from an entity in a multi-tiered pass-through structure, you may need to gather information from the tax preparer of the company that executed the sale.

KF, line 7

This line is intentionally left blank.

KF, line 8

For individual beneficiaries, include only the portion of the NOL adjustment relating to the WHBA of 2009. *[M.S. 290.095, subd. 11(c)]*

KF, lines 11 through 15

These lines are intentionally left blank.

KF, line 20

This line is intentionally left blank.

KF, line 21

For individual beneficiaries, include only the portion of the NOL adjustment relating to the WHBA of 2009. *[M.S. 290.095, subd. 11(c)]*

KF, lines 26 through 29

These lines are intentionally left blank.

KF, line 30

If you received a Minnesota income tax withholding credit, enter the beneficiary's distributive share of any credit that is passed through to the beneficiary. Do not include amounts reported on line 27 of Form M2.

KF, line 31

If you are a partner of a partnership or a shareholder of an S corporation that conducted qualified research and development in Minnesota, enter the beneficiary's distributive share of the credit from line 24 of Schedule KPI and line 24 of Schedule KS. Attach the appropriate schedule when you file your return.

Completing Schedule KF (continued)

KF, line 33

If you received a credit certificate from the Minnesota Rural Finance Authority for selling or leasing agricultural assets to a beginning farmer, enter the certificate number in the space provided and the beneficiary's distributive share of the credit on line 33.

If you have multiple credits, enter the certificate number your fiduciary received directly from the Rural Finance Authority within the certificate number box. If you have multiple credits and received all credits from other pass-through entities, enter the certificate number relating to the largest credit amount within the certificate number box. Subtotal all credit amounts on line 33.

KF, line 34

The estate or trust must distribute unused credits for owners of agricultural assets from a prior year to beneficiaries based upon the percentage of income distributed to the beneficiary. Include the beneficiary's share of the unused credit carryover on line 34. Also include the certificate number and remaining carryover years of the unused credit in the spaces provided.

The carryover years include the current tax year and must be a number between 1 and 15. For example, the estate or trust received the credit in tax year 2022 and retained all income. Then the estate or trust is distributing some or all income in tax year 2023. The estate or trust should include the number "15" on the Remaining Carryover Years line on the 2023 Schedule KF.

KF, line 35

If you received a credit certificate from the Minnesota Housing Finance Agency (MHFA), enter the beneficiary's distributive share of the credit on line 35.

KF, line 36

If you are eligible for the nonrefundable Short Line Railroad Infrastructure Modernization Credit, enter the beneficiary's distributive share of the credit on line 36.

KF, line 37

If you are eligible for the nonrefundable Credit for Sales of Manufactured Home Parks to Cooperatives, enter the beneficiary's distributive share of the credit on line 37.

KF, line 38

If you are a partner of a partnership or a shareholder of an S corporation that qualified for the historic structure rehabilitation tax credit, enter the beneficiary's distributive share of the credit from line 27 of Schedule KPI and line 27 of Schedule KS. Attach the appropriate certificate when you file your return and enter the NPS project number in the space provided.

KF, line 39

If the estate or trust is a qualifying owner of an electing pass-through entity, enter the beneficiary's distributive share of the credit that is passed through to the beneficiary. Do not include amounts reported on line 26 of Form M2.

KF, line 40

If you remitted Minnesota backup withholding on a reportable payment made for personal services, include the beneficiary(s) portion of the backup withholding on line 40. The Minnesota backup withholding must be passed through to the trust's beneficiary(s) based upon the income distributed to the beneficiary(s). See the instructions for line 27 of Form M2 for more details.

Estate, Trust, and Nonresident Individual Beneficiaries, Lines 41-45

Lines 41-45 apply to estate, trust, and nonresident individual beneficiaries. This beneficiary will be taxed on the income that is allocable to Minnesota.

KF, lines 41-44

From the beneficiary's federal Schedule K-1 (1041), enter the Minnesota portion of amounts on lines 41-44.

Interest or dividend income derived from a trade or business (S corporations and partnerships) that is apportioned to Minnesota should be included on line 43.

Include only other income allocable to Minnesota on line 44. For example, include other income from services performed in Minnesota, but do not include interest, dividends or distribution from a pension plan or an annuity.

KF, line 45

Minnesota source gross income is used to determine if a nonresident individual is required to file a Minnesota individual income tax return (Form M1). Gross income is income before business or rental deductions and does not include losses.

