

# 2025 Minnesota Income Tax for Estates and Trusts (Fiduciary) Form M2 Instructions

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## Questions?

You can find forms and information, including answers to frequently asked questions and options for filing and paying electronically, on our website at: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Send us an e-mail at: [businessincome.tax@state.mn.us](mailto:businessincome.tax@state.mn.us)

Call us at 651-556-3075

*This information is available in alternate formats.*

## Before You File Complete a Federal Return

Before you complete Form M2, complete federal Form 1041, *U.S. Income Tax Return for Estates and Trusts*, and supporting schedules. You will need to reference them.

**Minnesota Tax ID Number**

Your Minnesota tax ID is the seven-digit number you're assigned when you register with the department. It's important to include your Minnesota tax ID on your return so that any payments you make are properly credited to your account.

If you don't have a Minnesota tax ID, you must apply for one. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **Business Registration** in the search box or call 651-282-5225 or 1-800-657-3605.

## What's New for 2025

### For taxpayers affected by federal tax law passed after May 1, 2023

During the 2026 Minnesota legislative session, Minnesota law was updated to recognize the Internal Revenue Code as amended through May 1, 2026. However, some adjustments still apply due to retroactive Minnesota modifications enacted in the tax bill. Use Schedules M2NC, M2SBNC, and KFNC to calculate any remaining nonconformity adjustments.

We have updated these instructions to recognize enactment of this Minnesota legislation

### Credit for Increasing Research Activities (R&D Credit)

A portion of the current year R&D credit is now refundable. You must make an election on a timely filed return (including extensions) to claim the refundable portion. See the instructions for lines 22 and 32 for more details.

### Short Line Railroad Infrastructure Modernization Tax Credit

Eligible taxpayers must now apply with the Department of Transportation for a credit certificate. This change is effective for taxable years beginning after December 31, 2024. The Department of Revenue will continue to manage credit transfer agreements. See the instructions for line 20 and Schedule RAIL for more details.

### Employee Retention Credit Subtraction

Taxpayers may claim a subtraction for wages not deducted from income in the current taxable year and used for the calculation of the federal Employee Retention Credit under CARES Act Sec. 2301; TCDTR20 Sec. 206 and 207; and/or ARPA Sec. 9651. See the instructions for line 69 for more details.

## Filing Requirements

An estate or trust, regardless of residency status, must file Minnesota Form M2, *Income Tax Return for Estates and Trusts (Fiduciaries)* when it has \$600 or more of gross income allocable to Minnesota or a nonresident alien as a beneficiary. [M.S. 289A.08.subd. 2] When required, the trustee of a trust or the personal representative of an estate must file Form M2 and pay the tax.

### Bankruptcy Estates

If the fiduciary of a bankruptcy estate of a Minnesota resident filed a federal return, a Minnesota return must also be filed. Use Form M1, *Individual Income Tax Return*, to determine the Minnesota tax and attach it to Form M2. File it in the same way you file federal returns.

### Resident Estates

A resident estate is an estate of a deceased person where:

- (1) The decedent was domiciled in Minnesota at the date of death, or
- (2) The personal representative or fiduciary was appointed by a Minnesota court in a proceeding other than an ancillary proceeding, or
- (3) The administration of the estate is carried on in Minnesota in a proceeding other than an ancillary proceeding.

[M.S. 290.01, subd. 7a]

### Resident trusts

The definition of a resident trust differs depending on the date—before or after December 31, 1995—the trust becomes irrevocable or is first administered in Minnesota.

**For trusts that became irrevocable or were first administered in Minnesota after December 31, 1995**, a resident trust means a trust, except a grantor type trust, which meets one of the following criteria:

1. The trust was created by a will of a decedent who at their death was a Minnesota resident
2. The trust is irrevocable, and at the time it became irrevocable, the grantor was a Minnesota resident. A trust is considered irrevocable if the grantor is not treated as the owner as defined in sections 671 to 678 of the IRC.

**For trusts that became irrevocable or were first administered in Minnesota before January 1, 1996**, a resident trust, except a grantor type trust, means any trust administered in Minnesota.

To be considered a resident trust administered in Minnesota, you must meet two of these three criteria:

1. A majority of the discretionary investment decisions are made in Minnesota
2. The majority of discretionary distribution decisions are made in Minnesota
3. The trust's official books and records are kept in Minnesota [M.S. 290.01, subd. 7b]

**Relevant Minimum Connection of Resident Trusts.** The Minnesota Supreme Court ruled in *Fielding v. Commissioner of Revenue*, 916 N.W.2d 323 (Minn. 2018) that a trust may be taxed as a resident if there is "(1) some 'minimum connection' between the state and the entity subject to tax, and (2) a 'rational relationship' between the income the state seeks to tax and the protections and benefits conferred by the state."

The court set out "relevant connections" to be considered, which include Minnesota's connections to:

- the trustee
- the trust's assets

- the administration of the trust
- the trust in the tax year at issue

The resident trust statute is presumed to be constitutional. Complete and enclose Schedule M2RT with your return if you meet the statutory definition of a resident trust, but believe you may not have sufficient minimum connections to Minnesota to be taxed as a resident trust. Complete Form M2 as a nonresident and use Schedule M2NM to determine your non-Minnesota income (loss) to include on lines 2 and 7 of Form M2.

## General Information

### Due Date for Filing and Paying

The regular due date for filing Form M2 and paying the tax due is April 15, 2026. If the due date lands on a weekend or legal holiday, returns and payments electronically made or postmarked the next business day are considered timely. If you file your return according to a fiscal year, your return and payment are due the 15th day of the fourth month following the end of the tax year. Short-year returns are due by the 15th day of the fourth month following the month in which the short year ends. Example: If the fiscal year end is May 31, the due date is September 15.

### Extension of Time to File

All estates and trusts are granted an automatic six-month extension to file Form M2, if the tax is paid in full by the regular due date. **If the tax is not paid by the regular due date, the extension of time to file is invalid.**

If the IRS grants an extension to file your federal return, your state filing due date is extended to the federal due date. This is a filing extension only. To avoid penalties, you must make an extension tax payment by the regular due date. See **Extension Payment** below for details.

### Payments

There are four types of fiduciary income tax payments—extension payments, estimated tax payments, tax return payments, and amended return payments. **Note:** If you are currently paying electronically using the ACH credit method, continue to call your bank as usual. If you want to make payments using the ACH credit method, instructions are available at [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

#### Extension Payment

Your tax is due by the regular due date, even if you're filing under an extension. Any tax not paid by the regular due date is subject to penalties and interest (see lines 36 and 37 instructions on page 9).

If you're filing after the regular due date, you can avoid penalty and interest by making an extension payment for the full amount of the tax owed by the regular due date. For information about payment options see **Payment Options** on page 3. If you administer 100 or more trusts or are required to make other payments electronically, you are required to pay all fiduciary income taxes electronically. *[M.S. 289A.20, subd. 1c]*

#### Estimated Payments

A trust must make quarterly estimated tax payments if it has:

- an estimated tax of \$500 or more
- any nonresident beneficiary's share of estimated composite income tax of \$500 or more

Payments are due by the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the end of the tax year. Installments for a short tax year are due in equal payments on the 15th day of the fourth, sixth, ninth and final months of the tax year depending on the number of months in the short tax year. No installments are required for a short tax year of fewer than four months.

The required annual payment is the lesser of:

- 90 percent of your current year's tax liability, or
- 100 percent of the prior year's tax liability. However, if the trust has more than \$150,000 of Minnesota assignable adjusted gross income, you must use 110 percent, rather than 100 percent, of the prior year's tax liability.

The required annual payment must be paid in four equal installments unless certain exceptions apply (see the instructions for Schedule EST, *Additional Charge for Underpayment of Estimated Tax*).

If estimated tax is required for both the estimated tax and the composite income tax, include both on the same quarterly payment. *[M.S. 289A.25]*

To make an estimated tax payment, see **Payment Options** on page 3. If paying by check, send a completed payment voucher with your payment.

#### Tax Return Payment

If there is an amount due on line 39 of Form M2, you must make a tax return payment. If you're paying by check, send a completed payment voucher with your payment.

### Penalties and Interest

**Late payment.** A late payment penalty is assessed on any tax not paid by the regular due date. The penalty is 6% of the unpaid tax. If you file your return after the regular due date with a balance due, and you do not pay that balance, an additional 5% penalty will be assessed on the unpaid tax.

**Late filing.** There is also a penalty if you file after the extended due date and owe tax. The late filing penalty is 5% of any tax not paid by the extended due date.

**Interest.** You must also pay interest on the penalty and tax you are sending in late. The interest rate for 2026 is 7%.

**Other penalties.** There are also civil and criminal penalties for intentionally failing to file a Minnesota return, evading tax and for filing a false, fraudulent or frivolous return.

## Payment Options

If you administer 100 or more trusts, you are required to pay all the fiduciary income taxes electronically. We will assess a penalty of 5% of the payment if you fail to do so when required.

### Pay with your Bank Account

Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click **Log in to e-Services**

If you're using the system for the first time and need a temporary password, call 651-282-5225 or 1-800-657-3605.

To be timely, you must complete your transaction and receive a confirmation number on or before the due date for that payment.

### Pay by Credit or Debit Card

We use a third-party vendor to process credit and debit card payments. A fee is charged for this service.

- Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click **Make a Payment**
- Click **By Credit or Debit Card** and follow the prompts to complete the payment

### Pay by Check

- Go to our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click **Make a Payment**
- Click **By Check or Money Order** to create a payment voucher
- Mail with your check to the address on the voucher

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

## Reporting Federal Changes

If the Internal Revenue Service (IRS) changes or audits your federal return and it affects your Minnesota return or distributions to beneficiaries, you must file a Form M2X, *Amended Income Tax Return for Estates and Trusts*, with the department within 180 days after you were notified by the IRS. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If the changes do not affect your Minnesota return or Schedules K-1, you have 180 days to send a letter of explanation to the department. Send your letter and a complete copy of your amended federal return or the correction notice to: Minnesota Fiduciary Income Tax, Mail Station 5140, 600 N. Robert St., St. Paul, MN 55146-5140

**Conformity.** If you are amending solely due to the 2026 Minnesota tax bill, write "Conformity" in red at the top of the Minnesota Form M2X and the amended Schedules KF you issue to beneficiaries. For more details, see Schedule M2NC.

If you fail to report as required, a 10% penalty will be assessed on any additional tax. [M.S. 289A.60, subd. 24]

## Filing Reminders

### Composite Income Tax

Minnesota allows estates and trusts to file composite Minnesota income tax on behalf of their beneficiaries who are nonresident individuals and elect to be included. As a result, the electing beneficiary is not required to file Minnesota Form M1, *Minnesota Individual Income Tax Return*.

The electing individuals must not have any Minnesota source income other than the income from this trust or estate and other entities for which they are electing composite tax or are a part of a PTE tax return.

Beneficiaries receiving distributions from an estate or trust reporting installment sale gains on line 6 of Schedule KF are not eligible for inclusion in a composite return.

If you are paying composite income tax for your electing beneficiaries, check the box for composite income tax on the front of Form M2 and see the line 14 instructions on page 5.

### Request for Early Audit

You may request an early audit of a decedent's income tax return, property tax refund claim, the return of an estate, or of a terminating trust by filing Minnesota Form M22, *Request for Early Audit of Minnesota Income Tax Return*. The request reduces the time the department has to assess additional taxes from 3 1/2 years from the later of the date the return was due, or when it was filed, to 18 months after the request was received.

### Use of Information

Your Minnesota tax ID number is public information. All other information on this form is private, and cannot be given to others except as provided by state law. The identity and income information of the beneficiaries are required under state law so the department can determine the beneficiary's correct Minnesota taxable income and verify if the beneficiary has filed a return and paid the tax. The Social Security numbers of the beneficiaries are required under M.S. 289A.12, subd. 13.

