DEPARTMENT OF REVENUE

NEAR FINAL DRAFT 10/29/25

247441

2024 Schedule KSNC, Federal Adjustments

Minnesota has not adopted the federal law changes enacted after May 1, 2023 that affect federal taxable income for tax year 2024.

Tax year beginning ____________, **ending** ____________

Shareholder's Name | Shareholder's Social Security Number

S Corporation's Name | S Corporation's Federal ID Number | S Corporation's Minnesota ID Number

Adjustments to federal taxable income (FTI)

		Enter amounts as a positive or negative. Round amounts to nearest whole dollar.	Form M1 filers, include on:
1 **a** Full Expensing for Bonus Depreciation Property (H.R. 1 Sec. 70301)	**1a**		M1NC, Line 3a
b Enter the amount of allowable depreciation for assets on line 1a	**1b**		M1NC, Line 3b
2 **a** Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302)	**2a**		M1NC, Line 4a
b Enter the amount of allowable depreciation for assets on line 2a	**2b**		M1NC, Line 4b
c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70302	**2c**		M1NC, Line 4c
3 **a** Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307)	**3a**		M1NC, Line 5a
b Enter the amount of allowable depreciation for assets on line 3a	**3b**		M1NC, Line 5b
4 Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309)	**4a**		M1NC, Line 6
5 Subpart F Provisions (H.R. 1 Sec. 70354)	**5**		M1NC, Line 7
6 Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430)	**6**		M1NC, Line 8
7 Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431)	**7**		M1NC, Line 9
8 **a** Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434)	**8a**		M1NC, Line 10a
b Enter the amount of allowable depreciation for assets on line 8a	**8b**		M1NC, Line 10b
9 Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property (H.R. 1 Sec. 70435)	**9**		M1NC, Line 11
10 **a** Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509)	**10a**		M1NC, Line 12a
b Reverse federally claimed depreciation for assets on line 10a	**10b**		M1NC, Line 12b
11 Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605)	**11**		M1NC, Line 13
12 This line intentionally left blank	**12**		
13 This line intentionally left blank	**13**		
14 This line intentionally left blank	**14**		

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Shareholder's Name

Shareholder's Social Security Number

S Corporation's Name

S Corporation's Federal ID Number

S Corporation's Minnesota ID Number

15	This line intentionally left blank	15		
16	Other adjustments to federal taxable income	16		M1NC, Line 18
17	Total lines 1-16. If the result is a positive, enter it on Schedule KS, line 6. If the amount is a negative, enter it as a positive number on Schedule KS, line 19..	17		

You must include this schedule when you file Schedule KS.

2024 Schedule KSNC Instructions

Shareholder's use of information provided on Schedule KSNC.

Purpose of Schedule KSNC

Schedule KSNC is a supplemental schedule provided by the S corporation to its shareholders. The shareholders need this information to complete one of the following:

• *Minnesota Schedule M1NC* if you are an individual shareholders.
• *Minnesota Schedule M2NC* if you are a trust or estate shareholders.
• *Minnesota Schedule M2SBNC* if you are an electing small business trust shareholder.

These instructions are intended to help you report your share of the S corporation's nonconformity adjustments on your Minnesota return.

You must include Schedule KSNC when you file your Minnesota return. If you do not include the schedule with your return as required, your return processing will be delayed.

If you receive an amended Schedule KSNC from the S corporation and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use one of the following:

• *Form M1X, Amended Minnesota Income Tax Return,* if you are an individual shareholder.
• *Form M2X, Amended Income Tax Return for Estate and Trust,* if you are a trust or estate shareholder.

Line Instructions

Line 1a – Full Expensing for Bonus Depreciation Property (H.R. 1 Sec. 70301)

Individuals: Include this amount on Schedule M1NC, line 3a.
Trusts and Estates: Include this amount on Schedule M2NC, line 1a.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 1a.

Line 1b – Enter the amount of allowable depreciation for assets on line 1a

Individuals: Include this amount on Schedule M1NC, line 3b.
Trusts and Estates: Include this amount on Schedule M2NC, line 1b.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 1b.

Line 2a – Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302)

Individuals: Include this amount on Schedule M1NC, line 4a.
Trusts and Estates: Include this amount on Schedule M2NC, line 2a.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 2a.

Line 2b – Enter the amount of allowable depreciation for assets on line 2a

Individuals: Include this amount on Schedule M1NC, line 4b.
Trusts and Estates: Include this amount on Schedule M2NC, line 2b.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 2b.

Line 2c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70302

Individuals: Include this amount on Schedule M1NC, line 4c.
Trusts and Estates: Include this amount on Schedule M2NC, line 2c.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 2c.

Line 3a - Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307)

Individuals: Include this amount on Schedule M1NC, line 5a.
Trusts and Estates: Include this amount on Schedule M2NC, line 3a.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 3a.

Line 3b – Enter the amount of allowable depreciation for assets on line 3a

Individuals: Include this amount on Schedule M1NC, 5b.
Trusts and Estates: Include this amount on Schedule M2NC, line 3b.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 3b.

Line 4 – Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309)

Individuals: Include this amount on Schedule M1NC, line 6.
Trusts and Estates: Include this amount on Schedule M2NC, line 4.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 4.

Continued

2024 Schedule KSNC Instructions Continued

Line 5 – Subpart F Provision (H.R. 1 Sec. 70354)
Individuals: Include this amount on Schedule M1NC, line 7.
Trusts and Estates: Include this amount on Schedule M2NC, line 5.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 5.

Line 6 – Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430)
Individuals: Include this amount on Schedule M1NC, line 8.
Trusts and Estates: Include this amount on Schedule M2NC, line 6.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 6.

Line 7 – Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431)
Individuals: Include this amount on Schedule M1NC, line 9.
Trusts and Estates: Include this amount on Schedule M2NC, line 7.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 7.

Line 8a – Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434)
Individuals: Include this amount on Schedule M1NC, line 10a.
Trusts and Estates: Include this amount on Schedule M2NC, line 8a.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 8a.

Line 8b – Enter the amount of allowable depreciation for assets on line 8a
Individuals: Include this amount on Schedule M1NC, line 10b.
Trusts and Estates: Include this amount on Schedule M2NC, line 8b.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 8b.

Line 9 – Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property (H.R. 1 Sec. 70435)
Individuals: Include this amount on Schedule M1NC, line 11.
Trusts and Estates: Include this amount on Schedule M2NC, line 9.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 9.

Line 10a – Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509)
Individuals: Include this amount on Schedule M1NC, 12a.
Trusts and Estates: Include this amount on Schedule M2NC, line 10a.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 10a.

Line 10b – Reverse federally claimed depreciation for assets on line 10a
Individuals: Include this amount on Schedule M1NC, line 12b.
Trusts and Estates: Include this amount on Schedule M2NC, line 10b.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 10b.

Line 11 – Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605)
Individuals: Include this amount on Schedule M1NC, line 13.
Trusts and Estates: Include this amount on Schedule M2NC, line 11.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 11.

Lines 12 through 15
These lines are intentionally left blank.

Line 16 – Other Adjustments to Federal Taxable Income
Individuals: Include this amount on Schedule M1NC, line 18.
Trusts and Estates: Include this amount on Schedule M2NC, line 16.
Electing Small Business Trusts: Include this amount on Schedule M2SBNC, line 16.

Line 17 – Total
If the total on this line is a positive number, enter it on Schedule KS, line 6. If the total on this line is a negative, enter it as a positive number on Schedule KS, line 19.