



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) ____/____/____ and ending (MM/DD/YYYY) ____/____/____ Amended KPI: ☐

Partner's Federal ID or Social Security Number

Partnership's Federal ID Number

Partnership's Minnesota ID

Partner's Name

Partnership's Name

Mailing Address

Mailing Address

City State ZIP Code

City State ZIP Code

Entity of Partner (check one box): ☐ Individual ☐ Trust ☐ Estate _____ %
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.

**Form M1 filers,
include on:**

Individual, Estate and Trust Partners

- | | | | |
|--|------|-------|-----------------------|
| 1 Interest income from non-Minnesota state and municipal bonds | 1 ■ | _____ | M1M, line 1 |
| 2 State taxes deducted in arriving at partnership's net income | 2 ■ | _____ | 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 ■ | _____ | M1M, line 3 |
| 4 100% of partner's distributive share of federal bonus depreciation | 4 ■ | _____ | M1MB, see line 1 inst |
| 5 Foreign-derived intangible income (FDII) deduction | 5 ■ | _____ | M1MB, line 3 |
| 6 Addition due to federal changes not adopted by Minnesota (Schedule KPINC, line 31) | 6 ■ | _____ | |
| 7a Partner's pro rata gross profit from installment sales of pass-through
businesses (see instructions). | 7a ■ | _____ | M1AR, line 1 |
| 7b Partner's pro rata installment sale income from pass-through
businesses (see instructions) | 7b ■ | _____ | 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 ■ | _____ | 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 ■ | _____ | M1M, line 14 |



Partner's Name _____

Partner's Federal ID Number or SSN _____

Partnership's Name _____

Partnership's Federal ID Number _____

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





Partner's Name

Partner's Federal ID Number or SSN

Partnership's Name

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 ☐ 33 ■ see inst.
- 34 Minnesota backup withholding 34 ■ M1W, line 3, col C

Relating to Alternative Minimum Tax

- 35 Intangible drilling costs 35 ■ 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 ■
- 37 Deductions allocable to oil, gas and geothermal properties 37 ■
- 38 Depletion 38 ■

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

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

Nonresident Individual Partners Only:
Composite Income Tax or Nonresident Withholding





Partner's Name _____

Partner's Federal ID Number or SSN _____

Partnership's Name _____

Partnership's Federal ID Number _____

- 53

Minnesota source distributive income (*see instructions*)

53 ■ _____

See Schedule KPI inst.
- 54

Minnesota composite income tax paid by partnership.
If the partner elected composite income tax, check this box: ☐

54 ■ _____

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: ☐

55 ■ _____

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.

2025 Schedule KPI Instructions (Continued)

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.

2025 Schedule KPI Instructions (Continued)

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.

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.