## When Filing a Paper Return

### How to Assemble


Arrange your Minnesota schedules in the order they were completed and place them behind your Form M2. Schedules KF should be grouped together and sorted with the largest share of Minnesota source income first. Then place your federal return and its schedules behind the Minnesota material. Do not staple or tape any enclosures to your return.

### Where to Send

Mail your Minnesota and federal forms and schedules, using this mailing label.

Cut on the dotted line and tape to your envelope.

Or mail to: Minnesota Department of Revenue, Fiduciary Income Tax, Mail Station 1310, 600 N. Robert St., St. Paul, MN 55146-1310


Minnesota Department of Revenue Fiduciary Income Tax Mail Station 1310 600 N. Robert St. St. Paul, Minnesota 55146-1310

# Form M2 Instructions

Before you complete Form M2, you must first complete federal Form 1041 and supporting schedules.

If you are a	Completed federal Form
Charitable remainder or charitable lead trust (enter zero on Form M2, lines 1 and 9)	1041A or 5227
Designated or qualified settlement fund (under IRC section 468B)	1120-SF
Qualified funeral trust	1041-QFT
Electing small business trust (ESBT)	1041

## Tax Year

If you are filing on a fiscal year basis, enter the beginning and ending dates. Without the dates, your filing and payments may not be considered timely.

## Minnesota Tax ID Number

Enter your Minnesota tax ID number on Form M2. Without it, processing of the return is delayed, and your estimated tax and extension prepayments cannot be verified and credited properly.

## Check Boxes

Place an X in all boxes that apply.

**Bankruptcy estate.** A separate and distinct taxable entity created when an individual debtor files for bankruptcy under Chapter 7 or 11 of Title 11 of the United States Code. Enter the bankruptcy debtor's SSN in the bankruptcy debtor SSN box and, if filing jointly, enter the second debtor's SSN in the corresponding box.

**Composite income tax.** If you are paying composite income tax for your electing nonresident beneficiaries. See the line 14 instructions on page 5.

**Due Process Nonresident.** A trust or estate that meets the definition of a statutory resident (check the statutory resident checkbox), but you believe may not have sufficient minimum connections to Minnesota to be taxed as a resident trust or estate. If you check this box and are a trust, you must also complete and enclose Schedule M2RT with your return. See the instructions on pages 1- 2 and Schedule M2RT for more details.

**ESBT (Electing Small Business Trust).** An ESBT is a non-grantor trust that has income from one or more S corporations. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust. See Schedule M2SB for more details.

**Initial return.** If this is the fiduciary's first return filed in Minnesota.

**Final return.** If this is the fiduciary's final return. For income tax purposes, Minnesota follows federal law on termination of estates and trusts. All income, deductions and credits are passed through to the beneficiaries.

**Form M706 Filed.** If the decedent's estate or trust had a M706 estate tax return filed. Enter the gross value of the estate on the line provided.

**Grantor Trust.** A trust is a grantor trust if the grantor retains certain powers or ownership benefits.

**Installment Sale of Pass-through Assets or Interests.** If the trust or estate:

- executed an installment sale, after December 31, 2016, of S corporation stock or partnership interests being reported on federal Form 6252,
- executed an installment sale, after December 31, 2016, of the assets of an S corporation or partnership being reported on federal Form 6252,
- or
- owns an interest in an S corporation, partnership, trust, or estate reporting installment sale gains on line 7 of Schedule KPI or KS, line 6 of Schedule KF, or line 10 of Schedule KPC.

If you are required to check the box and the gain from the sale was distributed, complete line 6 of all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF. Beneficiaries who are receiving Schedules KF with positive values on line 6 may not be included in a composite return.

**Irrevocable Trust.** A trust is considered irrevocable if the grantor no longer has control over the trust assets and administration. Enter the date the trust became irrevocable.

**Owns or Operates Business.** If the estate or trust owns or operates a business through the estate or trust. Provide the Federal Identification Number (FEIN) of the business in the box provided. If the estate or trust owns or operates more than one business, provide a list of all FEINs of the businesses in an attachment.

**QSST.** If the trust is filing as a Qualified Subchapter S Trust.

**Section 645 Election.** The IRC section 645 election allows a qualified revocable trust to be treated and taxed as part of the related estate during the election period. If the election is made for federal income tax purposes, it also applies for Minnesota. Enclose a copy of federal Form 8855 or letter making the election.

**Statutory Nonresident.** A trust or estate that does not meet the definition of a statutory resident under Minnesota Statute section 290.01, subdivisions 7a and 7b and therefore is considered a statutory nonresident. See instructions on pages 1- 2 for more details.

**Statutory Resident.** A trust or estate that meets the definition of a statutory resident under Minnesota Statute section 290.01, subdivisions 7a and 7b. See instructions on pages 1- 2 for more details.

**Tax Position Disclosure.** If you filed Form TPD to disclose items or positions that are not otherwise adequately disclosed on your return. See Form TPD for more details.

# Form M2 Instructions (continued)

## Line Instructions

Round amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next higher dollar.

### Line 2 — Deductions and Losses not Allowed

Use Schedule M2NM to determine the amount to include on Line 2.

### Line 3 — Capital Gain of Lump Sum Distribution

If you received a qualifying lump-sum distribution in 2025 and chose the capital gain election on federal Form 4972, enter the capital gain from line 6 of federal Form 4972. Include a copy of federal Form 4972 when you file Form M2.

### Lines 4 and 6 — Additions and Subtractions

Include the amount from line 77, column E of Form M2. See the instructions for *Allocation of Adjustments* on pages 13 and 14 for more details.

### Line 7 — Income from Non-Minnesota Sources

Use Schedule M2NM to determine the amount to include on Line 7.

### Line 10 — Minnesota Tax

Use the table starting on page 17 to determine the amount to enter on line 10.

### Line 11 — Tax from S portion of an Electing Small Business Trust

If you are filing as an Electing Small Business Trust (ESBT), you must file Schedule M2SB to report all items relating to the S portion of the trust. Enter the tax calculated on the M2SB on line 11 of Form M2. Include Schedule M2SB when you file Form M2.

### Line 12 — Minnesota Net Investment Income Tax

If you have over \$1,000,000 of investment income during the tax year, you must complete Schedule NIIT. Enter the tax calculated on Schedule NIIT on line 12 of Form M2. Include Schedule NIIT when you file Form M2.

### Line 13 — Additional Tax

**Schedule M1LS—Tax on a Lump-Sum Distribution.** If you received a lump-sum distribution from a qualified pension plan, profit sharing plan or stock bonus plan and the 10-year averaging method on federal Form 4972 was used, you must complete Minnesota Schedule M1LS, *Tax on Lump-Sum Distribution*.

Include the amount from line 11 of Schedule M1LS on line 13 of Form M2. Check the box for Schedule M1LS and include a copy of the schedule when you file your return.

**Schedule M2MT—Alternative Minimum Tax.** If you had to complete federal Schedule I, *Alternative Minimum Tax*, you must complete Minnesota Schedule M2MT, *Alternative Minimum Tax for Estates and Trusts*.

Include the amount from line 18 of Schedule M2MT on line 13 of Form M2. Check the box for Schedule M2MT and include a copy of the schedule with your return.

### Line 14 — Composite Income Tax

Add the composite income tax attributed to all electing beneficiaries (the total of line 51 from all Schedules KF), and enter the result on line 14 of Form M2.

### Line 16 — Credit for Taxes Paid to Another State

You may claim a nonrefundable credit on line 16 for taxes paid to another state if all of the following are true:

- You are filing as a Minnesota resident estate or trust.
- You paid 2025 income tax to Minnesota.
- You paid 2025 income tax to another state on the same income as Minnesota. For purposes of this credit, a Canadian province or territory and the District of Columbia are considered a state.

The credit cannot exceed the sum of the taxes shown on lines 10 and 11 of Form M2.

Use Schedule M1CR, *Credit for Income Tax Paid to Another State*, as a worksheet to determine the credit and enter the result on line 16.

You may not carry forward any unused credit.

### Line 17 — Film Production Credit

If you received a credit certificate from the Department of Employment and Economic Development (DEED) for eligible production costs, enter the credit amount on line 17 and the certificate number in the space provided.

You may carry any unused credit forward for up to 5 years.

For more details regarding this tax credit, go to the DEED website at [mn.gov/deed](http://mn.gov/deed).

# Form M2 Instructions (continued)

## Line 18 – Tax Credit for Owners of Agricultural Assets

If you received a credit certificate from the Minnesota Rural Finance Authority for selling or leasing agricultural assets to a beginning farmer, enter the credit amount on line 18 and certificate number in the space provided.

If you have multiple credits, enter the certificate number the estate or trust received directly from the Rural Finance Authority within the certificate number box. If you have multiple credits and received all credits from other pass-through entities, enter the certificate number relating to the largest credit amount within the certificate number box. Include a statement showing the certificate numbers and corresponding credit amounts for all credits you included on line 18. Subtotal all credit amounts on line 18.

You may carry any unused credit forward for up to 15 years.

## Line 19 — State Housing Tax Credit

If you received a certificate from Minnesota Housing for qualifying contributions to a state fund, enter the credit amount on line 19 and the certificate number in the space provided.

You may carry any unused credit forward for up to 10 years.

For more details regarding this tax credit, go to Minnesota Housing’s website at [www.mnhousing.gov](http://www.mnhousing.gov).

## Line 20 - Short Line Railroad Infrastructure Modernization Credit

If you applied to the Department of Transportation and received a short line railroad infrastructure modernization credit certificate or had a credit transferred to you, you may claim the credit here. Include the amount of the credit and credit certificate on line 20.

Any unused credit amount may be carried forward for up to five years.

You may also transfer the entire amount of the credit before any has been used, or the entire amount of the remaining carryforward to one other taxpayer. To transfer the credit, you may utilize Schedule RAIL.

## Line 21 - Credit for Sales of Manufactured Home Parks to Cooperatives

You may be eligible for the nonrefundable Credit for Sales of Manufactured Parks to Cooperatives if the estate or trust sold a manufactured home park to a cooperative.

If you qualify, complete Schedule MHP, Credit for Sales of Manufactured Home Parks to Cooperatives. Enter the credit amount on line 21.

You may carry any unused credit forward for up to 5 years.

## Line 22 — Nonrefundable Credit for Increasing Research Activities

Follow the steps below to determine lines 22d, 22e, and 22f.

### Worksheet for Lines 22 and 32, Credit for Increasing Research Activities

- 1 **Tentative Current-Year Credit:** Include the sum of credits received on Schedules KF line 34 and Schedules KPI and KS lines 26 . . . . . \_\_\_\_\_
- 2 **Regular Tax:** Include the sum of lines 10 and 11 . . . . . \_\_\_\_\_
- 3 **Nonrefundable Credits:** Include the sum of lines 16 through 21, 23, and 24. Do not include any portion of line 23 relating to the Alternative Minimum Tax Credit . . . . . \_\_\_\_\_
- 4 **Regular Tax Less Nonrefundable Credits:** Subtract step 3 from step 2 . . . . . \_\_\_\_\_
- 5 **Prior Year Credit Carryover:** Include the portion of line 24 relating to a research credit carryover from prior years . \_\_\_\_\_
- 6 **Liability for Tax:** Add steps 4 and 5. . . . . \_\_\_\_\_
- 7 **Limitation:** Enter the lesser of step 2 and step 6. If the result is zero or less, leave blank . . . . . \_\_\_\_\_
- 8 **Current-Year Credit After Limitation:** Enter the lesser of step 1 and step 7. Include the result here and on line 22d \_\_\_\_\_
- 9 **Unused Current-Year Nonrefundable Credit:** Subtract step 8 from step 1. Include the result here and on line 22e . . . . . \_\_\_\_\_  
If the result is 0, stop here. Your refundable credit amount is \$0.
- 10 **Refundable Credit Amount:** Multiply step 9 by 19.2% (0.192). Include the result here and on line 32 . . . . . \_\_\_\_\_
- 11 **Current-Year Credit Carryover:** Subtract step 10 from step 9. Include the result here and on line 22f . . . . . \_\_\_\_\_

You may carry any unused credit forward for up to 15 years. You cannot use the carryover amount when determining the refundable portion of the credit.