Enter the beneficiary's distributive share of the fiduciary's Minnesota source gross income.

Completing Schedule KF (continued)

Nonresident Beneficiaries, Lines 46-47 Composite Income Tax KF, line 46

Use the Worksheet for Line 46 to determine line 46.

Worksheet for Line 46

- 1 80 percent of bonus depreciation from line 5 of the beneficiary's Schedule KF _____
- 2 Enter the amount from line 9 of the beneficiary's Schedule KF _____
- 3 Combine lines 41-44 of the beneficiary's Schedule KF _____
- 4 Add steps 1, 2 and 3 _____
- 5 To the extent allowed by law, enter one-fifth of the beneficiary's share of the federal bonus depreciation that was added back in a year the beneficiary elected to be included in composite income tax _____
- 6 Combine lines 22 and 24 of the beneficiary's Schedule KF _____
- 7 Add steps 5 and 6 _____
- 8 Subtract step 7 from step 4 _____

Enter the result from step 8 on line 46 of the beneficiary's Schedule KF. The result in step 8 is the beneficiary's adjusted Minnesota source distributive income from this fiduciary.

KF, line 47

Nonresident beneficiaries must pay tax if their Minnesota gross income is more than the minimum filing requirement for the year (\$13,825 for 2023).

Skip this line if the nonresident beneficiary did not elect the fiduciary to pay composite income tax on his or her behalf.

To determine the amount of composite income tax to pay on behalf of each electing beneficiary, follow the steps on the Worksheet for Line 47.

Check the box next to line 47 indicating the beneficiary's election for composite income tax filing.

If the beneficiary elects to be included in composite income tax but has zero tax due, enter zero on line 47 and still check the box to indicate the election.

Once you have completed all Schedules KF for your electing nonresident beneficiaries, add the amounts on line 47 of all schedules and enter the total on line 13 of Form M2. This is the amount of composite income tax you are required to pay on behalf of your electing beneficiaries.

Worksheet for Line 47

- 1 Multiply line 46 of Schedule KF by 9.85% (.0985). _____
- 2 Add the credits and backup withholding from lines 30, 32 through 38, and 40 of Schedule KF. _____
- 3 Subtract step 2 from step 1. If the result is less than zero, enter zero _____

The result in step 3 is the amount you are required to pay on behalf of the electing beneficiary.

Enter this amount on line 47 of the beneficiary's Schedule KF and check the box to indicate the beneficiary's election to be included.

2023 Tax Table

If line 9 of Form M2 is:		
at least	but less than	your tax is
0	20	0
20	100	3
100	200	8
200	300	13
300	400	19
400	500	24
500	600	29
600	700	35
700	800	40
800	900	45
900	1,000	51
1,000	1,100	56
1,100	1,200	62
1,200	1,300	67
1,300	1,400	72
1,400	1,500	78
1,500	1,600	83
1,600	1,700	88
1,700	1,800	94
1,800	1,900	99
1,900	2,000	104
2,000	2,100	110
2,100	2,200	115
2,200	2,300	120
2,300	2,400	126
2,400	2,500	131
2,500	2,600	136
2,600	2,700	142
2,700	2,800	147
2,800	2,900	152
2,900	3,000	158
3,000	3,100	163
3,100	3,200	169
3,200	3,300	174
3,300	3,400	179
3,400	3,500	185
3,500	3,600	190
3,600	3,700	195
3,700	3,800	201
3,800	3,900	206
3,900	4,000	211
4,000	4,100	217
4,100	4,200	222
4,200	4,300	227
4,300	4,400	233
4,400	4,500	238
4,500	4,600	243
4,600	4,700	249
4,700	4,800	254
4,800	4,900	259
4,900	5,000	265
5,000	5,100	270
5,100	5,200	276
5,200	5,300	281
5,300	5,400	286
5,400	5,500	292
5,500	5,600	297
5,600	5,700	302
5,700	5,800	308
5,800	5,900	313
5,900	6,000	318
6,000	6,100	324
6,100	6,200	329

