DEPARTMENT
OF REVENUE

242311

2024 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 *(enclose Schedule M2NM)* . . . . 2 ■

3 Additions *(from line 27, on page 2 of this schedule)* . . . . 3 ■

4 Add lines 1 through 3 . . . . 4 ■

5 Subtractions *(from line 43, on page 3 of this schedule)* . . . . 5 ■

6 Fiduciary's income from non-Minnesota sources *(enclose Schedule M2NM)* . . . . 6 ■

7 Add lines 5 and 6 . . . . 7 ■

8 Minnesota taxable net income. Subtract line 7 from line 4 . . . . 8 ■

9 Tax from table in Form M2 instructions . . . . 9 ■

10 Total of tax from Schedule M2MT *(enclose Schedule M2MT)* . . . . 10 ■

11 Total of 2024 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.

* 2 4 2 3 2 1 *

Additions to Income

12	State and municipal bond interest from outside Minnesota	12 ■	
13	State taxes deducted in arriving at net income	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 2008–2023 on your federal return that was generated by bonus depreciation *(see Form M2 instructions)*	15 ■	
16	80 percent of federal bonus depreciation	16 ■	
17	Section 199A qualified business income	17 ■	
18	This line intentionally left blank	18 ■	
19	Net operating loss carryover adjustment	19 ■	
20	Foreign derived intangible income (FDII) deduction	20 ■	
21	This line intentionally left blank	21 ■	
22	This line intentionally left blank	22 ■	
23	This line intentionally left blank	23 ■	
24	This line intentionally left blank	24 ■	
25	This line intentionally left blank	25 ■	
26	This line intentionally left blank	26 ■	
27	Add lines 12 through 26. Enter the result here and on line 3	27 ■	

Subtractions from Income

28	Interest on U.S. government bond obligations, minus any expenses deducted on your federal return that are attributable to this income	28 ■	
29	State income tax refund included on federal return	29 ■	
30	Federal bonus depreciation subtraction *(see Form M2 instructions)*	30 ■	
31	This line intentionally left blank	31 ■	
32	Subtraction for railroad maintenance expenses	32 ■	
33	Net operating loss carryover adjustment	33 ■	
34	Deferred foreign income/Employee Retention Credit	34 ■	
35	Disallowed section 280E expenses of a licensed cannabis or hemp business	35 ■	
36	Delayed business interest	36 ■	

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37	Delayed net operating loss deduction	37 ■	
38	This line intentionally left blank	38 ■	
39	This line intentionally left blank	39 ■	
40	This line intentionally left blank	40 ■	
41	This line intentionally left blank	41 ■	
42	This line intentionally left blank	42 ■	
43	Add lines 28 through 42. Enter the result here and on line 5	43 ■	

2024 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 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.

Apportion all income, deductions and modifications based upon the S-corporation's Minnesota apportionment factor reported on Schedule KS, line 50. 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 2

Use Schedule M2NM, *Non-Minnesota Source Income and Related Expenses*, to determine the amount to include on line 2.

Line 6

Use Schedule M2NM to determine the amount to include on line 6.

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 schedule for the S Portion of the ESBT.

Lines 12 - 43

To complete lines 12 through 43, see instructions for Form M2 lines 43 through 73.