## Line 23 — Other Nonrefundable Credits

If you are claiming a nonrefundable credit other than the credits listed on lines 16 through 22, include the credit on line 23.

Include on line 23 any credits eligible outright by an estate or trust or received on Schedules KPI, KS, or KF as a partner, shareholder, or beneficiary of another entity.

Include on line 23 only the portion of the credit(s) being retained by the estate or trust. Any portion of the credit(s) being distributed to beneficiaries should be reported on the beneficiaries’ Schedules KF.

If you are including an amount on line 23, include a statement indicating which credit(s) the estate or trust is claiming. Include with your return filing any required forms, schedules, credit certificates, or documentation.

# Form M2 Instructions (continued)

## Employer Transit Pass Credit

You may be eligible for the nonrefundable Employer Transit Pass Credit if the estate or trust operated a business that purchases transit passes to sell or give to employees. The credit is equal to 30 percent of the difference between the price you paid for the pass and the price charged employees.

If you qualify, complete Schedule ETP, *Employer Transit Pass Credit*. Enter the credit amount on line 23.

You may not carry forward any unused credit.

## SEED Capital Investment Credit

You may be eligible for the SEED Capital Investment Credit if:

- The estate or trust invested in a qualified business in Breckenridge, Dilworth, East Grand Forks, Moorhead, or Ortonville.
- The business has been certified by the Minnesota Department of Employment and Economic Development (DEED) as qualifying for the SEED Capital Investment Program.

Enter the credit amount from the credit certificate you received from the DEED on line 23.

You may carry any unused credit forward for up to four years.

## Alternative Minimum Tax Credit

You may be eligible for the Alternative Minimum Tax Credit if the estate or trust paid Minnesota alternative minimum tax in one or more taxable years from 1989 through 2024. If the estate or trust did not pay Minnesota alternative minimum tax, you do not qualify for the credit.

Use the Schedule M1MTC, *Alternative Minimum Tax Credit*, as a worksheet to determine if you qualify or have a credit carry over from a prior year of any unused portion of your minimum tax credit. Enter the credit calculated from Schedule M1MTC on line 23.

## Line 24 – Carryover Credits from Prior Years

Certain credits may be carried over if you were unable to claim the full amount of the credit in a prior year. Use the table below to determine which credits may be claimed on your 2025 return that were carried over from a prior year and what to enter in columns D through F on line 24.

Column D - Name of Credit	Column E - Certificate Number	Column F – Unused Credit
Nonrefundable Credit for Increasing Research Activities*	None	Include the amount of unused credit from a prior year that you are claiming on your 2025 return.
Film Production Credit	Enter the certificate number starting with TAXC	
Owners of Agricultural Assets Credit	Enter the certificate number starting with AO	
State Housing Tax Credit	Enter the certificate number starting with SHTC	
Short Line Railroad Infrastructure Modernization Credit	Enter the certificate number starting with MN-SLR	
Credit for Sales of Manufactured Home Parks to Cooperatives	None	

\* You cannot use the carryover amount for the nonrefundable credit for increasing research activities when determining the refundable portion of the credit. See the instructions for lines 22 and 32.

## Line 27 — Pass-Through Entity Tax Credit

An estate or trust may receive a tax credit as a qualifying owner of an electing pass-through entity.

Include on line 27 the credit amount you received on the:

- 2025 Schedule KS, line 33
- 2025 Schedule KPI, line 33
- 2025 Schedule KF, line 43

## Line 28 — Minnesota Income Tax Withheld

Enter the total of any 2025 Minnesota tax withheld, including:

- Minnesota income tax withheld in error (and not repaid) by an employer on wages and salaries of a decedent that was received by the decedent's estate (enclose a copy of federal Form W-2, Wage and Tax Statement), and
- The fiduciary's share of any Minnesota income tax withholding from Schedule KS or KPI not passed through to the beneficiaries.

Minnesota requires backup withholding to be made when the payee is subject to federal backup withholding on reportable payments made to a trust for personal services. (IRC section 3406). The Minnesota backup withholding is equal to the payment multiplied by the highest Minnesota tax rate for trusts. The Minnesota backup withholding must be passed through to the trust's beneficiary(s) based upon the income distributed to the beneficiary(s). Report each beneficiary's portion of the backup withholding on line 44 of Schedule KF.

If you are including withholding on line 28, include a copy of the federal Form 1099, Schedule KPI, Schedule KS, or other documentation showing the amount withheld. If the documentation is not included with your Form M2, the department will disallow the amount and assess the tax or reduce your refund.

# Form M2 Instructions (continued)

## Line 29 — Total Estimated Tax Payments and Any Extension Payments

Enter your total estimated tax and extension payments paid for the tax year, including:

- your total 2025 estimated tax payments made in 2025 and 2026, either paid electronically or by check,
- the portion of your 2024 refund applied to your 2025 estimated tax, and
- any 2025 extension payment, paid electronically or by check, that was made by the due date when filing under an extension.

## Line 30 — Credit for Historic Structure Rehabilitation

You may be eligible for the refundable Minnesota Credit for Historic Structure Rehabilitation if all of the following apply:

- You made qualified improvements to a certified historic structure in Minnesota.
- The improvements qualify for the federal Rehabilitation Credit under IRC, section 47.
- You applied for certification to the Minnesota State Historic Preservation Office (SHPO) before starting the project.
- SHPO issued a credit certificate upon the project's completion.

For estates and trusts who receive a credit certificate from Minnesota SHPO, enter the National Park Service (NPS) project number from the credit certificate you received in the space provided, and include on line 30:

- The credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO on or before December 31, 2017.
- One-fifth of the credit amount shown on the credit certificate if the initial application for allocation certificate was submitted to SHPO after December 31, 2017.

For details about the Minnesota and federal credits, go to the SHPO website at [mn.gov/admin/shpo](http://mn.gov/admin/shpo).

## Line 31 — Credit for Sustainable Aviation Fuel

If you received a certificate from Department of Agriculture for the refundable Minnesota Credit for Sustainable Aviation Fuel, enter the credit amount on line 31 and the certificate number in the space provided.

For more details regarding this tax credit, go to the Department of Agriculture's website at [www.mda.state.mn.us](http://www.mda.state.mn.us).

## Line 32 — Refundable Credit for Increasing Research Activities

Use the Worksheet for Lines 22 and 32 on page 6 of these instructions to determine line 32.

**Note:** You cannot use the carryover amount for the nonrefundable credit for increasing research activities when determining the refundable portion of the credit.

## Line 33 — Other Refundable Credits

If you are claiming a refundable credit other than the credits listed on lines 27, 30, 31, and 32, include the credit on line 33.

Include on line 33 any credits eligible outright by an estate or trust or received on Schedules KPI, KS, or KF as a partner, shareholder, or beneficiary of another entity.

Include on line 33 only the portion of the credit(s) being retained by the estate or trust. Any portion of the credit(s) being distributed to beneficiaries should be reported on the beneficiaries' Schedules KF.

If you are including an amount on line 33, include a statement indicating which credit(s) the estate or trust is claiming. Include with your return filing any required forms, schedules, credit certificates, or documentation.

### Enterprise Zone Credit

You may be eligible for the refundable Enterprise Zone Credit if the estate or trust operated a business that has been approved by the Minnesota Department of Employment and Economic Development (DEED) as employment property in an enterprise zone.

If you received approval from DEED for the Enterprise Zone Credit, enter the credit amount on line 33. Attach the certification document received from the DEED.

For more details about the zones, go to the DEED website at [mn.gov/deed](http://mn.gov/deed).

### Angel Investment Tax Credit

You may be eligible for the refundable Angel Investment Tax Credit if you made investment in certain Minnesota businesses. The Minnesota Department of Employment and Economic Development (DEED) certifies investors, investment funds, and businesses as being eligible to participate in this credit program.

If you received the Angel Investment Tax Credit Certificate issued by DEED, enter the credit amount on line 33.

For more information about credit eligibility, go to the DEED website at [mn.gov/deed](http://mn.gov/deed).

# Form M2 Instructions (continued)

## Line 36 — Penalty

Penalties are collected as part of the tax and are in addition to any charge for underpaying estimated tax. If you are paying your tax after the regular due date, include the appropriate penalties on line 36. Include a statement showing how you arrived at the penalty amount.

**Late Payment.** If the tax is not paid by the original due date, a penalty is due of 6 percent of the unpaid tax on line 35.

**Balance Not Paid.** If you file your return after the regular due date with a balance due, an additional 5 percent penalty will be assessed on the unpaid tax.

**Late Filing.** If you are filing your return after the extended due date, you must pay a late filing penalty. The late filing penalty is 5 percent of the unpaid tax on line 35.

**Payment Method.** If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if your paper check is sent on time.

If, during the 12 months ending June 30 of the tax year, you paid \$10,000 or more in estimated tax payments, you are required to make all future estimated tax payments electronically beginning January 1 of the following tax year. Once you meet the electronic payment threshold, you are required to pay electronically for all future periods.

You must also pay electronically if you're required to pay any Minnesota business tax electronically.

## Line 37 — Interest

You must pay interest on the unpaid tax and penalty from the regular due date until the total is paid. The interest rate for calendar year 2026 is 7%. To figure how much interest you owe, use the following formula with the appropriate interest rate:

**Interest = (tax + penalty) x # of days late x interest rate ÷ 365**

## Line 38 — Trusts Only - Additional Charge

Skip this line if you are an estate.

*Trusts:* If you did not pay the correct amount of estimated tax by the due dates, you may have to pay an additional charge for underpaying or not paying estimated tax.

You may also owe an additional charge if the sum of the following is more than \$500:

- Line 15
- Less the sum of any credits on lines 16 through 24.

Complete Schedule EST, *Additional Charge for Underpayment of Estimated Tax (for Trusts, Partnerships and S Corporations)*, to determine the additional charge for underpaying estimated tax, if any, to enter on line 38. Include Schedule EST with your return.

## Line 39 — Amount Due

Add lines 35 through 38. This is the total amount you owe.

Check the appropriate box on line 39 to indicate your method of payment. See **Payment Options** on page 3.

## Line 40 — Overpayment

If you have an overpayment, you may choose to have it directly deposited into your bank account, apply all or a portion of your overpayment toward your 2026 estimated tax account, or receive a check.

## Line 41 — 2026 Estimated Tax

Skip this line if you owe additional tax or you will be electing to have your entire refund directly deposited (see line 43).

If you are paying 2026 estimated tax, you may apply all or a portion of your refund to your 2026 estimated tax.

Enter the portion of line 40 you want to apply toward your 2026 estimated tax.

## Line 42 — Minnesota Income Tax Refund

Subtract line 41 from line 40. The result is the amount of your 2025 Minnesota income tax refund that will be refunded to you.

If you want to request your refund to be direct deposited into your bank account, complete line 43. Your bank statement will indicate when your refund was deposited to your account. Otherwise, skip line 43 and your refund will be sent to you in the mail.

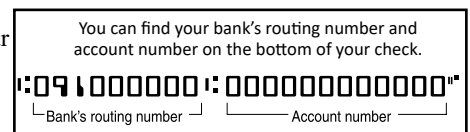
## Line 43 — To Request Direct Deposit of Refund

If you want your refund to be directly deposited into your checking or savings account, enter the routing and account numbers.

The **routing number** must have nine digits. The **account number** may contain up to 17 digits (both numbers and letters). Enter the number and leave out any hyphens, spaces and symbols.

If the routing or account number is incorrect or is not accepted by your financial institution, your refund will be sent to you in the form of a paper check.

By completing line 43, you are authorizing the department and your financial institution to initiate electronic credit entries, and if necessary, debit entries and adjustments for any credits made in error.



