



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



Name of Beneficiary \_\_\_\_\_ Beneficiary's Social Security Number \_\_\_\_\_

Name of Estate or Trust \_\_\_\_\_ Federal ID Number \_\_\_\_\_ Minnesota ID Number \_\_\_\_\_

- 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** ■ \_\_\_\_\_
- 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** 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.