



2025 Schedule KFNC, Federal Adjustments

Minnesota has not adopted the federal law changes enacted after May 1, 2023 that affect federal taxable income for tax year 2025.

Tax year beginning _____, ending _____

Name of Beneficiary _____ Beneficiary's Social Security Number _____

Name of Estate or Trust _____ Federal ID Number _____ Minnesota ID Number _____

Enter as a positive or negative. Round amounts to the nearest whole dollar. Form M1 filers, include on:

Adjustments to federal taxable income (FTI)

1	Expansion of FICA Tip Credit (H.R. 1 Sec. 70201)	1 ■	_____ M1NC, line 8
2	a Full Expensing for Bonus Depreciation Property (H.R. 1 Sec. 70301).	2a ■	_____ M1NC, line 9a
	b Enter the amount of allowable depreciation for assets on line 2a.	2b ■	_____ M1NC, line 9b
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70301 ...	2c ■	_____ M1NC, line 9c
3	a Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302) ...	3a ■	_____ M1NC, line 10a
	b Enter the amount of allowable depreciation for assets on line 3a.	3b ■	_____ M1NC, line 10b
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70302 ...	3c ■	_____ M1NC, line 10c
4	Modification of Limitation on Business Interest (H.R. 1 Sec. 70303)	4 ■	_____ M1NC, line 11
5	Limitation on Deduction for Business Meals (H.R. 1 Sec. 70305)	5 ■	_____ M1NC, line 12
6	a Limitation for Expensing of Certain Depreciation Property (H.R. 1 Sec. 70306)	6a ■	_____ M1NC, line 13a
	b Enter the amount of allowable depreciation for assets on line 6a.	6b ■	_____ M1NC, line 13b
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70306 ...	6c ■	_____ M1NC, line 13c
7	a Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307)	7a ■	_____ M1NC, line 14a
	b Enter the amount of allowable depreciation for assets on line 7a.	7b ■	_____ M1NC, line 14b
	c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70307 ...	7c ■	_____ M1NC, line 14c
8	Enhancement of Advanced Manufacturing Investment Credit (H.R. 1 Sec. 70308)	8 ■	_____ M1NC, line 15
9	Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309)	9 ■	_____ M1NC, line 16
10	Subpart F Provisions (H.R. 1 Sec. 70352 and 70354)	10 ■	_____ M1NC, line 17
11	Enhancement of Employer-Provided Child Care Credit (H.R. 1 Sec. 70401)	11 ■	_____ M1NC, line 18
12	This line intentionally left blank.....	12 ■	_____
13	Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430)	13 ■	_____ M1NC, line 20



Name of Beneficiary	Beneficiary's Social Security Number
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Name of Estate or Trust	Federal ID Number	Minnesota ID Number
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14 Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431)..... 14 _____ M1NC, line 21

15 a Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434) 15a _____ M1NC line 22a

 b Enter the amount of allowable depreciation for assets on line 15a 15b _____ M1NC, line 22b

 c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70434... 15c _____ M1NC, line 22c

16 Exclusion of Interest on Loans Secured by Rural or Agricultural Real Property
(H.R. 1 Sec. 70435) 16 _____ M1NC, line 23

17 a Termination of Energy Efficient Commercial Buildings Deduction (H.R. 1 Sec. 70507)..... 17a _____ M1NC, line 24a

 b Reverse federally claimed depreciation for assets on line 17a 17b _____ M1NC, line 24b

18 a Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509). 18a _____ M1NC, line 25a

 b Reverse federally claimed depreciation for assets on line 18a. 18b _____ M1NC, line 25b

 c Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70509 .. 18c _____ M1NC, line 25c

19 Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605)..... 19 _____ M1NC, line 26

20 Minnesota-Only Bonus Depreciation 20 _____ M1NC, line 27

21 This line intentionally left blank..... 21 _____

22 This line intentionally left blank..... 22 _____

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25 This line intentionally left blank..... 25 _____

26 This line intentionally left blank..... 26 _____

27 This line intentionally left blank..... 27 _____

28 This line intentionally left blank..... 28 _____

29 This line intentionally left blank..... 29 _____

30 Other adjustments to federal taxable income 30 _____ M1NC, line 36

31 Total lines 1-30. If the result is positive, enter it on Schedule KF, line 7.
If the amount is negative, enter it as a positive number on Schedule KF, line 20 31 _____

You must include this schedule when you file Schedule KF.