If line 9 of Form M2 is:		
at least	but less than	your tax is
6,200	6,300	334
6,300	6,400	340
6,400	6,500	345
6,500	6,600	350
6,600	6,700	356
6,700	6,800	361
6,800	6,900	366
6,900	7,000	372
7,000	7,100	377
7,100	7,200	383
7,200	7,300	388
7,300	7,400	393
7,400	7,500	399
7,500	7,600	404
7,600	7,700	409
7,700	7,800	415
7,800	7,900	420
7,900	8,000	425
8,000	8,100	431
8,100	8,200	436
8,200	8,300	441
8,300	8,400	447
8,400	8,500	452
8,500	8,600	457
8,600	8,700	463
8,700	8,800	468
8,800	8,900	473
8,900	9,000	479
9,000	9,100	484
9,100	9,200	490
9,200	9,300	495
9,300	9,400	500
9,400	9,500	506
9,500	9,600	511
9,600	9,700	516
9,700	9,800	522
9,800	9,900	527
9,900	10,000	532
10,000	10,100	538
10,100	10,200	543
10,200	10,300	548
10,300	10,400	554
10,400	10,500	559
10,500	10,600	564
10,600	10,700	570
10,700	10,800	575
10,800	10,900	580
10,900	11,000	586
11,000	11,100	591
11,100	11,200	597
11,200	11,300	602
11,300	11,400	607
11,400	11,500	613
11,500	11,600	618
11,600	11,700	623
11,700	11,800	629
11,800	11,900	634
11,900	12,000	639
12,000	12,100	645
12,100	12,200	650
12,200	12,300	655
12,300	12,400	661
12,400	12,500	666

If line 9 of Form M2 is:		
at least	but less than	your tax is
12,500	12,600	671
12,600	12,700	677
12,700	12,800	682
12,800	12,900	687
12,900	13,000	693
13,000	13,100	698
13,100	13,200	704
13,200	13,300	709
13,300	13,400	714
13,400	13,500	720
13,500	13,600	725
13,600	13,700	730
13,700	13,800	736
13,800	13,900	741
13,900	14,000	746
14,000	14,100	752
14,100	14,200	757
14,200	14,300	762
14,300	14,400	768
14,400	14,500	773
14,500	14,600	778
14,600	14,700	784
14,700	14,800	789
14,800	14,900	794
14,900	15,000	800
15,000	15,100	805
15,100	15,200	811
15,200	15,300	816
15,300	15,400	821
15,400	15,500	827
15,500	15,600	832
15,600	15,700	837
15,700	15,800	843
15,800	15,900	848
15,900	16,000	853
16,000	16,100	859
16,100	16,200	864
16,200	16,300	869
16,300	16,400	875
16,400	16,500	880
16,500	16,600	885
16,600	16,700	891
16,700	16,800	896
16,800	16,900	901
16,900	17,000	907
17,000	17,100	912
17,100	17,200	918
17,200	17,300	923
17,300	17,400	928
17,400	17,500	934
17,500	17,600	939
17,600	17,700	944
17,700	17,800	950
17,800	17,900	955
17,900	18,000	960
18,000	18,100	966
18,100	18,200	971
18,200	18,300	976
18,300	18,400	982
18,400	18,500	987
18,500	18,600	992
18,600	18,700	998
18,700	18,800	1,003

If line 9 of Form M2 is:		
at least	but less than	your tax is
18,800	18,900	1,008
18,900	19,000	1,014
19,000	19,100	1,019
19,100	19,200	1,025
19,200	19,300	1,030
19,300	19,400	1,035
19,400	19,500	1,041
19,500	19,600	1,046
19,600	19,700	1,051
19,700	19,800	1,057
19,800	19,900	1,062
19,900	20,000	1,067
20,000	20,100	1,073
20,100	20,200	1,078
20,200	20,300	1,083
20,300	20,400	1,089
20,400	20,500	1,094
20,500	20,600	1,099
20,600	20,700	1,105
20,700	20,800	1,110
20,800	20,900	1,115
20,900	21,000	1,121
21,000	21,100	1,126
21,100	21,200	1,132
21,200	21,300	1,137
21,300	21,400	1,142
21,400	21,500	1,148
21,500	21,600	1,153
21,600	21,700	1,158
21,700	21,800	1,164
21,800	21,900	1,169
21,900	22,000	1,174
22,000	22,100	1,181
22,100	22,200	1,188
22,200	22,300	1,194
22,300	22,400	1,201
22,400	22,500	1,208
22,500	22,600	1,215
22,600	22,700	1,222
22,700	22,800	1,228
22,800	22,900	1,235
22,900	23,000	1,242
23,000	23,100	1,249
23,100	23,200	1,256
23,200	23,300	1,262
23,300	23,400	1,269
23,400	23,500	1,276
23,500	23,600	1,283
23,600	23,700	1,290
23,700	23,800	1,296
23,800	23,900	1,303
23,900	24,000	1,310
24,000	24,100	1,317
24,100	24,200	1,324
24,200	24,300	1,330
24,300	24,400	1,337
24,400	24,500	1,344
24,500	24,600	1,351
24,600	24,700	1,358
24,700	24,800	1,364
24,800	24,900	1,371
24,900	25,000	1,378
25,000	25,100	1,385

