DEPARTMENT OF REVENUE

* 2 5 7 2 1 1 *

# 2025 KPI, Partner's Share of Income, Credits and Modifications

**Partnership:** *Complete and provide Schedule KPI to each nonresident individual, estate or trust partner and any Minnesota individual, estate or trust partner who has adjustments to income or credits, or all partners if the partnership is electing PTE tax. For corporate and partnership partners, use Schedule KPC instead.*

Tax year beginning (MM/DD/YYYY) MM / DD / YYYY and ending (MM/DD/YYYY) MM / DD / YYYY **Amended KPI:** X

| | | |
|---|---|---|
| 1234567890 | 0123456789 | 0123456789 |
| **Partner's Federal ID or Social Security Number** | **Partnership's Federal ID Number** | **Partnership's Minnesota ID** |

| | |
|---|---|
| PARTNER'S NAMEXXXXXXXXXXXXXXXXXX | PARTNERSHIP NAME |
| **Partner's Name** | **Partnership's Name** |
| MAILING ADDRESSXXXXXXXXXXXXXXXXX | MAILING ADDRESSXXXXXXXXXXXX |
| **Mailing Address** | **Mailing Address** |

| | | | | | |
|---|---|---|---|---|---|
| CITYXXXXXXXXX | MN | XXXXX | CITYXXXXXXXXXX | MN | 12345 |
| **City** | **State** | **ZIP Code** | **City** | **State** | **ZIP Code** |

**Entity of Partner *(check one box)*:** X **Individual** X **Trust** X **Estate** XXXXXXXXXX **%**
**Partner's Distributive Share**

Calculate lines 1-38 the same for all resident and nonresident partners. Calculate lines 39-55 for estate, trust, and nonresident individual partners only. Round amounts to the nearest whole dollar.

**Individual, Estate and Trust Partners**

| | | | | Form M1 filers, include on: |
|---|---|---|---|---|
| **1** | Interest income from non-Minnesota state and municipal bonds | **1** ■ | 0123456789 | M1M, line 1 |
| **2** | State taxes deducted in arriving at partnership's net income | **2** ■ | 0123456789 | M1MB, line 2 |
| **3** | Expenses deducted attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds*)* | **3** ■ | 0123456789 | M1M, line 3 |
| **4** | 100% of partner's distributive share of federal bonus depreciation | **4** ■ | 0123456789 | M1MB, see line 1 inst |
| **5** | Foreign-derived intangible income (FDII) deduction | **5** ■ | 0123456789 | M1MB, line 3 |
| **6** | Addition due to federal changes not adopted by Minnesota *(Schedule KPINC, line 31)* | **6** ■ | 0123456789 | |
| **7a** | Partner's pro rata gross profit from installment sales of pass-through businesses *(see instructions)*. | **7a** ■ | 0123456789 | M1AR, line 1 |
| **7b** | Partner's pro rata installment sale income from pass-through businesses *(see instructions)* | **7b** ■ | 0123456789 | M1AR, line 3 |
| **8** | This line intentionally left blank | **8** ■ | | |
| **9** | This line intentionally left blank | **9** ■ | | |
| **10** | This line intentionally left blank | **10** ■ | | |
| **11** | This line intentionally left blank | **11** ■ | | |
| **12** | This line intentionally left blank | **12** ■ | | |
| **13** | Employee Retention Credit subtraction | **13** ■ | 0123456789 | M1MB, line 21 |
| **14** | Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income | **14** ■ | 0123456789 | M1M, line 14 |



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PARTNER'S NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partner's Name**

0123456789
**Partner's Federal ID Number or SSN**

PARTNERSHIP NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partnership's Name**

