DEPARTMENT OF REVENUE

NEAR FINAL DRAFT — 11/13/26

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2024 Schedule KF, Beneficiary's Share of Minnesota Taxable Income

Fiduciary: *Complete and provide Schedule KF to each estate, trust, or nonresident individual beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income or credits.*

Tax year beginning (MM/DD/YYYY) ___/___/___ , ending (MM/DD/YYYY) ___/___/___ Amended KF: ☐

Beneficiary's Social Security Number	Estate's or Trust's Federal ID Number	Minnesota Tax ID Number
Beneficiary's Name	Estate's or Trust's Name	
Address of Beneficiary	Address of Fiduciary	
Beneficiary City / State / ZIP Code	Fiduciary City / State / ZIP Code	

Calculate lines 1–43 the same for all resident and nonresident beneficiaries. Calculate lines 44-48 for estate, trust, and nonresident individual beneficiaries only. Calculate lines 49-50 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

Additions to income			**Beneficiary: Include on:**
1	State and municipal bond interest from outside Minnesota	**1** ■	Line 1, Schedule M1M
2	State taxes deducted in arriving at net income	**2** ■	Line 2, Schedule M1MB
3	Expenses deducted that are attributable to income not taxed by Minnesota *(other than interest or mutual fund dividends from U.S. bonds)*	**3** ■	Line 3, Schedule M1M
4	80 percent of the suspended loss from 2001–2005 or 2008–2023 that was generated by bonus depreciation	**4** ■	Line 4 inst., Sched. M1MB
5	80 percent of federal bonus depreciation	**5** ■	Line 1 inst., Sched. M1MB
6a	Beneficiary's pro rata gross profit from installment sale of pass-through entities *(see instructions)*	**6a** ■	Line 1, Schedule M1AR
6b	Beneficiary's pro rata installment sale income from sales of pass-through entities *(see instructions)*	**6b** ■	Line 3, Schedule M1AR
6c	Applicable S corporation's or partnership's apportionment percentage of the year of sale *(see instructions)*	**6c** ■	Line 6, Schedule M1AR
7	Addition due to federal changes not adopted by Minnesota *(Schedule KFNC, line 17)*	**7** ■	
8	Net operating loss (NOL) carryover adjustment	**8** ■	Line 5, Schedule M1MB
9	Foreign derived intangible income (FDII) deduction	**9** ■	Line 3, Schedule M1MB
10	Other additions *(see instructions)*	**10** ■	See line 10 instructions
11	This line intentionally left blank	**11** ■	
12	This line intentionally left blank	**12** ■	
13	This line intentionally left blank	**13** ■	
14	This line intentionally left blank	**14** ■	
15	This line intentionally left blank	**15** ■	

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Beneficiary's Name _____ Beneficiary's Social Security Number _____

Subtractions from income **Include on:**

16	Interest on U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income	**16** ■		Line 14, Schedule M1M
17	State income tax refund	**17** ■		Line 6, Form M1
18	Federal bonus depreciation subtraction	**18** ■		Line 10, Schedule M1MB
19	Subtraction for railroad maintenance expenses	**19** ■		Line 14, Schedule M1MB
20	Subtraction due to federal changes not adopted by Minnesota *(Schedule KFNC, line 17, as a positive number)*	**20** ■		
21	Net operating loss (NOL) carryover adjustment	**21** ■		Line 13, Schedule M1MB
22	Deferred foreign income/Employee Retention Credit	**22** ■		Line 17, Schedule M1MB
23	Disallowed section 280E expenses of a licensed cannabis or hemp business	**23** ■		Line 16, Schedule M1MB
24	Delayed business interest	**24** ■		Line 18, Schedule M1MB
25	Other subtractions *(see instructions)*	**25** ■		See line 25 instructions
26	This line intentionally left blank	**26** ■		
27	This line intentionally left blank	**27** ■		
28	This line intentionally left blank	**28** ■		
29	This line intentionally left blank	**29** ■		

Adjustments to Net Investment Income

30	Beneficiary's pro rata share of a net gain relating to dispositions of Class 2a property	**30** ■		Line 2, Schedule NIIT
31	Beneficiary's pro rata share of deductions and modifications relating to line 30	**31** ■		Line 7, Schedule NIIT

Credits *(you must enclose this schedule with your Form M1 if claiming a credit)* **Include on:**

32	Any Minnesota income tax withholding credit received by the fiduciary	**32** ■		Line 7, Schedule M1W
33	Credit for increasing research activities	**33** ■		Line 16, Schedule M1C
34	Film Production Tax Credit Enter the credit certificate number: TAXC - _____	**34** ■		Line 11, Schedule M1C
35	Tax Credit for Owners of Agricultural Assets Enter the certificate number from the certificate you received from the Rural Finance Authority: AO ____ - _____	**35** ■		Line 12, Schedule M1C
36	State Housing Tax Credit Enter certificate number from Minnesota Housing: SHTC_____ - _____	**36** ■		Line 15, Schedule M1C
37	Short Line Railroad Infrastructure Modernization Credit	**37** ■		Line 14, Schedule M1C
38	Credit for Sales of Manufactured Home Parks to Cooperatives	**38** ■		Line 13, Schedule M1C

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Beneficiary's Name

Beneficiary's Social Security Number

39 Carryover credits from prior years *(see instructions)* . . . . . **39** ■ _____ Line 17, Schedule M1C

	D — Name of Credit	E — Certificate Number	F — Unused Credit	G — Remaining Years
d1		e1	f1	g1
d2		e2	f2	g2
d3		e3	f3	g3

40 Credit for Sustainable Aviation Fuel . . . . . **40** ■ _____ Line 12, Schedule M1REF
Enter certificate number from the Department of Agriculture: _____

