



2017 Schedule M2SB, Income Tax Computation for S Portion of ESBT

Name of Trust	Federal ID Number	Minnesota ID Number
Name of S-Corporation S Portion of ESBT Holds Stock In	Federal ID Number of S-Corporation	
Additional S-Corporation S Portion of ESBT Holds Stock In	Federal ID Number of Additional S-Corporation	

- 1 Federal taxable income of S portion (*enclose federal computation*) 1 ■ _____
- 2 Fiduciary's deductions and losses not allowed by Minnesota (*see Form M2 instructions, page 4*) 2 ■ _____
- 3 Additions (*from line 21, on page 2 of this form*) 3 ■ _____
- 4 Add lines 1 through 3 4 ■ _____
- 5 Subtractions (*from line 29, on page 2 of this form*) 5 ■ _____
- 6 Fiduciary's income from non-Minnesota sources
(*see Form M2 instructions, page 4*) 6 ■ _____
- 7 Add lines 5 and 6 7 ■ _____
- 8 Minnesota taxable net income. Subtract line 7 from line 4 8 ■ _____
- 9 Tax from table on pages 10 through 13 of the M2 instructions
using the income amount shown on line 8 9 ■ _____
- 10 Total of tax from Schedule M2MT (*enclose Schedule M2MT*) 10 ■ _____
- 11 Total of 2017 tax for S portion. Add lines 9 and 10 and include amount on line 11 of Form M2 11 ■ _____

**You must include this schedule and a copy of federal computations for the S portion
of the ESBT when you file Form M2.**

**Adjustments to Income**

- 12** State and municipal bond interest from outside Minnesota **12** ■ _____
- 13** State income tax deducted on federal return **13** ■ _____
- 14** Expenses deducted on your federal return that are attributable to income not taxed
by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **14** ■ _____
- 15** 80 percent of the suspended loss from 2001–2005 or 2008–2016 on your
federal return that was generated by bonus depreciation (*see Form M2 instructions, page 7*) **15** ■ _____
- 16** 80 percent of federal bonus depreciation **16** ■ _____
- 17** Fines, fees and penalties deducted federally as a trade or business expense **17** ■ _____
- 18a** This line intentionally left blank **18a** ■ _____
- 18b** Addition due to **federal** changes
not adopted by Minnesota **18b** ■ _____
- 19** Net operating loss carryover adjustment **19** ■ _____
- 20** Domestic production activities deduction **20** ■ _____
- 21** Add lines 12 through 20. Enter the result here and on line 3 **21** ■ _____
- 22** Interest on U.S. government bond obligations, minus any expenses
deducted on your federal return that are attributable to this income **22** ■ _____
- 23** State income tax refund included on federal return **23** ■ _____
- 24** Federal bonus depreciation subtraction (*see Form M2 instructions, page 7*) **24** ■ _____
- 25a** Section 965 Deferred Foreign Income **25a** ■ _____
- 25b** Subtraction due to **federal** changes
not adopted by Minnesota **25b** ■ _____
- 26** Subtraction for prior addback of reacquisition of business indebtedness income **26** ■ _____
- 27** Subtraction for railroad maintenance expenses **27** ■ _____
- 28** Net operating loss carryover adjustment **28** ■ _____
- 29** Add lines 22 through 28. Enter the result here and on line 5 **29** ■ _____

2017 Schedule M2SB Instructions

Who Must File Schedule M2SB

If a trust is 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.

Report all the income from the S Portion of an ESBT on the Schedule M2SB and include a copy of Schedule KS. Enter the name and federal tax ID of each S-Corporation on the Form M2SB, if you have to enter more than two entities and need additional spaces include them on an attached statement.

All income, deductions and modifications should be apportioned based upon the s-corporations Minnesota apportionment factor reported on Schedule KS, line 31. Include an attachment detailing the calculation.

Line Instructions

Round amounts to the nearest whole dollar.

Line 1

Enter the Federal taxable income of the S Portion that you calculated on your federal schedule. Be sure to include a copy of the federal schedule when you file Form M2 and Schedule M2SB.

Line 10

Complete a separate Schedule M2MT for the S Portion of the trust. See the instructions for Schedule M2MT for details on completing this form for the S Portion of the ESBT.

Lines 12 - 29

To complete lines 12 through 29, please see instructions for M2 lines 25 through 41 on pages 6 through 9 of the M2 instructions.