



2023 Schedule M2NM, Non-Minnesota Source Income and Related Expenses

Name of Estate or Trust		Federal ID Number	Minnesota ID Number
		A Total Amount	B Minnesota Portion C Non-Minnesota Portion <i>(round amounts to the nearest whole dollar)</i>
1	Interest income	a1	b1 c1
2	Dividend income	a2	b2 c2
3	Business income or loss	a3	b3 c3
4	Capital gain or loss <i>(see instructions)</i>	a4	b4 c4
5	Income from rents, royalties, partnerships, other estates and trusts, etc.	a5	b5 c5
6	Farm income or loss	a6	b6 c6
7	Ordinary gain or loss <i>(see instructions)</i>	a7	b7 c7
8	Other income	a8	b8 c8
9	Total of lines 1 through 8	a9	b9 c9
10	State taxes deducted addition	a10	b10 c10
11	Bonus depreciation addition	a11	b11 c11
12	This line intentionally left blank.	a12	b12 c12
13	Net operating loss (NOL) carryover adjustment	a13	b13 c13
14	Other required additions <i>(see instructions)</i>	a14	b14 c14
15	Add lines 9 through 14 for each column.	a15	b15 c15
16	Interest deduction.	a16	b16 c16
17	Taxes deduction.	a17	b17 c17
18	Fiduciary fees deduction	a18	b18 c18
19	Charitable deduction	a19	b19 c19
20	Attorney, accountant, and return preparer fees deduction.	a20	b20 c20
21	Other deductions	a21	b21 c21





Name of Estate or Trust	Federal ID Number	Minnesota ID Number
22 State income tax refund subtraction a22	b22	c22 ■
23 Bonus depreciation subtraction a23	b23	c23 ■
24 This line intentionally left blank a24	b24	c24 ■
25 Net operating loss carryover adjustment a25	b25	c25 ■
26 Delayed business interest a26	b26	c26 ■
27 Delayed net operating loss deduction a27	b27	c27 ■
28 Other required subtractions (<i>see instructions</i>) a28	b28	c28 ■
29 Add lines 16 through 28 for each column a29	b29	c29
30 Subtract line c29 from line c15, and enter on line 30 30		
If the result is a positive, enter it on Form M2, line 7.		
If the result is a negative, enter it as a positive number on Form M2, line 2.		

You must include this schedule when you file your Form M2.

2023 Schedule M2NM Instructions

Purpose of Schedule M2NM

File Schedule M2NM with Form M2 if your estate or trust had income or related expenses from non-Minnesota sources. Schedule M2NM must be completed to include amounts on the following form lines:

- Lines 2 and 7 of Form M2
- Lines 2 and 7 of Form M2X
- Lines 2 and 6 of Form M2SB

Income and Gains from Non-Minnesota Sources

Minnesota fiduciary income tax is based on income from Minnesota sources only. Non-Minnesota income and gains must be subtracted from federal taxable income.

Intangible income earned by a resident estate or trust is assigned to Minnesota. Intangible income is income from intangible personal property, such as stocks or bonds.

Non-Minnesota source income and gains include:

- gains from the sale or other disposition of real or tangible property outside Minnesota,
- income or gains from the operation of a farm outside Minnesota,
- profit from a trade or business outside Minnesota,
- income from partnerships, S corporations and other fiduciaries from sources outside Minnesota,
- rents and royalties from land, buildings, machinery or other tangible property outside Minnesota, and
- interest, dividends, income and gains from stocks, bonds and other securities for nonresident estates and trusts, unless the income was generated by a trade or business (S corporations and partnerships) and was apportioned to Minnesota.

Expenses and Losses from Non-Minnesota Sources

Expenses. Interest and other expenses deducted on your federal return which relate to income or gains from non-Minnesota sources, such as expenses incurred in connection with a probate proceeding in another state, must be added to your taxable income. [M.S. 290.17, subd. 1(b)]. Only those expenses that relate to the non-Minnesota income are considered to be from non-Minnesota sources.

Direct expenses should be allocated to the income to which it is associated.

Indirect expenses should be allocated to each class of income in the proportion that each class of income bears to the total income. To determine this proportion, divide line 9 Column C by line 9 Column A. Multiply the result by the indirect expenses to determine the amount from non-Minnesota sources.

Losses. Non-Minnesota source losses must be added back to the extent the losses are deducted in determining your federal taxable income or loss.

Non-Minnesota source losses include:

- losses deducted on the sale or other disposition of real or tangible property outside Minnesota,
- casualty losses deducted on property outside Minnesota,
- losses deducted on the operation of a farm outside Minnesota,
- losses from partnerships, S corporations and other fiduciaries from sources outside Minnesota,
- losses deducted on the operation of a trade or business from sources outside Minnesota, and
- losses deducted on the sale or other disposition of stocks, bonds, securities and other intangible property by nonresident estates and trusts.