2023 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
25,100	25,200	1,392
25,200	25,300	1,398
25,300	25,400	1,405
25,400	25,500	1,412
25,500	25,600	1,419
25,600	25,700	1,426
25,700	25,800	1,432
25,800	25,900	1,439
25,900	26,000	1,446
26,000	26,100	1,453
26,100	26,200	1,460
26,200	26,300	1,466
26,300	26,400	1,473
26,400	26,500	1,480
26,500	26,600	1,487
26,600	26,700	1,494
26,700	26,800	1,500
26,800	26,900	1,507
26,900	27,000	1,514
27,000	27,100	1,521
27,100	27,200	1,528
27,200	27,300	1,534
27,300	27,400	1,541
27,400	27,500	1,548
27,500	27,600	1,555
27,600	27,700	1,562
27,700	27,800	1,568
27,800	27,900	1,575
27,900	28,000	1,582
28,000	28,100	1,589
28,100	28,200	1,596
28,200	28,300	1,602
28,300	28,400	1,609
28,400	28,500	1,616
28,500	28,600	1,623
28,600	28,700	1,630
28,700	28,800	1,636
28,800	28,900	1,643
28,900	29,000	1,650
29,000	29,100	1,657
29,100	29,200	1,664
29,200	29,300	1,670
29,300	29,400	1,677
29,400	29,500	1,684
29,500	29,600	1,691
29,600	29,700	1,698
29,700	29,800	1,704
29,800	29,900	1,711
29,900	30,000	1,718
30,000	30,100	1,725
30,100	30,200	1,732
30,200	30,300	1,738
30,300	30,400	1,745
30,400	30,500	1,752
30,500	30,600	1,759
30,600	30,700	1,766
30,700	30,800	1,772
30,800	30,900	1,779
30,900	31,000	1,786
31,000	31,100	1,793
31,100	31,200	1,800
31,200	31,300	1,806
31,300	31,400	1,813

If line 9 of Form M2 is:		
at least	but less than	your tax is
31,400	31,500	1,820
31,500	31,600	1,827
31,600	31,700	1,834
31,700	31,800	1,840
31,800	31,900	1,847
31,900	32,000	1,854
32,000	32,100	1,861
32,100	32,200	1,868
32,200	32,300	1,874
32,300	32,400	1,881
32,400	32,500	1,888
32,500	32,600	1,895
32,600	32,700	1,902
32,700	32,800	1,908
32,800	32,900	1,915
32,900	33,000	1,922
33,000	33,100	1,929
33,100	33,200	1,936
33,200	33,300	1,942
33,300	33,400	1,949
33,400	33,500	1,956
33,500	33,600	1,963
33,600	33,700	1,970
33,700	33,800	1,976
33,800	33,900	1,983
33,900	34,000	1,990
34,000	34,100	1,997
34,100	34,200	2,004
34,200	34,300	2,010
34,300	34,400	2,017
34,400	34,500	2,024
34,500	34,600	2,031
34,600	34,700	2,038
34,700	34,800	2,044
34,800	34,900	2,051
34,900	35,000	2,058
35,000	35,100	2,065
35,100	35,200	2,072
35,200	35,300	2,078
35,300	35,400	2,085
35,400	35,500	2,092
35,500	35,600	2,099
35,600	35,700	2,106
35,700	35,800	2,112
35,800	35,900	2,119
35,900	36,000	2,126
36,000	36,100	2,133
36,100	36,200	2,140
36,200	36,300	2,146
36,300	36,400	2,153
36,400	36,500	2,160
36,500	36,600	2,167
36,600	36,700	2,174
36,700	36,800	2,180
36,800	36,900	2,187
36,900	37,000	2,194
37,000	37,100	2,201
37,100	37,200	2,208
37,200	37,300	2,214
37,300	37,400	2,221
37,400	37,500	2,228
37,500	37,600	2,235
37,600	37,700	2,242