2025 Schedule KFNC Instructions

Beneficiary's use of information provided on Schedule KFNC

Purpose of Schedule KFNC

Schedule KFNC is a supplemental schedule provided by a trust or an estate to its beneficiaries. The beneficiaries need this information to complete one of the following:

- Minnesota Schedule M1NC if you are an individual beneficiary
- Minnesota Schedule M2NC if you are a trust or estate beneficiary

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

You must include Schedule KFNC 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 KFNC from the fiduciary 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 beneficiary.
- Form M2X, *Amended Income Tax Return for Estate and Trust*, if you are a trust or estate beneficiary.

Line Instructions

Line 1 – Expansion of FICA Tip Credit (H.R. 1 Sec. 70201)

Individuals: Include this amount on Schedule M1NC, line 8.

Trusts and Estates: Include this amount on Schedule M2NC, line 1.

Line 2a - Full Expensing for Bonus Depreciation Property (H.R. 1 Sec. 70301)

Individuals: Include this amount on Schedule M1NC, line 9a.

Trusts and Estates: Include this amount on Schedule M2NC, line 2a.

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

Individuals: Include this amount on Schedule M1NC, line 9b.

Trusts and Estates: Include this amount on Schedule M2NC, line 2b.

Line 2c - Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70301

Individuals: Include this amount on Schedule M1NC, line 9c.

Trusts and Estates: Include this amount on Schedule M2NC, line 2c.

Line 3a – Full Expensing for Domestic Research and Experimental Expenditures (H.R. 1 Sec. 70302)

Individuals: Include this amount on Schedule M1NC, line 10a.

Trusts and Estates: Include this amount when calculating Schedule M2NC, line 3a.

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

Individuals: Include this amount on Schedule M1NC, line 10b.

Trusts and Estates: Include this amount on Schedule M2NC, line 3b.

Line 3c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70302

Individuals: Include this amount on Schedule M1NC, line 10c.

Trusts and Estates: Include this amount on Schedule M2NC, line 3c.

Line 4 – Modification of Limitation on Business Interest (H.R. 1 Sec. 70303)

Individuals: Include this amount on Schedule M1NC, line 11.

Trusts and Estates: Include this amount on Schedule M2NC, line 4.

Line 5 – Limitation on Deduction for Business Meals (H.R. 1 Sec. 70305)

Individuals: Include this amount on Schedule M1NC, line 12.

Trusts and Estates: Include this amount on Schedule M2NC, line 5.

Line 6a – Limitation for Expensing of Certain Depreciation Property (H.R. 1 Sec. 70306)

Individuals: Include this amount on Schedule M1NC, line 13a.

Trusts and Estates: Include this amount on Schedule M2NC, line 6a.

2025 Schedule KFNC Instructions (*continued*)

Line 6b – Enter the amount of allowable depreciation for assets on line 6a

Individuals: Include this amount on Schedule M1NC, line 13b.

Trusts and Estates: Include this amount on Schedule M2NC, line 6b.

Line 6c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70306

Individuals: Include this amount on Schedule M1NC, line 13c.

Trusts and Estates: Include this amount on Schedule M2NC, line 6c.

Line 7a – Special Depreciation Allowance for Qualified Production Property (H.R. 1 Sec. 70307)

Individuals: Include this amount on Schedule M1NC, line 14a.

Trusts and Estates: Include this amount on Schedule M2NC, line 7a.

Line 7b – Enter the amount of allowable depreciation for assets on line 7a

Individuals: Include this amount on Schedule M1NC, line 14b.

Trusts and Estates: Include this amount on Schedule M2NC, line 7b.

Line 7c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70307

Individuals: Include this amount on Schedule M1NC, line 14c.

Trusts and Estates: Include this amount on Schedule M2NC, line 7c.

Line 8 – Enhancement of Advanced Manufacturing Investment Credit (H.R. 1 Sec. 70308)

Individuals: Include this amount on Schedule M1NC, line 15.