Column Instructions

The sum of Column B and Column C must equal Column A.

Column A – Total Amount

Include the appropriate amount from your 2023 federal and Minnesota income tax returns. See the line instructions for Column A below.

Column B – Minnesota Portion

Allocate income and expenses to Minnesota according to Minn. Stat. sections 290.17, 290.191, and 290.20. If the estate or trust is a partner, shareholder, or beneficiary, include the amounts from Schedules KPI, KS, or KF.

Column C – Non-Minnesota Portion

Use the instructions above to determine amounts to be included in Column C.

2023 Schedule M2NM Instructions (continued)

Line Instructions

Enter the total income, gains, losses, and deductions to the extent the amounts are included in your federal taxable income. Include only the portion that is retained by the estate or trust. Do not include any amounts that are being distributed to the beneficiary.

In column A, enter the total amounts from your federal or Minnesota income tax return. In column B, include the Minnesota source portion of column A. In column C, include the portion of column A that is from sources outside of Minnesota.

Round amounts to the nearest whole dollar.

Line 1

Include the portion of line 1 of federal Form 1041 that is retained by the estate or trust.

Line 2

Include the portion of line 2a of federal Form 1041 that is retained by the estate or trust.

Line 3

Include the portion of line 3 of federal Form 1041 that is retained by the estate or trust.

Line 4

Include the portion of line 4 of federal Form 1041 that is retained by the estate or trust. Include in Column A the amount of the capital gain or loss reported on line 4 of the federal Form 1041. Include in Column B the amount of the capital gain that is sourced to Minnesota based upon the instructions on page 1. Include in Column C the result of Column A minus Column B.

For example, if Minnesota property was sold for a capital gain of \$50,000 but your federal return has a total capital loss from all sources of \$30,000 (limited to negative \$3,000), report Line 4 as follows:

Column A = (\$3,000) Column B = \$50,000 Column C = (\$53,000)

Line 5

Include the portion of line 5 of federal Form 1041 that is retained by the estate or trust.

Line 6

Include the portion of line 6 of federal Form 1041 that is retained by the estate or trust.

Line 7

Include the portion of line 7 of federal Form 1041 that is retained by the estate or trust. See the line 4 instructions above for additional guidance on how to report line 7.

Line 8

Include the portion of line 8 of federal Form 1041 that is retained by the estate or trust.

Line 10

Include the portion of line 42 of Minnesota Form M2 that is retained by the estate or trust.

Line 11

Include the portion of line 45 of Minnesota Form M2 that is retained by the estate or trust.

Line 12

This line is intentionally left blank.

Line 13

Include the portion of line 48 of Minnesota Form M2 that is retained by the estate or trust.

Line 14

Include the portion of lines 41, 43, 44, 46, 49, and 51 of Minnesota Form M2 that is retained by the estate or trust.

Line 16

Include the portion of line 10 of federal Form 1041 that is retained by the estate or trust.

Line 17

Include the portion of line 11 of federal Form 1041 that is retained by the estate or trust.

Line 18

Include the portion of line 12 of federal Form 1041 that is retained by the estate or trust.

Line 19

Include the portion of line 13 of federal Form 1041 that is retained by the estate or trust.

Line 20

Include the portion of line 14 of federal Form 1041 that is retained by the estate or trust.

Line 21

Include the portion of line 15a of federal Form 1041 that is retained by the estate or trust.

Line 22

Include the portion of line 58 of Minnesota Form M2 that is retained by the estate or trust.

Line 23

Include the portion of line 59 of Minnesota Form M2 that is retained by the estate or trust.

2023 Schedule M2NM Instructions (continued)

Line 24

This line is intentionally left blank.

Line 25

Include the portion of line 62 of Minnesota Form M2 that is retained by the estate or trust.

Line 26

Include the portion of line 65 of Minnesota Form M2 that is retained by the estate or trust.

Line 27

Include the portion of line 66 of Minnesota Form M2 that is retained by the estate or trust.

Line 28

Include the portion of lines 57, 61, 63, 64, and 67 of Minnesota Form M2 that is retained by the estate or trust. **If you included a subtraction for the Employee Retention Credit on line 28, then include the amount in Column B passed to you from the pass-through entity using the apportionment percentage used to allocate the income of the pass-through entity.**

Line 30

If the result on line 30 is a positive, enter it on line 7 of Form M2. If the result on line 30 is a negative, enter it as a positive number on line 2 of Form M2.