If line 9 of Form M2 is:		
at least	but less than	your tax is
37,700	37,800	2,248
37,800	37,900	2,255
37,900	38,000	2,262
38,000	38,100	2,269
38,100	38,200	2,276
38,200	38,300	2,282
38,300	38,400	2,289
38,400	38,500	2,296
38,500	38,600	2,303
38,600	38,700	2,310
38,700	38,800	2,316
38,800	38,900	2,323
38,900	39,000	2,330
39,000	39,100	2,337
39,100	39,200	2,344
39,200	39,300	2,350
39,300	39,400	2,357
39,400	39,500	2,364
39,500	39,600	2,371
39,600	39,700	2,378
39,700	39,800	2,384
39,800	39,900	2,391
39,900	40,000	2,398
40,000	40,100	2,405
40,100	40,200	2,412
40,200	40,300	2,418
40,300	40,400	2,425
40,400	40,500	2,432
40,500	40,600	2,439
40,600	40,700	2,446
40,700	40,800	2,452
40,800	40,900	2,459
40,900	41,000	2,466
41,000	41,100	2,473
41,100	41,200	2,480
41,200	41,300	2,486
41,300	41,400	2,493
41,400	41,500	2,500
41,500	41,600	2,507
41,600	41,700	2,514
41,700	41,800	2,520
41,800	41,900	2,527
41,900	42,000	2,534
42,000	42,100	2,541
42,100	42,200	2,548
42,200	42,300	2,554
42,300	42,400	2,561
42,400	42,500	2,568
42,500	42,600	2,575
42,600	42,700	2,582
42,700	42,800	2,588
42,800	42,900	2,595
42,900	43,000	2,602
43,000	43,100	2,609
43,100	43,200	2,616
43,200	43,300	2,622
43,300	43,400	2,629
43,400	43,500	2,636
43,500	43,600	2,643
43,600	43,700	2,650
43,700	43,800	2,656
43,800	43,900	2,663
43,900	44,000	2,670

If line 9 of Form M2 is:		
at least	but less than	your tax is
44,000	44,100	2,677
44,100	44,200	2,684
44,200	44,300	2,690
44,300	44,400	2,697
44,400	44,500	2,704
44,500	44,600	2,711
44,600	44,700	2,718
44,700	44,800	2,724
44,800	44,900	2,731
44,900	45,000	2,738
45,000	45,100	2,745
45,100	45,200	2,752
45,200	45,300	2,758
45,300	45,400	2,765
45,400	45,500	2,772
45,500	45,600	2,779
45,600	45,700	2,786
45,700	45,800	2,792
45,800	45,900	2,799
45,900	46,000	2,806
46,000	46,100	2,813
46,100	46,200	2,820
46,200	46,300	2,826
46,300	46,400	2,833
46,400	46,500	2,840
46,500	46,600	2,847
46,600	46,700	2,854
46,700	46,800	2,860
46,800	46,900	2,867
46,900	47,000	2,874
47,000	47,100	2,881
47,100	47,200	2,888
47,200	47,300	2,894
47,300	47,400	2,901
47,400	47,500	2,908
47,500	47,600	2,915
47,600	47,700	2,922
47,700	47,800	2,928
47,800	47,900	2,935
47,900	48,000	2,942
48,000	48,100	2,949
48,100	48,200	2,956
48,200	48,300	2,962
48,300	48,400	2,969
48,400	48,500	2,976
48,500	48,600	2,983
48,600	48,700	2,990
48,700	48,800	2,996
48,800	48,900	3,003
48,900	49,000	3,010
49,000	49,100	3,017
49,100	49,200	3,024
49,200	49,300	3,030
49,300	49,400	3,037
49,400	49,500	3,044
49,500	49,600	3,051
49,600	49,700	3,058
49,700	49,800	3,064
49,800	49,900	3,071
49,900	50,000	3,078
50,000	50,100	3,085
50,100	50,200	3,092
50,200	50,300	3,098