# Form M2 Instructions (continued)

## Signature

The return must be signed by the fiduciary or authorized officer of the organization receiving, controlling or managing the income of the estate or trust. The person must also include his or her ID number.

If someone other than the fiduciary prepared the return, the preparer must also sign and provide their Preparer Tax Identification Number (PTIN) and phone number.

Check the box to authorize the department to discuss this return with the preparer. This authority allows us to discuss with your preparer these items from this return: line item details; tax due on original and adjustments made during processing; penalty or interest due; documents received or sent like a tax order or bill; and dates and amounts of payments, credits, or refunds. The authority also allows your preparer to cancel direct deposit or debit payments and submit an abatement request.

The authority granted by a marked return checkbox is valid for one year after the due date for current original returns, or one year from the date the form was submitted for amended and noncurrent original returns.

Checking the box does not give your preparer the authority to sign any tax documents on your behalf, represent you at any audit or appeals conference, or discuss abatement progress. For these types of authorities, you must file Form REV184b, *Business Power of Attorney*, with the department.

## E-mail Address

If the department has questions regarding your return and you want to receive correspondence electronically, indicate the e-mail address below your signature. Check a box to indicate if the e-mail address belongs to the fiduciary or paid preparer.

By providing an e-mail address, you are authorizing the department to correspond with you or the designated person via email and you understand that the entity's nonpublic tax data may be transmitted over the Internet.

You also accept the risk that the data may be accessed by someone other than the intended recipient. The department is not liable for any damages that the fiduciary may incur as a result of an interception.

## Line 44 — State and Municipal Bond Interest

Enter the amount of interest or dividends received from bonds or a bond mutual fund which invests in non-Minnesota state or municipal securities.

For dividends received from a bond mutual fund, determine the amount to include using the following instructions:

- If 95 percent or more of the federally tax-exempt dividends from a mutual fund came from bonds issued by Minnesota, only the portion of the dividend generated by non-Minnesota bonds must be included.
- If less than 95 percent of all federally tax-exempt interest dividends from a mutual fund came from bonds issued by Minnesota, all of the federally tax-exempt interest dividend from that fund must be included.

**Nonresident estates and trusts:** Non-Minnesota interest or dividends received from bonds or a bond mutual fund do not have to be added back to Minnesota income. [M.S. 290.0131, subd. 2]

## Line 45 — State Taxes Deducted in Arriving at Net Income

Enter the amount of state income tax, sales and use tax, motor vehicle sales tax, excise tax, or tax based on net income paid or accrued within the taxable year and deducted on the federal return. Include state tax deductions reported to you on Minnesota Schedules KF, KS, and KPI. For the purposes of this addition, "state" means any state or any province or territory of Canada to the extent the tax is deducted under IRC section 63(d). [M.S. 290.0131, subd. 3] State income tax deductions are not allowed on the Minnesota return.

## Line 46 — Expenses Related to Income Not Taxed by Minnesota, Other Than From U.S. Bond Obligations

Enter the amount of expenses deducted on your federal return that relate to income not taxed by Minnesota. [M.S. 290.0131, subd. 6]. If you had expenses attributable to interest or mutual fund dividends from U.S. bonds, see the instructions for line 59 on page 11.

## Line 47 — Suspended Loss of Bonus Depreciation

1 Bonus depreciation from 2001–2005 or 2008–2024 not added back on Form M2	_____
2 Total suspended loss from activity remaining after 2025	_____
3 Subtract step 2 from step 1 (if a negative amount, enter zero)	_____
4 Multiply step 3 by 80 percent (.80)	_____
5 Total of the 80 percent bonus depreciation addition passed through to you as a beneficiary of another estate or trust (from line 4 of Schedule KF)	_____
6 Add steps 4 and 5. Enter here and on line 47	_____

If you're claiming a suspended loss from 2001–2005 or 2008–2024 on your federal return that was generated by bonus depreciation, and you did not add back 80 percent of the bonus depreciation in those years, complete the following steps:

## Line 48 — Bonus Depreciation Addition

If you claimed federal bonus depreciation, you must add back 80 percent of the bonus depreciation to Minnesota. Follow the steps on the next page to determine line 48.

# Form M2 Instructions (continued)

- 1 Add line 14 and line 25 of your federal Form 4562\* .....
- 2 Include the amount of bonus depreciation for qualified production property under IRC 168(n), to the extent included on line 1 .....
- 3 Subtract step 2 from step 1 .....
- 4 Total bonus depreciation passed through to you as a shareholder of an S corporation (from line 4 of Schedule KS), or as a partner of a partnership (from line 4 of Schedule KPI) .....
- 5 Add steps 3 and 4. ....
- 6 Multiply step 5 by 80% (.80) .....
- 7 Total of any 80% federal bonus depreciation addition you received as a beneficiary of another estate or trust (from line 5 of Schedule KF) .....
- 8 Add steps 6 and 7. Enter here and on line 48 .....

\* If bonus depreciation included in step 1 or 2 generated a loss in an activity that cannot be deducted in 2025 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 1 or 2 by the amount of loss not allowed from the activity for 2025, up to the bonus depreciation claimed by the activity.

## Line 49 — Section 199A Qualified Business Income (QBI)

Enter the amount of QBI you deducted from net income under IRC section 199A for the taxable year. Include on line 49 only the portion of the QBI deduction being retained by the estate or trust. Allocate 100% of line 49 to the fiduciary on line 77 of Form M2. [M.S. 290.0131, subd. 16]

## Line 50 — Addition Due to Federal Changes Not Adopted by Minnesota

Enter the amount from Schedule M2NC, line 31. If the amount is negative, leave line 50 blank and enter it as a positive number on line 62.

## Line 51 — Net Operating Loss (NOL) Carryover Adjustment

If you claimed a federal net operating loss deduction on line 15b of federal Form 1041 in this tax year, add that amount to line 51 as a positive number.

## Line 52 — Foreign-Derived Intangible Income (FDII) Deduction

Enter the amount of foreign-derived intangible income (FDII) you deducted from net income under IRC section 250 for the taxable year. [M.S. 290.0131, subd. 17]

## Line 53 — Other Additions

Include an amount on line 53 if the estate or trust is required to make any of the following Minnesota additions:

- First-time home buyer savings account addition [M.S. 290.0131, subd. 14]
- 529 plan addition [M.S. 290.0131, subd. 15]

## Lines 54 through 57

These lines are intentionally left blank.

## Line 59 — Net Interest from U.S. Bonds

Interest earned on certain direct federal obligations is taxable on the federal return, but is not taxable on the state return. You may reduce your taxable income if you reported interest on your federal return that is exempt from state income tax.

Include the interest you received from certain U.S. bonds, bills, notes and other debt instruments, reduced by any related investment interest and other expenses you deducted on your federal return that relate to this income.

You may also include the portion of dividends from mutual funds that are attributable to such bonds, bill or notes, reduced by any related expenses you deducted on your federal return.

Enclose a statement from the fund indicating the proportionate interest earned on the above securities. [M.S. 290.0132, subd. 2]

## Line 60 — State Income Tax Refunds

Income tax refunded by Minnesota or any other taxing jurisdiction that was included as income on the federal return is not taxed by Minnesota. [M.S. 290.0132, subd. 3]

## Line 61 — Federal Bonus Depreciation Subtraction

You may be able to reduce your taxable income if you:

- deducted bonus depreciation on your 2020 through 2024 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2020 through 2024 Form M2, or
- received a federal bonus depreciation subtraction in 2025 from another flow-through entity.

If an individual has unused bonus depreciation subtractions when they die, the subtractions are not allowed to be carried to the fiduciary income tax return of the individual's estate or trust.

To determine the amount, see *Worksheet for Line 61*.

**Worksheet for Line 61**

**If you claimed bonus depreciation as an addition on your 2020 Form M2:**

1 Portion of lines 38 and 39 of your 2020 Form M2 allocated to fiduciary . . . . . 1 \_\_\_\_\_
2 Net operating loss generated for tax year 2020 (line 24, Schedule A of 2020 federal Form 1045). Enter as a positive number . . 2 \_\_\_\_\_
3 Subtract step 2 from step 1 . . . . . 3 \_\_\_\_\_
4 Multiply step 3 by 20% (.20) . . . . . 4 \_\_\_\_\_

**If you claimed bonus depreciation as an addition on your 2021 Form M2:**

5 Portion of lines 41 and 42 of your 2021 Form M2 allocated to fiduciary . . . . . 5 \_\_\_\_\_
6 Net operating loss generated for tax year 2021 (line 24, Schedule A of 2020 federal Form 1045). Enter as a positive number . . 6 \_\_\_\_\_
7 Subtract step 6 from step 5 . . . . . 7 \_\_\_\_\_
8 Multiply step 7 by 20% (.20) . . . . . 8 \_\_\_\_\_

**If you claimed bonus depreciation as an addition on your 2022 Form M2:**

9 Portion of lines 41 and 42 of your 2022 Form M2 allocated to fiduciary . . . . . 9 \_\_\_\_\_
10 Net operating loss generated for tax year 2022 (line 24, Schedule A of 2022 federal Form 1045). Enter as a positive number 10 \_\_\_\_\_
11 Subtract step 10 from step 9 . . . . . 11 \_\_\_\_\_
12 Multiply step 11 by 20% (.20) . . . . . 12 \_\_\_\_\_

**If you claimed bonus depreciation as an addition on your 2023 Form M2:**

13 Portion of lines 44 and 45 of your 2023 Form M2 allocated to fiduciary . . . . . 13 \_\_\_\_\_
14 Net operating loss generated for tax year 2023 (line 24, Schedule A of 2023 federal Form 1045). Enter as a positive number 14 \_\_\_\_\_
15 Subtract step 14 from step 13 (if zero or less, enter 0) . . . . . 15 \_\_\_\_\_
16 Multiply step 15 by 20% (.20) . . . . . 16 \_\_\_\_\_

**If you claimed bonus depreciation as an addition on your 2024 Form M2:**

17 Portion of lines 46 and 47 of your 2024 Form M2 allocated to fiduciary . . . . . 17 \_\_\_\_\_
18 Net operating loss generated for tax year 2024 (line 24, Schedule A of 2024 federal Form 1045). Enter as a positive number 18 \_\_\_\_\_
19 Subtract step 18 from step 17 (if zero or less, enter 0) . . . . . 19 \_\_\_\_\_
20 Multiply step 19 by 20% (.20) . . . . . 20 \_\_\_\_\_

**If you received a subtraction in 2025 from an estate or trust:**

21 Total of any bonus depreciation subtraction amounts you received as a beneficiary of an estate or trust (from line 18 of Schedule KF) . . . . . 21 \_\_\_\_\_

**Total subtraction**

22 Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 61 of Form M2 . . . . . 22 \_\_\_\_\_

**Line 62 — Subtraction Due to Federal Changes Not Adopted by Minnesota**

Enter the amount from Schedule M2NC, line 31. If the amount is a positive, leave line 62 blank and enter it as a positive number on line 50.

**Line 63 — Subtraction for Railroad Maintenance Expenses**

Enter the amount of any qualified railroad track maintenance expenditures that are not allowed to be deducted on your federal return due to claiming the federal credit under IRC section 45G(a). This includes the amount of depreciation expenses you were not allowed for federal income tax purposes due to making a basis adjustment as a result of claiming the federal credit. The Minnesota subtraction is allowed regardless of when the railroad purchased the asset to support the federal Railroad Track Maintenance Credit. [M.S. 290.0132, subd. 22]

**Line 64 — Net Operating Loss (NOL) Carryover Adjustment**

Enter the amount of your Minnesota net operating loss allowed in this year. [M.S. 290.095, subd. 11]

**Line 65 — Deferred Foreign Income (IRC Section 965)**

Enter the amount of deferred foreign income included in net income under IRC section 965 for the taxable year. [M.S. 290.0132, subd. 27]

**Line 66 — Disallowed IRC Section 280E Expenses of a Licensed Cannabis or Hemp Business**

If you are a licensed cannabis or hemp business with the Office of Cannabis Management, you may subtract expenses that were not allowed for federal tax purposes under IRC section 280E. Enter the disallowed IRC section 280E expenses on line 66. [M.S. 290.0132, subd. 29]

**Lines 67 — Delayed Business Interest**

You may be able to reduce your taxable income if you:

- Reported a nonconformity adjustment in tax years 2019 through 2022 for business interest expense deducted under the special rule (CARES Act Section 2306) in IRC section 163(j)(10)(A) and (B).
- Have an unused Minnesota-only excess business interest expense carried forward from your 2019 through 2022 Minnesota returns.