0123456789
**Partnership's Federal ID Number**

| | | | |
|---|---|---|---|
| **15** Deferred foreign income *(section 965)* | **15** ■ | 0123456789 | M1MB, line 17 |
| **16** Disallowed section 280E expenses of a licensed cannabis or hemp business | **16** ■ | 0123456789 | M1MB, line 16 |
| **17** Delayed business interest | **17** ■ | 0123456789 | see KPI inst. |
| **18** State income tax refund included in income. | **18** ■ | 0123456789 | M1, line 6 |
| **19** Subtraction due to federal changes not adopted by Minnesota *(Schedule KPINC, line 31, as a positive number)* | **19** ■ | 0123456789 | |
| **20** This line intentionally left blank | **20** ■ | 0123456789 | |
| **21** Partner's pro rata share of a net gain relating to dispositions of Class 2a property. | **21** ■ | 0123456789 | NIIT, line 2 |
| **22** Partner's pro rata share of deductions and modifications relating to line 21. | **22** ■ | 0123456789 | NIIT, line 7 |
| **23** State Housing Tax Credit | **23** ■ | 0123456789 | M1C, line 15 |
| Enter the credit certificate number: SHTC 0123– 4567890000 | | | |
| **24** Short Line Railroad Infrastructure Modernization Credit | **24** ■ | 0123456789 | M1C, line 14 |
| Enter certificate number from the certificate you received from the Minnesota Department of Transportation: MN-SLR 0123–4567890000 | | | |
| **25** Credit for Sales of Manufactured Home Parks to Cooperatives. | **25** ■ | 0123456789 | M1C, line 13 |
| **26** Credit for increasing research activities | **26** ■ | 0123456789 | M1C, see line 16 inst. |
| **27** Film Production Tax Credit | **27** ■ | 0123456789 | M1C, line 11 |
| Enter the credit certificate number: TAXC – 0123456789 | | | |
| **28** Tax Credit for Owners of Agricultural Assets | **28** ■ | 0123456789 | M1C, line 12 |
| Enter the certificate number from the certificate received from the Rural Finance Authority: AO 0123 4567890000 | | | |
| **29** Credit for Sustainable Aviation Fuel | **29** ■ | 0123456789 | M1REF, line 12 |
| Enter certificate number from the Department of Agriculture: 0123456789 | | | |
| **30** Credit for historic structure rehabilitation. | **30** ■ | 0123456789 | M1REF, line 7 |
| Enter National Park Service (NPS) number: 0123456789 | | | |
| **31** Employer Transit Pass Credit. | **31** ■ | 0123456789 | M1C, line 5 |
| **32** Enterprise Zone Credit. | **32** ■ | 0123456789 | M1REF, line 8 |



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PARTNER'S NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partner's Name**

0123456789
**Partner's Federal ID Number or SSN**

PARTNERSHIP NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partnership's Name**

0123456789
**Partnership's Federal ID Number**

| | | | | |
|---|---|---|---|---|
| **33** | Pass-through Entity Credit. If the pass-through entity tax satisfies the partner's filing requirement, check this box [X] | 33 ■ | 0123456789 | see inst. |
| **34** | Minnesota backup withholding | 34 ■ | 0123456789 | M1W, line 3, col C |

**Relating to Alternative Minimum Tax**

| | | | | |
|---|---|---|---|---|
| **35** | Intangible drilling costs | 35 ■ | 0123456789 | *Use lines 35-38 to compute M1MT, lines 6 and 7. See M1MT instructions for details.* |
| **36** | Gross income from oil, gas and geothermal properties | 36 ■ | 0123456789 | |
| **37** | Deductions allocable to oil, gas and geothermal properties | 37 ■ | 0123456789 | |
| **38** | Depletion | 38 ■ | 0123456789 | |