2023 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
50,300	50,400	3,105
50,400	50,500	3,112
50,500	50,600	3,119
50,600	50,700	3,126
50,700	50,800	3,132
50,800	50,900	3,139
50,900	51,000	3,146
51,000	51,100	3,153
51,100	51,200	3,160
51,200	51,300	3,166
51,300	51,400	3,173
51,400	51,500	3,180
51,500	51,600	3,187
51,600	51,700	3,194
51,700	51,800	3,200
51,800	51,900	3,207
51,900	52,000	3,214
52,000	52,100	3,221
52,100	52,200	3,228
52,200	52,300	3,234
52,300	52,400	3,241
52,400	52,500	3,248
52,500	52,600	3,255
52,600	52,700	3,262
52,700	52,800	3,268
52,800	52,900	3,275
52,900	53,000	3,282
53,000	53,100	3,289
53,100	53,200	3,296
53,200	53,300	3,302
53,300	53,400	3,309
53,400	53,500	3,316
53,500	53,600	3,323
53,600	53,700	3,330
53,700	53,800	3,336
53,800	53,900	3,343
53,900	54,000	3,350
54,000	54,100	3,357
54,100	54,200	3,364
54,200	54,300	3,370
54,300	54,400	3,377
54,400	54,500	3,384
54,500	54,600	3,391
54,600	54,700	3,398
54,700	54,800	3,404
54,800	54,900	3,411
54,900	55,000	3,418
55,000	55,100	3,425
55,100	55,200	3,432
55,200	55,300	3,438
55,300	55,400	3,445
55,400	55,500	3,452
55,500	55,600	3,459
55,600	55,700	3,466
55,700	55,800	3,472
55,800	55,900	3,479
55,900	56,000	3,486
56,000	56,100	3,493
56,100	56,200	3,500
56,200	56,300	3,506
56,300	56,400	3,513
56,400	56,500	3,520
56,500	56,600	3,527
56,600	56,700	3,534

If line 9 of Form M2 is:		
at least	but less than	your tax is
56,700	56,800	3,540
56,800	56,900	3,547
56,900	57,000	3,554
57,000	57,100	3,561
57,100	57,200	3,568
57,200	57,300	3,574
57,300	57,400	3,581
57,400	57,500	3,588
57,500	57,600	3,595
57,600	57,700	3,602
57,700	57,800	3,608
57,800	57,900	3,615
57,900	58,000	3,622
58,000	58,100	3,629
58,100	58,200	3,636
58,200	58,300	3,642
58,300	58,400	3,649
58,400	58,500	3,656
58,500	58,600	3,663
58,600	58,700	3,670
58,700	58,800	3,676
58,800	58,900	3,683
58,900	59,000	3,690
59,000	59,100	3,697
59,100	59,200	3,704
59,200	59,300	3,710
59,300	59,400	3,717
59,400	59,500	3,724
59,500	59,600	3,731
59,600	59,700	3,738
59,700	59,800	3,744
59,800	59,900	3,751
59,900	60,000	3,758
60,000	60,100	3,765
60,100	60,200	3,772
60,200	60,300	3,778
60,300	60,400	3,785
60,400	60,500	3,792
60,500	60,600	3,799
60,600	60,700	3,806
60,700	60,800	3,812
60,800	60,900	3,819
60,900	61,000	3,826
61,000	61,100	3,833
61,100	61,200	3,840
61,200	61,300	3,846
61,300	61,400	3,853
61,400	61,500	3,860
61,500	61,600	3,867
61,600	61,700	3,874
61,700	61,800	3,880
61,800	61,900	3,887
61,900	62,000	3,894
62,000	62,100	3,901
62,100	62,200	3,908
62,200	62,300	3,914
62,300	62,400	3,921
62,400	62,500	3,928
62,500	62,600	3,935
62,600	62,700	3,942
62,700	62,800	3,948
62,800	62,900	3,955
62,900	63,000	3,962
63,000	63,100	3,969

If line 9 of Form M2 is:		
at least	but less than	your tax is
63,100	63,200	3,976
63,200	63,300	3,982
63,300	63,400	3,989
63,400	63,500	3,996
63,500	63,600	4,003
63,600	63,700	4,010
63,700	63,800	4,016
63,800	63,900	4,023
63,900	64,000	4,030
64,000	64,100	4,037
64,100	64,200	4,044
64,200	64,300	4,050
64,300	64,400	4,057
64,400	64,500	4,064
64,500	64,600	4,071
64,600	64,700	4,078
64,700	64,800	4,084
64,800	64,900	4,091
64,900	65,000	4,098
65,000	65,100	4,105
65,100	65,200	4,112
65,200	65,300	4,118
65,300	65,400	4,125
65,400	65,500	4,132
65,500	65,600	4,139
65,600	65,700	4,146
65,700	65,800	4,152
65,800	65,900	4,159
65,900	66,000	4,166
66,000	66,100	4,173
66,100	66,200	4,180
66,200	66,300	4,186
66,300	66,400	4,193
66,400	66,500	4,200
66,500	66,600	4,207
66,600	66,700	4,214
66,700	66,800	4,220
66,800	66,900	4,227
66,900	67,000	4,234
67,000	67,100	4,241
67,100	67,200	4,248
67,200	67,300	4,254
67,300	67,400	4,261
67,400	67,500	4,268
67,500	67,600	4,275
67,600	67,700	4,282
67,700	67,800	4,288
67,800	67,900	4,295
67,900	68,000	4,302
68,000	68,100	4,309
68,100	68,200	4,316
68,200	68,300	4,322
68,300	68,400	4,329
68,400	68,500	4,336
68,500	68,600	4,343
68,600	68,700	4,350
68,700	68,800	4,356
68,800	68,900	4,363
68,900	69,000	4,370
69,000	69,100	4,377
69,100	69,200	4,384
69,200	69,300	4,390
69,300	69,400	4,397
69,400	69,500	4,404