If you filed a 2023 return, enter the same amount of the subtraction you claimed on your 2023 return.

If you did not file a 2023 return, determine the amount of your subtraction by summing the amounts reported on the following nonconformity adjustment lines:

- 2019 Form M2, line 36, or 2019 Form M2SB, line 23
- 2020 Schedule M2NC, line 6, or 2020 Schedule M2SBNC, line 6
- 2021 Schedule M2NC, line 5, or 2021 Schedule M2SBNC, line 5
- 2022 Schedule M2NC, line 5, or 2022 Schedule M2SBNC, line 5

Multiply the total of the above lines by 20 percent. This is the amount of your subtraction in tax year 2025. The remaining 2/5th of the total 12 can be taken as a 20 percent subtraction in each of the tax years 2026 and 2027.

## Lines 68 — Delayed Net Operating Loss Deduction

You may be able to reduce your taxable income if you:

- Reported a nonconformity adjustment in tax years 2017 through 2022 for net operating loss deducted as a result of the CARES Act Section 2303.
- Have an unused Minnesota-only net operating loss deduction carried forward from your 2017 through 2022 Minnesota returns.

To determine the amount of your subtraction, sum the amounts reported on the following nonconformity adjustment lines:

- 2017 Form M2, line 31b with Code 19, or 2017 Form M2SB, line 18b with Code 19
- 2018 Schedule M2NC, line 26, or 2018 Schedule M2SBNC, line 27
- 2019 Form M2, line 35, or 2019 Form M2SB, line 22
- 2020 Schedule M2NC, line 4, or 2020 Schedule M2SBNC, line 4
- 2021 Schedule M2NC, line 3, or 2021 Schedule M2SBNC, line 3
- 2022 Schedule M2NC, line 3, or 2022 Schedule M2SBNC, line 3

Use the worksheet below to determine your Minnesota subtraction.

### Worksheet for Line 68

- 1 Enter the amount from your prior year nonconformity adjustments totaled above . . . . . \_\_\_\_\_
- 2 Enter the amount of federal taxable income from line 23 of federal Form 1041. If less than zero, enter 0. . . . . \_\_\_\_\_
- 3 Multiply step 2 by 80% (.80) . . . . . \_\_\_\_\_
- 4 Enter the lesser of step 1 or step 3. Include this amount on line 68 . . . . . \_\_\_\_\_
- 5 Subtract step 4 from step 1. This is your Minnesota NOL carried into 2026. Retain this amount for your records . . . . . \_\_\_\_\_

## Line 69 — Employee Retention Credit Subtraction

Enter the amount of wages not deducted from income in the current taxable year and used for the calculation of the federal Employee Retention Credit under CARES Act Sec. 2301; TCDTR20 Sec. 206 and 207; and/or ARPA Sec. 9651.

## Line 70 — Other Subtractions

Include an amount on line 70 if the estate or trust is required to make any of the following Minnesota subtractions:

- Gain on forced sale of farm property subtraction [*M.S. 290.0132, subd. 6*]
- National Guard and reserve compensation subtraction [*M.S. 290.0132, subd. 11*]
- Armed forces active-duty compensation paid to Minnesota residents subtraction [*M.S. 290.0132, subd. 12*]
- Nonresident military service compensation subtraction [*M.S. 290.0132, subd. 15*]
- National service educational awards subtraction [*M.S. 290.0132, subd. 16*]
- Military service pension and retirement pay subtraction [*M.S. 290.0132, subd. 21*]
- Contributions to section 529 plan subtraction [*M.S. 290.0132, subd. 23*]
- First-time home buyer savings account subtraction [*M.S. 290.0132, subd. 25*]
- Social Security benefits subtraction [*M.S. 290.0132, subd. 26*]
- Volunteer driver reimbursement subtraction [*M.S. 290.0132, subd. 30*]
- Qualified public pension subtraction [*M.S. 290.0132, subd. 34*]
- Damages for sexual harassment or abuse subtraction [*M.S. 290.0132, subd. 35*]
- Coerced debt subtraction [*M.S. 290.0132, subd. 36*]
- Consumer enforcement public compensation subtraction [*M.S. 290.0132, subd. 37*]
- Foreign service retirement subtraction [*M.S. 290.0132, subd. 39*]

## Lines 71 through 74

These lines are intentionally left blank.

## Allocation of Adjustments (Lines 76 through 78)

The beneficiary(s) of a trust or an estate must file an individual or fiduciary income tax return to report their portion of the income distributed. A resident individual beneficiary must report all income from the trust or estate. A nonresident individual beneficiary who receives \$14,950 or more of Minnesota gross income must report income assignable to Minnesota.

The purpose of this section is to allocate any adjustments noted on lines 44 through 57 and 59 through 74 between the beneficiary(s) and fiduciary. If all the income is retained by the trust or estate, then any adjustment is allocated entirely to the fiduciary. If all of the income is distributed, then any adjustment is passed through to the beneficiary(s) in proportion to their share of distributable net income. If part of the income is retained and part distributed, then part of the adjustment is allocated to the fiduciary and part to the beneficiary(s).

The share of adjustments in column E is the same percentage share as the fiduciary's and each beneficiary's share of federal distributable net income to the total distributable net income (the amount on Form 1041, Schedule B, line 7). Divide each share by the total distributable net income to determine the percentage.

Certain adjustments must be assigned entirely to the fiduciary or the beneficiary. See the instructions for line 28 on page 7 for the allocation instructions for Minnesota backup withholding. See the instructions for line 49 on page 11 for the allocation instructions for the Section 199A QBI addition.

Where the adjustment is an addition, that portion of the adjustment allocated to each beneficiary and to the fiduciary must be shown as an addition.

Where the adjustment is a subtraction, that part of the adjustment allocated to each beneficiary and to the fiduciary must be shown as a subtraction.

## Column C

Enter the federal distributable net income assigned to each beneficiary and the fiduciary as determined for federal purposes. Add the amounts and enter the total on line 78, column C.

## Column D

To obtain the proper percentage, divide each figure from column C on lines 76 and 77 by the total of column C on line 78. Enter this percentage in column D to correspond with each beneficiary and the fiduciary. The total of column D must equal 100%.

## Column E

To obtain the proper share for each beneficiary and the fiduciary, multiply the adjustment on line 78, column E, under additions and subtractions by the percentage in column D. Enter the result for each beneficiary and the fiduciary in column E, under additions or subtractions.

Complete a Schedule KF for each beneficiary who is assigned adjustments. Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

# Completing Schedule KF

Complete and provide Schedule KF to each nonresident beneficiary and any Minnesota resident beneficiary who has adjustments to income.

Enter the information associated with this estate or trust and beneficiary.

## Purpose

An estate or trust must provide each nonresident beneficiary, and any Minnesota beneficiary with adjustments to income, with enough information for them to complete a Minnesota income tax return and determine their correct Minnesota tax.

Schedule KF provides beneficiaries the information they need to file a Minnesota income tax return. The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications. Provide the beneficiary a copy of both the front and back of the completed Schedule KF and instructions.

If there are no modifications or credits and the beneficiary is a full-year Minnesota resident, you do not have to provide Schedule KF.

You must enclose with your Form M2 copies of the Schedules KF and attachments issued to your beneficiaries and copies of your federal Schedules K-1.

## Line Instructions

Enter the name, address and social security number of the beneficiary.

Calculate lines 1 through 44 the same for all resident and nonresident beneficiaries. Calculate lines 45 through 49 for estate, trust, and nonresident individual beneficiaries only. Calculate lines 50 and 51 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

## All Beneficiaries, Lines 1 through 44

### KF, lines 1-5 and 7-32

If all or part of the fiduciary's income is distributed, then any adjustment shown on lines 44 through 57 and 59 through 74 of Form M2 is passed through to the beneficiary(s) in proportion to their share of distributable net income. Certain adjustments must be assigned entirely to the fiduciary or the beneficiary. See the **Allocation of Adjustments** instructions on page 13 for more details. From line 76 of Form M2, enter the adjustments to income allocated to each beneficiary.

### KF, line 6

If you checked the box for Installment Sale of Pass-through Assets or Interests and the gain from the sale was distributed, then complete line 6 for all applicable Schedules KF to report installment sale information to your beneficiaries.

**Line 6a.** Enter each beneficiary's share of the gross profit from any installment sale of S corporation stock or assets, or partnership interests or assets executed after December 31, 2016.

## Completing Schedule KF (continued)

If the sale was completed by the fiduciary, then the total gross profit is found on federal Form 6252, line 16. If the sale was executed by an entity owned by the fiduciary, or another entity in a multi-tiered structure, then this information is reported on:

- Schedules KS and KPI, line 7a
- Schedule KPC, line 10a
- Schedule KF, line 6a

This amount is allocable amongst the beneficiaries in proportion to their share of distributable net income.

If installment sale information is reported to the fiduciary on informational schedules from other entities, then the amount reported to the beneficiaries should equal the total amount reported on all Schedules KF, KPI, KS, and KPC.

If the fiduciary receives installment payments from multiple sales executed after December 31, 2016, attach a schedule to Form M2 detailing the different sales and distributive allocations.

**Line 6b.** Enter each beneficiary's share of installment sale income from the sale of S corporation stock, or partnership interests, and any installment sale income from the sale of the assets of any S corporation or partnership. If the sale was completed by the fiduciary completing this schedule, then the total installment sale income is found on Form 6252, line 24. If the sale was executed by an entity owned by the fiduciary, or another entity in a multi-tiered structure, then this information is reported on:

- Schedules KS and KPI, line 7b
- Schedule KPC, line 10a
- Schedule KF, line 6b

This amount is allocable amongst the beneficiaries in proportion to their share of distributable net income.

If installment sale information is reported to the fiduciary on informational schedules from other entities, then the amount reported to the beneficiaries should equal the total amount reported on all Schedules KF, KPI, KS, and KPC.

**Line 6c.** Enter the S corporation's or partnership's apportionment percentage in the year of the installment sale. This information is reported on:

- Schedule KS, line 50, for shareholders of a S corporation
- Schedule KPI, line 52, for partners of a partnership
- Schedule KF, line 6c, for beneficiaries of a trust or estate. Enter the amount as a positive number carried to five decimal places.

**Note:** If you are reporting a gain from an entity in a multi-tiered pass-through structure, you may need to gather information from the tax preparer of the company that executed the sale.

### **KF, line 7**

If the amount reported on the beneficiary's line 31 of Schedule KFNC is a positive number, include the amount from line 31 of Schedule KFNC on the beneficiaries Schedule KF, line 7.

### **KF, line 8**

For individual beneficiaries, include only the portion of the NOL adjustment relating to the WHBA of 2009. *[M.S. 290.095, subd. 11(c)]*

### **KF, lines 11 through 15**

These lines are intentionally left blank.

### **KF, line 20**

If the amount reported on the beneficiary's line 31 of Schedule KFNC is a negative number, include the amount from line 31 of Schedule KFNC as a positive number on the beneficiary's Schedule KF, line 20.

### **KF, line 21**

For individual beneficiaries, include only the portion of the NOL adjustment relating to the WHBA of 2009. *[M.S. 290.095, subd. 11(c)]*

### **KF, lines 27 through 30**

These lines are intentionally left blank.