**Minnesota Portion of Amounts From Federal Schedule K-1 (1065)**

| | | | | |
|---|---|---|---|---|
| **39** | Minnesota source gross income | 39 ■ | 0123456789 | info only (see inst.) |
| **40** | Ordinary Minnesota source income (loss) from trade or business activities | 40 ■ | 0123456789 | M1NR, line 6, col B |
| **41** | Income (loss) from Minnesota rental real estate | 41 ■ | 0123456789 | M1NR, line 6, col B |
| **42** | Other net income (loss) from Minnesota rental activities | 42 ■ | 0123456789 | M1NR, line 6, col B |
| **43** | Guaranteed payments | 43 ■ | 0123456789 | M1NR, line 6, col B |
| **44** | Interest income | 44 ■ | 0123456789 | M1NR, line 2, col B |
| **45** | Ordinary dividends | 45 ■ | 0123456789 | M1NR, line 2, col B |
| **46** | Royalties | 46 ■ | 0123456789 | M1NR, line 6, col B |
| **47** | Net Minnesota short-term capital gain (loss) | 47 ■ | 0123456789 | M1NR, line 4, col B |
| **48** | Net Minnesota long-term capital gain (loss) | 48 ■ | 0123456789 | M1NR, line 4, col B |
| **49** | Section 1231 Minnesota net gain (loss) | 49 ■ | 0123456789 | M1NR, line 4 or 8, col B |
| **50** | Other Minnesota income (loss). *(Describe type of income or include separate sheet:* XXXXXXXXXXXXXXX*)* | 50 ■ | 0123456789 | M1NR, line 8, col B |
| **51** | Section 179 expense deduction apportionable to Minnesota | 51 ■ | 0123456789 | M1NR inst., line 6, col B |
| **52** | Partnership's Minnesota apportionment factor *(line 5, column C of M3A)* | 52 ■ | 0123456789 | information only |

**Nonresident Individual Partners Only:**
**Composite Income Tax or Nonresident Withholding**


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* 2 5 7 2 6 1 *

PARTNER'S NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partner's Name**

0123456789
**Partner's Federal ID Number or SSN**

PARTNERSHIP NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
**Partnership's Name**

0123456789
**Partnership's Federal ID Number**

**53** Minnesota source distributive income *(see instructions)* . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **53** ■ 0123456789 See Schedule KPI inst

**54** Minnesota composite income tax paid by partnership.
If the partner elected composite income tax, check this box: X . . . . . . . . . . . . . . . . . . . . . . **54** ■ 0123456789 composite income tax

**55** Minnesota income tax withheld for nonresident individual partner not electing to file composite income tax. If the partner completed and signed a Form AWC, check this box: X . . . . . . . . . . . . . . . . . . . . . . **55** ■ 0123456789 M1W, line 3, col C

**Partnership:** Include this schedule and copies of federal Schedules K and K-1 with your Form M3.
**Partner:** Include this schedule with your Form M1 (individuals) or Form M2 (estates and trusts).

# 2025 Schedule KPI Instructions

Individual, estate and trust partner's use of information provided on Schedule KPI

## Purpose of Schedule KPI

Schedule KPI is a supplemental schedule provided by the partnership to its individual, estate or trust partners.

The partners will need this information to complete a Minnesota Form M1, *Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

An individual partner who is a Minnesota resident will be taxed by Minnesota on all of his or her distributive income from the partnership even if the income is apportioned between Minnesota and other states. An estate, trust, and individual nonresident partner will be taxed on the Minnesota distributive income from the partnership.

These instructions are intended to help you report your share of the partnership's income, credits and modifications on your Minnesota return.

**You must include Schedule KPI when you file your Form M1 and Form M2.** If you do not include the schedule with your return as required, the department will disallow any credits and assess the tax or reduce your refund.

**If you received an amended Schedule KPI** from the partnership and your income or deductions have changed, you must file an amended Minnesota return. To amend your return, use Form M1X, *Amended Minnesota Income Tax Return*, or Form M2X, *Amended Income Tax Return for Estates and Trusts*.

## Line Instructions

Include amounts on the appropriate lines as shown on Schedule KPI.

### Line 1 – Non-Minnesota State and Municipal Bond Interest

*Individuals*: Include on line 1 of Schedule M1M.