If line 9 of Form M2 is:		
at least	but less than	your tax is
69,500	69,600	4,411
69,600	69,700	4,418
69,700	69,800	4,424
69,800	69,900	4,431
69,900	70,000	4,438
70,000	70,100	4,445
70,100	70,200	4,452
70,200	70,300	4,458
70,300	70,400	4,465
70,400	70,500	4,472
70,500	70,600	4,479
70,600	70,700	4,486
70,700	70,800	4,492
70,800	70,900	4,499
70,900	71,000	4,506
71,000	71,100	4,513
71,100	71,200	4,520
71,200	71,300	4,526
71,300	71,400	4,533
71,400	71,500	4,540
71,500	71,600	4,547
71,600	71,700	4,554
71,700	71,800	4,560
71,800	71,900	4,567
71,900	72,000	4,574
72,000	72,100	4,581
72,100	72,200	4,588
72,200	72,300	4,594
72,300	72,400	4,601
72,400	72,500	4,608
72,500	72,600	4,615
72,600	72,700	4,622
72,700	72,800	4,628
72,800	72,900	4,635
72,900	73,000	4,642
73,000	73,100	4,649
73,100	73,200	4,656
73,200	73,300	4,662
73,300	73,400	4,669
73,400	73,500	4,676
73,500	73,600	4,683
73,600	73,700	4,690
73,700	73,800	4,696
73,800	73,900	4,703
73,900	74,000	4,710
74,000	74,100	4,717
74,100	74,200	4,724
74,200	74,300	4,730
74,300	74,400	4,737
74,400	74,500	4,744
74,500	74,600	4,751
74,600	74,700	4,758
74,700	74,800	4,764
74,800	74,900	4,771
74,900	75,000	4,778
75,000	75,100	4,785
75,100	75,200	4,792
75,200	75,300	4,798
75,300	75,400	4,805
75,400	75,500	4,812
75,500	75,600	4,819
75,600	75,700	4,826
75,700	75,800	4,832
75,800	75,900	4,839

2023 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
75,900	76,000	4,846
76,000	76,100	4,853
76,100	76,200	4,860
76,200	76,300	4,866
76,300	76,400	4,873
76,400	76,500	4,880
76,500	76,600	4,887
76,600	76,700	4,894
76,700	76,800	4,900
76,800	76,900	4,907
76,900	77,000	4,914
77,000	77,100	4,921
77,100	77,200	4,928
77,200	77,300	4,934
77,300	77,400	4,941
77,400	77,500	4,948
77,500	77,600	4,955
77,600	77,700	4,962
77,700	77,800	4,968
77,800	77,900	4,975
77,900	78,000	4,982
78,000	78,100	4,989
78,100	78,200	4,996
78,200	78,300	5,002
78,300	78,400	5,009
78,400	78,500	5,016
78,500	78,600	5,023
78,600	78,700	5,030
78,700	78,800	5,036
78,800	78,900	5,043
78,900	79,000	5,050
79,000	79,100	5,057
79,100	79,200	5,064
79,200	79,300	5,070
79,300	79,400	5,077
79,400	79,500	5,084
79,500	79,600	5,091
79,600	79,700	5,098
79,700	79,800	5,104

If line 9 of Form M2 is:		
at least	but less than	your tax is
79,800	79,900	5,111
79,900	80,000	5,118
80,000	80,100	5,125
80,100	80,200	5,132
80,200	80,300	5,138
80,300	80,400	5,145
80,400	80,500	5,152
80,500	80,600	5,159
80,600	80,700	5,166
80,700	80,800	5,172
80,800	80,900	5,179
80,900	81,000	5,186
81,000	81,100	5,193
81,100	81,200	5,200
81,200	81,300	5,206
81,300	81,400	5,213
81,400	81,500	5,220
81,500	81,600	5,227
81,600	81,700	5,234
81,700	81,800	5,240
81,800	81,900	5,247
81,900	82,000	5,254
82,000	82,100	5,261
82,100	82,200	5,268
82,200	82,300	5,274
82,300	82,400	5,281
82,400	82,500	5,288
82,500	82,600	5,295
82,600	82,700	5,302
82,700	82,800	5,308
82,800	82,900	5,315