Trusts and Estates: Include this amount on Schedule M2NC, line 8.

Line 9 – Exempt Facility Bond Rules for Spaceports (H.R. 1 Sec. 70309)

Individuals: Include this amount on Schedule M1NC, line 16.

Trusts and Estates: Include this amount on Schedule M2NC, line 9.

Line 10 – Subpart F Provisions (H.R. 1 Sec. 70352 and 70354)

Individuals: Include this amount on Schedule M1NC, line 17.

Trusts and Estates: Include this amount on Schedule M2NC, line 10.

Line 11 – Enhancement of Employer-Provided Child Care Credit (H.R. 1 Sec. 70401)

Individuals: Include this amount on Schedule M1NC, line 18.

Trusts and Estates: Include this amount on Schedule M2NC, line 11.

Line 12

This line is intentionally left blank.

Line 13 – Exception to Percentage of Completion Method of Accounting (H.R. 1 Sec. 70430)

Individuals: Include this amount on Schedule M1NC, line 20.

Trusts and Estates: Include this amount on Schedule M2NC, line 13.

Line 14 – Expansion of Qualified Small Business Stock Gain Exclusion (H.R. 1 Sec. 70431)

Individuals: Include this amount on Schedule M1NC, line 21.

Trusts and Estates: Include this amount on Schedule M2NC, line 14.

Line 15a – Treatment of Certain Sound Recording Productions (H.R. 1 Sec. 70434)

Individuals: Include this amount on Schedule M1NC, line 22a.

Trusts and Estates: Include this amount on Schedule M2NC, line 15a.

Line 15b – Enter the amount of allowable depreciation for assets on line 15a

Individuals: Include this amount on Schedule M1NC, line 22b.

Trusts and Estates: Include this amount on Schedule M2NC, line 15b.

Line 15c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70434

Individuals: Include this amount on Schedule M1NC, line 22c.

Trusts and Estates: Include this amount on Schedule M2NC, line 15c.

Line 16 – 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 23

Trusts and Estates: Include this amount on Schedule M2NC, line 16.

Line 17a – Termination of Energy Efficient Commercial Buildings Deduction (H.R. 1 Sec. 70507)

Individuals: Include this amount on Schedule M1NC, line 24a

Trusts and Estates: Include this amount on Schedule M2NC, line 17a.

Line 17b – Reverse federally claimed depreciation for assets on line 17a

Individuals: Include this amount on Schedule M1NC, line 24b

Trusts and Estates: Include this amount on Schedule M2NC, line 17b.

Line 18a – Termination of Cost Recovery for Energy Property (H.R. 1 Sec. 70509)

Individuals: Include this amount on Schedule M1NC, line 25a

Trusts and Estates: Include this amount on Schedule M2NC, line 18a.

Line 18b – Reverse federally claimed depreciation for assets on line 18a

Individuals: Include this amount on Schedule M1NC, line 25b

Trusts and Estates: Include this amount on Schedule M2NC, line 18b.

Line 18c – Enter the amount of allowable depreciation for prior year assets adjusted for Sec. 70509

Individuals: Include this amount on Schedule M1NC, line 25c

Trusts and Estates: Include this amount on Schedule M2NC, line 18c.

Line 19 – Employee Retention Credit Enforcement Provisions (H.R. 1 Sec. 70605)

Individuals: Include this amount on Schedule M1NC, line 26.

Trusts and Estates: Include this amount on Schedule M2NC, line 19.

Line 20 – Minnesota-Only Bonus Depreciation

Individuals: Include this amount on Schedule M1NC, line 27.

Trusts and Estates: Include this amount on Schedule M2NC, line 20.

Lines 21 through 29

These lines are intentionally left blank.

Line 30 – Other adjustments to federal taxable income

Individuals: Include this amount on Schedule M1NC, line 36.

Trusts and Estates: Include this amount on Schedule M2NC, line 30.

Line 31 – Total

If the total on this line is a positive number, enter it on Schedule KF, line 7. If the total on this line is a negative, enter it as a **positive** number on Schedule KF, line 20.