### **KF, line 31**

Enter the beneficiary's share of a net gain relating to dispositions of Class 2a property. The gain must meet the definition of net investment income under IRC section 1411.

### **KF, line 32**

Enter the beneficiary's share of deductions and modifications relating to dispositions of Class 2a property on Schedule KF, line 32.

### **KF, line 33**

If you received a Minnesota income tax withholding credit, enter the beneficiary's distributive share of any credit that is passed through to the beneficiary. Do not include amounts reported on line 28 of Form M2.

## Completing Schedule KF (continued)

### KF, line 34

If you are a partner of a partnership or a shareholder of an S corporation that conducted qualified research and development in Minnesota, enter the beneficiary's distributive share of the nonrefundable credit from line 26 of Schedules KPI and KS. Attach the appropriate schedule when you file your return.

### KF, line 35

If you received a credit certificate from DEED, enter the beneficiary's distributive share of the credit on line 35.

### KF, line 36

If you received a credit certificate from the Minnesota Rural Finance Authority for selling or leasing agricultural assets to a beginning farmer, enter the certificate number in the space provided and the beneficiary's distributive share of the credit on line 36.

If you have multiple credits, enter the certificate number your fiduciary received directly from the Rural Finance Authority within the certificate number box. If you have multiple credits and received all credits from other pass-through entities, enter the certificate number relating to the largest credit amount within the certificate number box. Subtotal all credit amounts on line 36.

### KF, line 37

If you received a credit certificate from Minnesota Housing, enter the beneficiary's distributive share of the credit on line 37.

### KF, line 38

If you are eligible for the nonrefundable Short Line Railroad Infrastructure Modernization Credit, enter the beneficiary's distributive share of the credit on line 38.

### KF, line 39

If you are eligible for the nonrefundable Credit for Sales of Manufactured Home Parks to Cooperatives, enter the beneficiary's distributive share of the credit on line 39.

### KF, line 40

The estate or trust must distribute unused credits from a prior year to beneficiaries based upon the percentage of income distributed to the beneficiary. Use the table below to determine the information you must distribute to beneficiaries in columns D through G on line 40.

Column D - Name of Credit	Column E - Certificate Number	Column F – Unused Credit	Column G – Remaining Years
Nonrefundable Credit for Increasing Research Activities*	None	Include the amount of unused credit from a prior year that you are distributing to a beneficiary in tax year 2025.	Include the remaining carryover years of the unused credit. The carryover years include the current tax year and must be a number between 1 and 15.  For example, the estate or trust received the credit in tax year 2024 and retained all income. Then the estate or trust is distributing some or all income in tax year 2025. The estate or trust should include the number "15" on the Remaining Carryover Years line on the 2024 Schedule KF.
Film Production Credit	Enter the certificate number starting with TAXC		
Owners of Agricultural Assets Credit	Enter the certificate number starting with AO		
State Housing Tax Credit	Enter the certificate number starting with SHTC		
Short Line Railroad Infrastructure Modernization Credit	Enter the certificate number starting with MN-SLR		
Credit for Sales of Manufactured Home Parks to Cooperatives	None		

\* You cannot use the carryover amount for the nonrefundable credit for increasing research activities when determining the refundable portion of the credit. See the instructions for lines 22 and 32 of Form M2.

### KF, Line 41

If you are eligible for or received the Credit for Sustainable Aviation Fuel as an owner of a partnership or S corporation, enter the beneficiary's distributive share of the credit on line 41. Attach the appropriate certificate when you file your return and enter the certificate number in the space provided.

### KF, line 42

If you are eligible for or received the Credit for Historic Structure Rehabilitation as an owner of a partnership or S corporation, enter the beneficiary's distributive share of the credit on line 42. Attach the appropriate certificate when you file your return and enter the NPS project number in the space provided.

### KF, line 43

If you are a qualifying owner of an electing pass-through entity, enter the beneficiary's distributive share of the credit that is passed through to the beneficiary. Do not include amounts reported on line 27 of Form M2.

# Completing Schedule KF (continued)

## KF, line 44

If you remitted Minnesota backup withholding on a reportable payment made for personal services, include the beneficiary(s) portion of the backup withholding on line 44. The Minnesota backup withholding must be passed through to the trust's beneficiary(s) based upon the income distributed to the beneficiary(s). See the instructions for line 28 of Form M2 for more details.

## Estate, Trust, and Nonresident Individual Beneficiaries, Lines 45 through 49

Lines 45 through 49 apply to estate, trust, and nonresident individual beneficiaries. This beneficiary will be taxed on the income that is allocable to Minnesota.

## KF, lines 45 through 48

From the beneficiary's federal Schedule K-1 (1041), enter the Minnesota portion of amounts on lines 45 through 48.

Interest or dividend income derived from a trade or business (S corporations and partnerships) that is apportioned to Minnesota should be included on line 47.

Include only other income allocable to Minnesota on line 48. For example, include other income from services performed in Minnesota, but do not include interest, dividends or distribution from a pension plan or an annuity.

## KF, line 49

Minnesota source gross income is used to determine if a nonresident individual is required to file a Minnesota individual income tax return (Form M1). Gross income is income before business or rental deductions and does not include losses.

Enter the beneficiary's distributive share of the fiduciary's Minnesota source gross income.

## Nonresident Beneficiaries, Lines 50 and 51 — Composite Income Tax

### KF, line 50

Use the Worksheet for Line 50 to determine line 50.

**Worksheet for Line 50**

1	80 percent of bonus depreciation from line 5 of the beneficiary's Schedule KF .....	_____
2	Combine lines 7 and 9 of the beneficiary's Schedule KF .....	_____
3	Combine lines 45 through 48 of the beneficiary's Schedule KF .....	_____
4	Add steps 1, 2 and 3 .....	_____
5	To the extent allowed by law, enter one-fifth of the beneficiary's share of the federal bonus depreciation that was added back in a year the beneficiary elected to be included in composite income tax .....	_____
6	Combine lines 20, 22, 24, and 25 of the beneficiary's Schedule KF .....	_____
7	Add steps 5 and 6 .....	_____
8	Subtract step 7 from step 4 .....	_____

Enter the result from step 8 on line 50 of the beneficiary's Schedule KF. The result in step 8 is the beneficiary's adjusted Minnesota source distributive income from this fiduciary.

### KF, line 51

Nonresident beneficiaries must pay tax if their Minnesota gross income is more than the minimum filing requirement for the year (\$14,950 for 2025). Skip this line if the nonresident beneficiary did not elect the fiduciary to pay composite income tax on his or her behalf.

To determine the amount of composite income tax to pay on behalf of each electing beneficiary, follow the steps on the Worksheet for Line 51.

Check the box next to line 51 indicating the beneficiary's election for composite income tax filing.

If the beneficiary elects to be included in composite income tax but has zero tax due, enter zero on line 51 and still check the box to indicate the election.

Once you have completed all Schedules KF for your electing nonresident beneficiaries, add the amounts on line 51 of all schedules and enter the total on line 14 of Form M2. This is the amount of composite income tax you are required to pay on behalf of your electing beneficiaries.

**Worksheet for Line 51**

1	Multiply line 50 of Schedule KF by 9.85% (.0985) .....	_____
2	Add the credits and backup withholding from lines 33, 35 through 42, and 44 of Schedule KF .....	_____
3	Subtract step 2 from step 1. If the result is less than zero, enter zero .....	_____

The result in step 3 is the amount you are required to pay on behalf of the electing beneficiary.  
Enter this amount on line 51 of the beneficiary's Schedule KF and check the box to indicate the beneficiary's election to be included.

# 2025 Tax Table

If line 9 of Form M2 is:		
at least	but less than	your tax is
0	20	0
20	100	3
100	200	8
200	300	13
300	400	19
400	500	24
500	600	29
600	700	35
700	800	40
800	900	45
900	1,000	51
1,000	1,100	56
1,100	1,200	62
1,200	1,300	67
1,300	1,400	72
1,400	1,500	78
1,500	1,600	83
1,600	1,700	88
1,700	1,800	94
1,800	1,900	99
1,900	2,000	104
2,000	2,100	110
2,100	2,200	115
2,200	2,300	120
2,300	2,400	126
2,400	2,500	131
2,500	2,600	136
2,600	2,700	142
2,700	2,800	147
2,800	2,900	152
2,900	3,000	158
3,000	3,100	163
3,100	3,200	169
3,200	3,300	174
3,300	3,400	179
3,400	3,500	185
3,500	3,600	190
3,600	3,700	195
3,700	3,800	201
3,800	3,900	206
3,900	4,000	211
4,000	4,100	217
4,100	4,200	222
4,200	4,300	227
4,300	4,400	233
4,400	4,500	238
4,500	4,600	243
4,600	4,700	249
4,700	4,800	254
4,800	4,900	259
4,900	5,000	265
5,000	5,100	270
5,100	5,200	276
5,200	5,300	281
5,300	5,400	286
5,400	5,500	292
5,500	5,600	297
5,600	5,700	302
5,700	5,800	308
5,800	5,900	313
5,900	6,000	318
6,000	6,100	324
6,100	6,200	329

If line 9 of Form M2 is:		
at least	but less than	your tax is
6,200	6,300	334
6,300	6,400	340
6,400	6,500	345
6,500	6,600	350
6,600	6,700	356
6,700	6,800	361
6,800	6,900	366
6,900	7,000	372
7,000	7,100	377
7,100	7,200	383
7,200	7,300	388
7,300	7,400	393
7,400	7,500	399
7,500	7,600	404
7,600	7,700	409
7,700	7,800	415
7,800	7,900	420
7,900	8,000	425
8,000	8,100	431
8,100	8,200	436
8,200	8,300	441
8,300	8,400	447
8,400	8,500	452
8,500	8,600	457
8,600	8,700	463
8,700	8,800	468
8,800	8,900	473
8,900	9,000	479
9,000	9,100	484
9,100	9,200	490
9,200	9,300	495
9,300	9,400	500
9,400	9,500	506
9,500	9,600	511
9,600	9,700	516
9,700	9,800	522
9,800	9,900	527
9,900	10,000	532
10,000	10,100	538
10,100	10,200	543
10,200	10,300	548
10,300	10,400	554
10,400	10,500	559
10,500	10,600	564
10,600	10,700	570
10,700	10,800	575
10,800	10,900	580
10,900	11,000	586
11,000	11,100	591
11,100	11,200	597
11,200	11,300	602
11,300	11,400	607
11,400	11,500	613
11,500	11,600	618
11,600	11,700	623
11,700	11,800	629
11,800	11,900	634
11,900	12,000	639
12,000	12,100	645
12,100	12,200	650
12,200	12,300	655
12,300	12,400	661
12,400	12,500	666

If line 9 of Form M2 is:		
at least	but less than	your tax is
12,500	12,600	671
12,600	12,700	677
12,700	12,800	682
12,800	12,900	687
12,900	13,000	693
13,000	13,100	698
13,100	13,200	704
13,200	13,300	709
13,300	13,400	714
13,400	13,500	720
13,500	13,600	725
13,600	13,700	730
13,700	13,800	736
13,800	13,900	741
13,900	14,000	746
14,000	14,100	752
14,100	14,200	757
14,200	14,300	762
14,300	14,400	768
14,400	14,500	773
14,500	14,600	778
14,600	14,700	784
14,700	14,800	789
14,800	14,900	794
14,900	15,000	800
15,000	15,100	805
15,100	15,200	811
15,200	15,300	816
15,300	15,400	821
15,400	15,500	827
15,500	15,600	832
15,600	15,700	837
15,700	15,800	843
15,800	15,900	848
15,900	16,000	853
16,000	16,100	859
16,100	16,200	864
16,200	16,300	869
16,300	16,400	875
16,400	16,500	880
16,500	16,600	885
16,600	16,700	891
16,700	16,800	896
16,800	16,900	901
16,900	17,000	907
17,000	17,100	912
17,100	17,200	918
17,200	17,300	923
17,300	17,400	928
17,400	17,500	934
17,500	17,600	939
17,600	17,700	944
17,700	17,800	950
17,800	17,900	955
17,900	18,000	960
18,000	18,100	966
18,100	18,200	971
18,200	18,300	976
18,300	18,400	982
18,400	18,500	987
18,500	18,600	992
18,600	18,700	998
18,700	18,800	1,003