If line 9 of Form M2 is:		
at least	but less than	your tax is
82,900	83,000	5,322
83,000	83,100	5,329
83,100	83,200	5,336
83,200	83,300	5,342
83,300	83,400	5,349
83,400	83,500	5,356
83,500	83,600	5,363
83,600	83,700	5,370
83,700	83,800	5,376
83,800	83,900	5,383
83,900	84,000	5,390
84,000	84,100	5,397
84,100	84,200	5,404
84,200	84,300	5,410
84,300	84,400	5,417
84,400	84,500	5,424
84,500	84,600	5,431
84,600	84,700	5,438
84,700	84,800	5,444
84,800	84,900	5,451
84,900	85,000	5,458
85,000	85,100	5,465
85,100	85,200	5,472
85,200	85,300	5,478
85,300	85,400	5,485
85,400	85,500	5,492
85,500	85,600	5,499
85,600	85,700	5,506
85,700	85,800	5,512
85,800	85,900	5,519
85,900	86,000	5,526

If line 9 of Form M2 is:		
at least	but less than	your tax is
86,000	86,100	5,533
86,100	86,200	5,540
86,200	86,300	5,546
86,300	86,400	5,553
86,400	86,500	5,560
86,500	86,600	5,567
86,600	86,700	5,574
86,700	86,800	5,580
86,800	86,900	5,587
86,900	87,000	5,594
87,000	87,100	5,601
87,100	87,200	5,608
87,200	87,300	5,614
87,300	87,400	5,622
87,400	87,500	5,629
87,500	87,600	5,637
87,600	87,700	5,645
87,700	87,800	5,653
87,800	87,900	5,661
87,900	88,000	5,669
88,000	88,100	5,677
88,100	88,200	5,684
88,200	88,300	5,692
88,300	88,400	5,700
88,400	88,500	5,708
88,500	88,600	5,716
88,600	88,700	5,724
88,700	88,800	5,732
88,800	88,900	5,739
88,900	89,000	5,747
89,000	89,100	5,755
89,100	89,200	5,763
89,200	89,300	5,771
89,300	89,400	5,779
89,400	89,500	5,786
89,500	89,600	5,794
89,600	89,700	5,802
89,700	89,800	5,810
89,800	89,900	5,818
89,900	90,000	5,826

90,000 & over				
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		
over—	but not over—		of the amount over—	
\$0	\$21,975	\$0.00	5.35%	\$0
\$21,975	\$87,305	\$1,175.66	+ 6.80%	\$21,975
\$87,305	\$152,485	\$5,618.10	+ 7.85%	\$87,305
\$152,485		\$10,734.73	+ 9.85%	\$152,485

Common Problems Using Software Packages

If you use tax preparation software, be careful to buy packages acceptable to the Department of Revenue. Forms produced by the software must meet requirements and be approved before being sold or provided to consumers.

If you are considering any company's tax preparation software, ask to see the vendor's approval letter for the forms you will be using. Keep in mind that we usually won't know if they are approved until late January. It is also important to test the software before filing forms prepared with it. We do not, however, approve the operation or accuracy of any software.

Below are common problems found on fiduciary returns submitted using software packages:

- **Verify that the program uses updated tax tables.** Tax tables are required to be updated every year for inflation. Be sure that the amount on line 10 of your Form M2 is the same amount shown in the tax tables.
 - Fiscal year filers must use the table based on the beginning year of the return.
 - If you are an Electing Small Business Trust (ESBT), verify that the software package uses the tax table when determining the tax. The ESBT is taxed at the highest tax rate only for federal purposes.
- **Look for a payment voucher if you have an amount due on line 36 of Form M2.** If you owe tax, your software package is required to include a payment voucher when you print out a copy of your return. If you are paying your tax by check, you must complete and send this payment voucher with your check to ensure your payment is credited properly.
- **Verify that estimated tax payments were made.** Some software programs may insert the amount of estimated tax payments that should have been paid, not the amount of tax actually paid.