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

### Line 2 – State Taxes Deducted

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

*Estates and Trusts:* Include on line 45 of Form M2.

### Line 3 – Expenses Deducted Attributed to Income Not Taxed by Minnesota

*Individuals:* Include on line 3 of Schedule M1M.

*Estates and Trusts:* Include on line 46 of Form M2.

### Line 4 –Federal Bonus Depreciation

*Individuals:* See Schedule M1MB, worksheet for line 1 instructions, to determine how to report this amount.

*Estates and Trusts:* Include this amount on step 7 for the worksheet to determine Line 48 of the Form M2.

### Line 5 – Foreign Derived Intangible Income (FDII) Deduction

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

*Estates and Trusts:* Include on line 52 of Form M2.

### Line 6 – Addition Due to Federal Changes Not Adopted by Minnesota

*Individuals:* Not Applicable

*Estates and Trusts:* Not Applicable

### Lines 7a, and 7b – Accelerated Installment Sale Gains

*Nonresident Individuals:* If any information is reported to you on line 7a of Schedule KPI, file Form M1AR, Accelerated Recognition of Installment Sale Gains, with your Minnesota individual income tax return.

*Resident Individuals:* If any information is reported to you on line 7 of Schedule KPI, retain a copy of this schedule for your records for the entire period that you or an entity, you have an interest in, is receiving installment sale payments. If you become a nonresident in a future year while payments are being made, you are required to file Form M1AR, Accelerated Recognition of Installment Sale Gains, with your final resident tax return.

*Estates and Trusts:* Pass through pro rata to your beneficiaries.

### Lines 8 through 12

These lines are intentionally left blank.

### Line 13 – Employee Retention Credit Subtraction
*Individuals:* Include on line 21 of Schedule M1MB.

*Estates and Trusts:* Include on line 69 of Form M2

### Line 14 – Interest on U.S. Government Bond Obligations
*Individuals:* Include on line 14 of Schedule M1M.

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

### Line 15 – Deferred Foreign Income (Section 965)
*Individuals:* Include on line 17 of Schedule M1MB.

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

### Line 16 – Disallowed Section 280E Expenses of a Licensed Cannabis or Hemp Business
*Individuals:* Include on line 16 of Schedule M1MB.

*Estates and Trusts:* Include on line 66 of Form M2.

### Line 17 – Delayed Business Interest
*Individuals:* This line does not apply.

*Estates and Trusts:* This line does not apply.

### Line 18 – State income tax refund included in income
*Individuals*: Include on line 6 of Form M1.

*Estates and Trusts:* Include on line 60 of Form M2.

### Line 19 – Subtraction Due to Federal Changes Not Adopted by Minnesota
*Individuals:* Not Applicable

*Estates and Trusts:* Not Applicable

### Line 20 – This line is intentionally left blank

### Lines 21 and 22 – Adjustments to Net Investment Income
Individuals, estates and trusts with investment income in excess of $1 million may need to pay a Minnesota net investment income tax. The net gain on the sale of Class 2a property and related expenses are excluded from the calculation of Minnesota net investment income subject to the Minnesota net investment income tax. Use Schedule NIIT, Net Investment Income Tax, to determine if you are required to pay the tax.

### Line 23 – State Housing Tax Credit
*Individuals:* Include on line 15 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 19 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 24 – Short Line Railroad Infrastructure Modernization Credit
*Individuals:* Include on line 14 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 20 of Form M2 and enter the certificate number in the space provided.. To claim this credit, you must include this schedule with Form M2.

### Line 25 – Credit for Sales of Manufactured Home Parks to Cooperatives
*Individuals:* Include on line 13 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 21 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 26 – Credit for Increasing Research Activities
*Individuals:* See Schedule M1C, worksheet for line 16 instructions, to determine how to report this amount. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* See the Form M2 instructions for line 22 to determine how to report this amount. To claim this credit, you must include this schedule with Form M2.