If line 9 of Form M2 is:		
at least	but less than	your tax is
18,800	18,900	1,008
18,900	19,000	1,014
19,000	19,100	1,019
19,100	19,200	1,025
19,200	19,300	1,030
19,300	19,400	1,035
19,400	19,500	1,041
19,500	19,600	1,046
19,600	19,700	1,051
19,700	19,800	1,057
19,800	19,900	1,062
19,900	20,000	1,067
20,000	20,100	1,073
20,100	20,200	1,078
20,200	20,300	1,083
20,300	20,400	1,089
20,400	20,500	1,094
20,500	20,600	1,099
20,600	20,700	1,105
20,700	20,800	1,110
20,800	20,900	1,115
20,900	21,000	1,121
21,000	21,100	1,126
21,100	21,200	1,132
21,200	21,300	1,137
21,300	21,400	1,142
21,400	21,500	1,148
21,500	21,600	1,153
21,600	21,700	1,158
21,700	21,800	1,164
21,800	21,900	1,169
21,900	22,000	1,174
22,000	22,100	1,180
22,100	22,200	1,185
22,200	22,300	1,190
22,300	22,400	1,196
22,400	22,500	1,201
22,500	22,600	1,206
22,600	22,700	1,212
22,700	22,800	1,217
22,800	22,900	1,222
22,900	23,000	1,228
23,000	23,100	1,233
23,100	23,200	1,239
23,200	23,300	1,244
23,300	23,400	1,249
23,400	23,500	1,255
23,500	23,600	1,260
23,600	23,700	1,265
23,700	23,800	1,271
23,800	23,900	1,277
23,900	24,000	1,283
24,000	24,100	1,290
24,100	24,200	1,297
24,200	24,300	1,304
24,300	24,400	1,311
24,400	24,500	1,317
24,500	24,600	1,324
24,600	24,700	1,331
24,700	24,800	1,338
24,800	24,900	1,345
24,900	25,000	1,351
25,000	25,100	1,358

# 2025 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
25,100	25,200	1,365
25,200	25,300	1,372
25,300	25,400	1,379
25,400	25,500	1,385
25,500	25,600	1,392
25,600	25,700	1,399
25,700	25,800	1,406
25,800	25,900	1,413
25,900	26,000	1,419
26,000	26,100	1,426
26,100	26,200	1,433
26,200	26,300	1,440
26,300	26,400	1,447
26,400	26,500	1,453
26,500	26,600	1,460
26,600	26,700	1,467
26,700	26,800	1,474
26,800	26,900	1,481
26,900	27,000	1,487
27,000	27,100	1,494
27,100	27,200	1,501
27,200	27,300	1,508
27,300	27,400	1,515
27,400	27,500	1,521
27,500	27,600	1,528
27,600	27,700	1,535
27,700	27,800	1,542
27,800	27,900	1,549
27,900	28,000	1,555
28,000	28,100	1,562
28,100	28,200	1,569
28,200	28,300	1,576
28,300	28,400	1,583
28,400	28,500	1,589
28,500	28,600	1,596
28,600	28,700	1,603
28,700	28,800	1,610
28,800	28,900	1,617
28,900	29,000	1,623
29,000	29,100	1,630
29,100	29,200	1,637
29,200	29,300	1,644
29,300	29,400	1,651
29,400	29,500	1,657
29,500	29,600	1,664
29,600	29,700	1,671
29,700	29,800	1,678
29,800	29,900	1,685
29,900	30,000	1,691
30,000	30,100	1,698
30,100	30,200	1,705
30,200	30,300	1,712
30,300	30,400	1,719
30,400	30,500	1,725
30,500	30,600	1,732
30,600	30,700	1,739
30,700	30,800	1,746
30,800	30,900	1,753
30,900	31,000	1,759
31,000	31,100	1,766
31,100	31,200	1,773
31,200	31,300	1,780
31,300	31,400	1,787

If line 9 of Form M2 is:		
at least	but less than	your tax is
31,400	31,500	1,793
31,500	31,600	1,800
31,600	31,700	1,807
31,700	31,800	1,814
31,800	31,900	1,821
31,900	32,000	1,827
32,000	32,100	1,834
32,100	32,200	1,841
32,200	32,300	1,848
32,300	32,400	1,855
32,400	32,500	1,861
32,500	32,600	1,868
32,600	32,700	1,875
32,700	32,800	1,882
32,800	32,900	1,889
32,900	33,000	1,895
33,000	33,100	1,902
33,100	33,200	1,909
33,200	33,300	1,916
33,300	33,400	1,923
33,400	33,500	1,929
33,500	33,600	1,936
33,600	33,700	1,943
33,700	33,800	1,950
33,800	33,900	1,957
33,900	34,000	1,963
34,000	34,100	1,970
34,100	34,200	1,977
34,200	34,300	1,984
34,300	34,400	1,991
34,400	34,500	1,997
34,500	34,600	2,004
34,600	34,700	2,011
34,700	34,800	2,018
34,800	34,900	2,025
34,900	35,000	2,031
35,000	35,100	2,038
35,100	35,200	2,045
35,200	35,300	2,052
35,300	35,400	2,059
35,400	35,500	2,065
35,500	35,600	2,072
35,600	35,700	2,079
35,700	35,800	2,086
35,800	35,900	2,093
35,900	36,000	2,099
36,000	36,100	2,106
36,100	36,200	2,113
36,200	36,300	2,120
36,300	36,400	2,127
36,400	36,500	2,133
36,500	36,600	2,140
36,600	36,700	2,147
36,700	36,800	2,154
36,800	36,900	2,161
36,900	37,000	2,167
37,000	37,100	2,174
37,100	37,200	2,181
37,200	37,300	2,188
37,300	37,400	2,195
37,400	37,500	2,201
37,500	37,600	2,208
37,600	37,700	2,215

If line 9 of Form M2 is:		
at least	but less than	your tax is
37,700	37,800	2,222
37,800	37,900	2,229
37,900	38,000	2,235
38,000	38,100	2,242
38,100	38,200	2,249
38,200	38,300	2,256
38,300	38,400	2,263
38,400	38,500	2,269
38,500	38,600	2,276
38,600	38,700	2,283
38,700	38,800	2,290
38,800	38,900	2,297
38,900	39,000	2,303
39,000	39,100	2,310
39,100	39,200	2,317
39,200	39,300	2,324
39,300	39,400	2,331
39,400	39,500	2,337
39,500	39,600	2,344
39,600	39,700	2,351
39,700	39,800	2,358
39,800	39,900	2,365
39,900	40,000	2,371
40,000	40,100	2,378
40,100	40,200	2,385
40,200	40,300	2,392
40,300	40,400	2,399
40,400	40,500	2,405
40,500	40,600	2,412
40,600	40,700	2,419
40,700	40,800	2,426
40,800	40,900	2,433
40,900	41,000	2,439
41,000	41,100	2,446
41,100	41,200	2,453
41,200	41,300	2,460
41,300	41,400	2,467
41,400	41,500	2,473
41,500	41,600	2,480
41,600	41,700	2,487
41,700	41,800	2,494
41,800	41,900	2,501
41,900	42,000	2,507
42,000	42,100	2,514
42,100	42,200	2,521
42,200	42,300	2,528
42,300	42,400	2,535
42,400	42,500	2,541
42,500	42,600	2,548
42,600	42,700	2,555
42,700	42,800	2,562
42,800	42,900	2,569
42,900	43,000	2,575
43,000	43,100	2,582
43,100	43,200	2,589
43,200	43,300	2,596
43,300	43,400	2,603
43,400	43,500	2,609
43,500	43,600	2,616
43,600	43,700	2,623
43,700	43,800	2,630
43,800	43,900	2,637
43,900	44,000	2,643

If line 9 of Form M2 is:		
at least	but less than	your tax is
44,000	44,100	2,650
44,100	44,200	2,657
44,200	44,300	2,664
44,300	44,400	2,671
44,400	44,500	2,677
44,500	44,600	2,684
44,600	44,700	2,691
44,700	44,800	2,698
44,800	44,900	2,705
44,900	45,000	2,711
45,000	45,100	2,718
45,100	45,200	2,725
45,200	45,300	2,732
45,300	45,400	2,739
45,400	45,500	2,745
45,500	45,600	2,752
45,600	45,700	2,759
45,700	45,800	2,766
45,800	45,900	2,773
45,900	46,000	2,779
46,000	46,100	2,786
46,100	46,200	2,793
46,200	46,300	2,800
46,300	46,400	2,807
46,400	46,500	2,813
46,500	46,600	2,820
46,600	46,700	2,827
46,700	46,800	2,834
46,800	46,900	2,841
46,900	47,000	2,847
47,000	47,100	2,854
47,100	47,200	2,861
47,200	47,300	2,868
47,300	47,400	2,875
47,400	47,500	2,881
47,500	47,600	2,888
47,600	47,700	2,895
47,700	47,800	2,902
47,800	47,900	2,909
47,900	48,000	2,915
48,000	48,100	2,922
48,100	48,200	2,929
48,200	48,300	2,936
48,300	48,400	2,943
48,400	48,500	2,949
48,500	48,600	2,956
48,600	48,700	2,963
48,700	48,800	2,970
48,800	48,900	2,977
48,900	49,000	2,983
49,000	49,100	2,990
49,100	49,200	2,997
49,200	49,300	3,004
49,300	49,400	3,011
49,400	49,500	3,017
49,500	49,600	3,024
49,600	49,700	3,031
49,700	49,800	3,038
49,800	49,900	3,045
49,900	50,000	3,051
50,000	50,100	3,058
50,100	50,200	3,065
50,200	50,300	3,072

# 2025 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
50,300	50,400	3,079
50,400	50,500	3,085
50,500	50,600	3,092
50,600	50,700	3,099
50,700	50,800	3,106
50,800	50,900	3,113
50,900	51,000	3,119
51,000	51,100	3,126
51,100	51,200	3,133
51,200	51,300	3,140
51,300	51,400	3,147
51,400	51,500	3,153
51,500	51,600	3,160
51,600	51,700	3,167
51,700	51,800	3,174
51,800	51,900	3,181
51,900	52,000	3,187
52,000	52,100	3,194
52,100	52,200	3,201
52,200	52,300	3,208
52,300	52,400	3,215
52,400	52,500	3,221
52,500	52,600	3,228
52,600	52,700	3,235
52,700	52,800	3,242
52,800	52,900	3,249
52,900	53,000	3,255
53,000	53,100	3,262
53,100	53,200	3,269
53,200	53,300	3,276
53,300	53,400	3,283
53,400	53,500	3,289
53,500	53,600	3,296
53,600	53,700	3,303
53,700	53,800	3,310
53,800	53,900	3,317
53,900	54,000	3,323
54,000	54,100	3,330
54,100	54,200	3,337
54,200	54,300	3,344
54,300	54,400	3,351
54,400	54,500	3,357
54,500	54,600	3,364
54,600	54,700	3,371
54,700	54,800	3,378
54,800	54,900	3,385
54,900	55,000	3,391
55,000	55,100	3,398
55,100	55,200	3,405
55,200	55,300	3,412
55,300	55,400	3,419
55,400	55,500	3,425
55,500	55,600	3,432
55,600	55,700	3,439
55,700	55,800	3,446
55,800	55,900	3,453
55,900	56,000	3,459
56,000	56,100	3,466
56,100	56,200	3,473
56,200	56,300	3,480
56,300	56,400	3,487
56,400	56,500	3,493
56,500	56,600	3,500
56,600	56,700	3,507