### Line 27 – Film Production Tax Credit
*Individuals:* Include on line 11 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

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*Estates and Trusts:* Include on line 17 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 28 – Tax Credit for Owners of Agricultural Assets

*Individuals:* Include on line 12 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 18 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 29 - Credit for Sustainable Aviation Fuel

*Individuals:* Include on line 12 of Schedule M1REF and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 31 of Schedule M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 30 – Credit for Historic Structure Rehabilitation

*Individuals:* Include on line 7 of Schedule M1REF and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 30 of Form M2 and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M2.

### Line 31 – Employer Transit Pass Credit

Of the credit amount from Schedule ETP, any amount not claimed on line 6 of Form M3 may be passed through to partners based on their distributive share.

*Individuals:* Include on line 5 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 23 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 32 – Enterprise Zone Credit

*Individuals:* Include on line 8 of Form M1REF. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 33 of Form M2. To claim this credit, you must include this schedule with Form M2.

### Line 33 – Pass-Through Entity Tax Credit

*Individuals:* Include on line 10 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Include on line 27 of Form M2. To claim this credit, you must include this schedule with Form M2.

*Nonresidents:* If your only Minnesota source income is from entities making a PTE tax election, or entities in which you elected composite income tax, you do not need to file Form M1 or M2.

### Line 34 – Minnesota Backup Withholding

*Individuals:* Include on line 3, column D of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

*Estates and Trusts:* Pass through pro rata to your beneficiaries. You must include this schedule with Form M1.

### Lines 35 – 38 Items Relating to Alternative Minimum Tax

*Individuals:* Use the information on lines 35 through 38 to complete Schedule M1MT.

*Estates and Trusts:* Use the information on lines 35 through 38 to complete Schedule M2MT.

### Lines 39 – 52 Minnesota Portion of Federal Amounts

Lines 39-52 apply to estate, trust, and nonresident individual shareholders.

If certain items are not entirely included in your federal income because of passive activity loss limitation, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income.

*Individuals:* Use the information on lines 39 through 52 to complete Schedule M1NR.

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

If your 2025 Minnesota source gross income is $14,950 or more and you did not elect composite tax filing or elected to have the PTE tax filing to fulfill your filing requirement, you are required to file Form M1 and Schedule M1NR, Nonresident/Part-Year Residents.

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# 2025 Schedule KPI Instructions (Continued)

If your 2025 Minnesota source gross income is less than $14,950 and you had Minnesota tax withheld (see line 34 and line 55 of Schedule KPI), file Form M1 to receive a refund.

*Estates and Trusts:* Use the information on lines 39 through 50 to complete Schedule M2NM.

### Line 53 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 39 of Schedule KPI) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

### Line 54 – Minnesota Composite Income Tax

*Individuals:* If you elected composite income tax, the amount paid on your behalf equals 9.85% of your Minnesota source distributive income on line 53, minus your share of any credits on lines 23-25, 27-32, and 34. You are not required to file Form M1.

*Estates and Trusts:* This line does not apply.

### Line 55 – Minnesota Nonresident Withholding

*Individuals:* Include the amount from line 55 on Schedule M1W, line 3, column D. Also include the amount from line 53 on Schedule M1W, line 3, column C.

*Estates and Trusts:* This line does not apply.

## Sale of a Partnership Interest

If you sell any portion of your interest in a partnership, some or all of the gain may be taxable. Or you can use any loss on the sale to offset other Minnesota income to the extent the losses are deducted on your federal return.

To determine the ratio of gain or loss that is assigned to Minnesota at the time of the sale, divide the original cost of the partnership's tangible property *in Minnesota* by the original cost of all tangible property of the partnership. (Tangible property includes real estate, inventory and equipment.) If you don't have these numbers, contact the partnership.

If more than 50 percent of the value of the partnership's assets are intangibles, the gain/loss is allocated to Minnesota using the partnership's prior year sales factor. Include the result on Schedule M1NR, line 4, column B.