If line 9 of Form M2 is:		
at least	but less than	your tax is
56,700	56,800	3,514
56,800	56,900	3,521
56,900	57,000	3,527
57,000	57,100	3,534
57,100	57,200	3,541
57,200	57,300	3,548
57,300	57,400	3,555
57,400	57,500	3,561
57,500	57,600	3,568
57,600	57,700	3,575
57,700	57,800	3,582
57,800	57,900	3,589
57,900	58,000	3,595
58,000	58,100	3,602
58,100	58,200	3,609
58,200	58,300	3,616
58,300	58,400	3,623
58,400	58,500	3,629
58,500	58,600	3,636
58,600	58,700	3,643
58,700	58,800	3,650
58,800	58,900	3,657
58,900	59,000	3,663
59,000	59,100	3,670
59,100	59,200	3,677
59,200	59,300	3,684
59,300	59,400	3,691
59,400	59,500	3,697
59,500	59,600	3,704
59,600	59,700	3,711
59,700	59,800	3,718
59,800	59,900	3,725
59,900	60,000	3,731
60,000	60,100	3,738
60,100	60,200	3,745
60,200	60,300	3,752
60,300	60,400	3,759
60,400	60,500	3,765
60,500	60,600	3,772
60,600	60,700	3,779
60,700	60,800	3,786
60,800	60,900	3,793
60,900	61,000	3,799
61,000	61,100	3,806
61,100	61,200	3,813
61,200	61,300	3,820
61,300	61,400	3,827
61,400	61,500	3,833
61,500	61,600	3,840
61,600	61,700	3,847
61,700	61,800	3,854
61,800	61,900	3,861
61,900	62,000	3,867
62,000	62,100	3,874
62,100	62,200	3,881
62,200	62,300	3,888
62,300	62,400	3,895
62,400	62,500	3,901
62,500	62,600	3,908
62,600	62,700	3,915
62,700	62,800	3,922
62,800	62,900	3,929
62,900	63,000	3,935
63,000	63,100	3,942

If line 9 of Form M2 is:		
at least	but less than	your tax is
63,100	63,200	3,949
63,200	63,300	3,956
63,300	63,400	3,963
63,400	63,500	3,969
63,500	63,600	3,976
63,600	63,700	3,983
63,700	63,800	3,990
63,800	63,900	3,997
63,900	64,000	4,003
64,000	64,100	4,010
64,100	64,200	4,017
64,200	64,300	4,024
64,300	64,400	4,031
64,400	64,500	4,037
64,500	64,600	4,044
64,600	64,700	4,051
64,700	64,800	4,058
64,800	64,900	4,065
64,900	65,000	4,071
65,000	65,100	4,078
65,100	65,200	4,085
65,200	65,300	4,092
65,300	65,400	4,099
65,400	65,500	4,105
65,500	65,600	4,112
65,600	65,700	4,119
65,700	65,800	4,126
65,800	65,900	4,133
65,900	66,000	4,139
66,000	66,100	4,146
66,100	66,200	4,153
66,200	66,300	4,160
66,300	66,400	4,167
66,400	66,500	4,173
66,500	66,600	4,180
66,600	66,700	4,187
66,700	66,800	4,194
66,800	66,900	4,201
66,900	67,000	4,207
67,000	67,100	4,214
67,100	67,200	4,221
67,200	67,300	4,228
67,300	67,400	4,235
67,400	67,500	4,241
67,500	67,600	4,248
67,600	67,700	4,255
67,700	67,800	4,262
67,800	67,900	4,269
67,900	68,000	4,275
68,000	68,100	4,282
68,100	68,200	4,289
68,200	68,300	4,296
68,300	68,400	4,303
68,400	68,500	4,309
68,500	68,600	4,316
68,600	68,700	4,323
68,700	68,800	4,330
68,800	68,900	4,337
68,900	69,000	4,343
69,000	69,100	4,350
69,100	69,200	4,357
69,200	69,300	4,364
69,300	69,400	4,371
69,400	69,500	4,377

If line 9 of Form M2 is:		
at least	but less than	your tax is
69,500	69,600	4,384
69,600	69,700	4,391
69,700	69,800	4,398
69,800	69,900	4,405
69,900	70,000	4,411
70,000	70,100	4,418
70,100	70,200	4,425
70,200	70,300	4,432
70,300	70,400	4,439
70,400	70,500	4,445
70,500	70,600	4,452
70,600	70,700	4,459
70,700	70,800	4,466
70,800	70,900	4,473
70,900	71,000	4,479
71,000	71,100	4,486
71,100	71,200	4,493
71,200	71,300	4,500
71,300	71,400	4,507
71,400	71,500	4,513
71,500	71,600	4,520
71,600	71,700	4,527
71,700	71,800	4,534
71,800	71,900	4,541
71,900	72,000	4,547
72,000	72,100	4,554
72,100	72,200	4,561
72,200	72,300	4,568
72,300	72,400	4,575
72,400	72,500	4,581
72,500	72,600	4,588
72,600	72,700	4,595
72,700	72,800	4,602
72,800	72,900	4,609
72,900	73,000	4,615
73,000	73,100	4,622
73,100	73,200	4,629
73,200	73,300	4,636
73,300	73,400	4,643
73,400	73,500	4,649
73,500	73,600	4,656
73,600	73,700	4,663
73,700	73,800	4,670
73,800	73,900	4,677
73,900	74,000	4,683
74,000	74,100	4,690
74,100	74,200	4,697
74,200	74,300	4,704
74,300	74,400	4,711
74,400	74,500	4,717
74,500	74,600	4,724
74,600	74,700	4,731
74,700	74,800	4,738
74,800	74,900	4,745
74,900	75,000	4,751
75,000	75,100	4,758
75,100	75,200	4,765
75,200	75,300	4,772
75,300	75,400	4,779
75,400	75,500	4,785
75,500	75,600	4,792
75,600	75,700	4,799
75,700	75,800	4,806
75,800	75,900	4,813

# 2025 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
75,900	76,000	4,819
76,000	76,100	4,826
76,100	76,200	4,833
76,200	76,300	4,840
76,300	76,400	4,847
76,400	76,500	4,853
76,500	76,600	4,860
76,600	76,700	4,867
76,700	76,800	4,874
76,800	76,900	4,881
76,900	77,000	4,887
77,000	77,100	4,894
77,100	77,200	4,901
77,200	77,300	4,908
77,300	77,400	4,915
77,400	77,500	4,921
77,500	77,600	4,928
77,600	77,700	4,935
77,700	77,800	4,942
77,800	77,900	4,949
77,900	78,000	4,955
78,000	78,100	4,962
78,100	78,200	4,969
78,200	78,300	4,976
78,300	78,400	4,983
78,400	78,500	4,989
78,500	78,600	4,996
78,600	78,700	5,003
78,700	78,800	5,010
78,800	78,900	5,017
78,900	79,000	5,023
79,000	79,100	5,030
79,100	79,200	5,037
79,200	79,300	5,044
79,300	79,400	5,051
79,400	79,500	5,057
79,500	79,600	5,064
79,600	79,700	5,071
79,700	79,800	5,078

If line 9 of Form M2 is:		
at least	but less than	your tax is
79,800	79,900	5,085
79,900	80,000	5,091
80,000	80,100	5,098
80,100	80,200	5,105
80,200	80,300	5,112
80,300	80,400	5,119
80,400	80,500	5,125
80,500	80,600	5,132
80,600	80,700	5,139
80,700	80,800	5,146
80,800	80,900	5,153
80,900	81,000	5,159
81,000	81,100	5,166
81,100	81,200	5,173
81,200	81,300	5,180
81,300	81,400	5,187
81,400	81,500	5,193
81,500	81,600	5,200
81,600	81,700	5,207
81,700	81,800	5,214
81,800	81,900	5,221
81,900	82,000	5,227
82,000	82,100	5,234
82,100	82,200	5,241
82,200	82,300	5,248
82,300	82,400	5,255
82,400	82,500	5,261
82,500	82,600	5,268
82,600	82,700	5,275
82,700	82,800	5,282
82,800	82,900	5,289

If line 9 of Form M2 is:		
at least	but less than	your tax is
82,900	83,000	5,295
83,000	83,100	5,302
83,100	83,200	5,309
83,200	83,300	5,316
83,300	83,400	5,323
83,400	83,500	5,329
83,500	83,600	5,336
83,600	83,700	5,343
83,700	83,800	5,350
83,800	83,900	5,357
83,900	84,000	5,363
84,000	84,100	5,370
84,100	84,200	5,377
84,200	84,300	5,384
84,300	84,400	5,391
84,400	84,500	5,397
84,500	84,600	5,404
84,600	84,700	5,411
84,700	84,800	5,418
84,800	84,900	5,425
84,900	85,000	5,431
85,000	85,100	5,438
85,100	85,200	5,445
85,200	85,300	5,452
85,300	85,400	5,459
85,400	85,500	5,465
85,500	85,600	5,472
85,600	85,700	5,479
85,700	85,800	5,486
85,800	85,900	5,493
85,900	86,000	5,499

If line 9 of Form M2 is:		
at least	but less than	your tax is
86,000	86,100	5,506
86,100	86,200	5,513
86,200	86,300	5,520
86,300	86,400	5,527
86,400	86,500	5,533
86,500	86,600	5,540
86,600	86,700	5,547
86,700	86,800	5,554
86,800	86,900	5,561
86,900	87,000	5,567
87,000	87,100	5,574
87,100	87,200	5,581
87,200	87,300	5,588
87,300	87,400	5,595
87,400	87,500	5,601
87,500	87,600	5,608
87,600	87,700	5,615
87,700	87,800	5,622
87,800	87,900	5,629
87,900	88,000	5,635
88,000	88,100	5,642
88,100	88,200	5,649
88,200	88,300	5,656
88,300	88,400	5,663
88,400	88,500	5,669
88,500	88,600	5,676
88,600	88,700	5,683
88,700	88,800	5,690
88,800	88,900	5,697
88,900	89,000	5,703
89,000	89,100	5,710
89,100	89,200	5,717
89,200	89,300	5,724
89,300	89,400	5,731
89,400	89,500	5,737
89,500	89,600	5,744
89,600	89,700	5,751
89,700	89,800	5,758
89,800	89,900	5,765
89,900	90,000	5,771

90,000 & over					
If line 9 of Form M2 is:		Enter on line 10 of your Form M2:		of the amount over—	
over—	but not over—				
0	23,810	0.00	5.35%	0	
23,810	94,590	1,273.84	+ 6.80%	23,810	
94,590	165,205	6,086.88	+ 7.85%	94,590	
165,205	and up	11,630.16	+ 9.85%	165,205	

## Common Problems Using Software Packages

If you use tax preparation software, be careful to buy packages acceptable to the Department of Revenue. Forms produced by the software must meet requirements and be approved before being sold or provided to consumers.

If you are considering any company's tax preparation software, ask to see the vendor's approval letter for the forms you will be using. Keep in mind that we usually won't know if they are approved until late January. It is also important to test the software before filing forms prepared with it. We do not, however, approve the operation or accuracy of any software.

Below are common problems found on fiduciary returns submitted using software packages:

- **Verify that the program uses updated tax tables.** Tax tables are required to be updated every year for inflation. Be sure that the amount on line 10 of your Form M2 is the same amount shown in the tax tables.
  - Fiscal year filers must use the table based on the beginning year of the return.
  - If you are an Electing Small Business Trust (ESBT), verify that the software package uses the tax table when determining the tax. The ESBT is taxed at the highest tax rate only for federal purposes.
- **Look for a payment voucher if you have an amount due on line 39 of Form M2.** If you owe tax, your software package is required to include a payment voucher when you print out a copy of your return. If you are paying your tax by check, you must complete and send this payment voucher with your check to ensure your payment is credited properly.
- **Verify that estimated tax payments were made.** Some software programs may insert the amount of estimated tax payments that should have been paid, not the amount of tax actually paid.