41 Credit for historic structure rehabilitation . . . . . **41** ■ _____ Line 7, Schedule M1REF
National Park Service (NPS) project number: _____

42 Pass-Through Entity Tax Credit . . . . . **42** ■ _____ Line 10, Schedule M1REF

43 Minnesota backup withholding . . . . . **43** ■ _____ Line 7, Schedule M1W

Estate, trust, and nonresident individual beneficiaries
Minnesota portion of amounts from federal Schedule K-1 (1041)

Include on Schedule M1NR, column B on:

44 Capital gain or loss on Minnesota real property . . . . . **44** ■ _____ Line 4

45 **a** Business income or loss . . . . . **a** ■ _____

b Income from Minnesota rents, royalties, partnerships, S corporations, estates and trusts . . . **b** ■ _____

c Farm income or loss . . . . . **c** ■ _____

Total *(add lines 45a, 45b, 45c)* . . . . . **45** ■ _____ Line 6

46 Interest and dividend income derived from a trade or business (S corporations and partnerships) that is assignable to Minnesota . . . . . **46** ■ _____ Line 2

47 Other income . . . . . **47** ■ _____ Line 8

48 Minnesota source gross income from this fiduciary . . . . . **48** ■ _____ *information only*

Nonresident beneficiaries
Composite income tax for electing nonresident beneficiaries

49 Minnesota source distributive income from this fiduciary . . . . . **49** ■ _____ *information only*

50 Minnesota composite income tax paid by fiduciary.
If the beneficiary elected composite income tax, check this box ☐ . . . . . **50** ■ _____ *composite income tax*

Fiduciary: Enclose this schedule and copies of all Schedules KF and federal Schedules K-1 with your Form M2.
Beneficiary: See instructions. Include this schedule when you file your Form M1.

2024 Schedule KF Instructions

Beneficiary's use of information provided on Schedule KF

Purpose of Schedule KF

Schedule KF is a supplemental schedule provided by the fiduciary to its beneficiaries. The beneficiaries need this information to complete a Form M1, *Minnesota Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

The schedule shows each beneficiary their specific share of the fiduciary's income, credits and modifications. An individual beneficiary who is a Minnesota resident must report all income from the trust or estate. All other beneficiaries must report income which is allocable to Minnesota.

These instructions are intended to help you report your share of the fiduciary's income, credits and modifications on your Minnesota return.

If you received an amended Schedule KF from the fiduciary and your income or deductions have changed, you must file an amended Minnesota return. To amend your return, use Form M1X, *Amended Minnesota Income Tax Return*, or Form M2X, *Amended Income Tax Return for Estates and Trusts*.

Line Instructions

Include amounts on the appropriate lines as shown on Schedule KF.

Line 1 – State and Municipal Bond Interest

Individuals: Include on line 1 of Schedule M1M.

Estates and Trusts: Include on line 43 of Form M2.

Line 2 – State Taxes Deducted

Individuals: Include on line 2 of Schedule M1MB.

Estates and Trusts: Include on line 44 of Form M2.

Line 3 – Expenses Deducted Attributed to Income Not Taxed by Minnesota

Individuals: Include on line 3 of Schedule M1M.

Estates and Trusts: Include on line 45 of Form M2.

Line 4 – 80% Suspended Loss of Bonus Depreciation

Individuals: See Schedule M1MB, worksheet for line 4 instructions, to determine how to report this amount.

Estates and Trusts: Include on line 46 of Form M2.

Line 5 – 80% Federal Bonus Depreciation

Individuals: See Schedule M1MB, worksheet for line 1 instructions, to determine how to report this amount.

Estates and Trusts: Include this amount on step 2 for the worksheet to determine Line 47 of the Form M2.

Lines 6a, 6b, and 6c – Accelerated Installment Sale Gains

Nonresident Individuals: If any information is reported to you on line 6 of Schedule KF, file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your Minnesota individual income tax return.

Resident Individuals: If any information is reported to you on line 6 of Schedule KF, retain a copy of this schedule for your records for the entire period that you or an entity you have an interest in is receiving installment sale payments. If you become a nonresident in a future year while payments are being made, you are required to file Form M1AR, *Accelerated Recognition of Installment Sale Gains*, with your final resident tax return.

Estates and Trusts: Pass through pro rata to your beneficiaries.

Line 7 – Addition Due to Federal Changes Not Adopted by Minnesota

Individuals: Not applicable.

Estates and Trusts: Not applicable.

Line 8 – Net Operating Loss (NOL) Carryover Adjustment

Individuals: Include on line 5 of Schedule M1MB.

Estates and Trusts: Include on line 50 of Form M2.

Line 9 – Foreign Derived Intangible Income (FDII) Deduction

Individuals: Include on line 3 of Schedule M1MB.

Estates and Trusts: Include on line 51 of Form M2.

Line 10 - Other Additions

Individuals: Include on the appropriate line on Schedule M1M.

Estates and Trusts: Include on line 52 of Form M2.

Continued

Lines 11 through 15
These lines are intentionally left blank.

Line 16 – Interest on U.S. Government Bond Obligations
Individuals: Include on line 14 of Schedule M1M.

Estates and Trusts: Include on line 58 of Form M2.

Line 17 – State Income Tax Refund
Individuals: Include on line 6 of Form M1.

Estates and Trusts: Include on line 59 of Form M2.

Line 18 – Federal Bonus Depreciation Subtraction
Individuals: Include on line 10 of Schedule M1MB.

Estates and Trusts: Include on line 60 of Form M2.

Line 19 – Subtraction for Railroad Maintenance Expenses
Individuals: Include on line 14 of Schedule M1MB.

Estates and Trusts: Include on line 62 of Form M2.

Line 20 – Subtraction Due to Federal Changes Not Adopted by Minnesota
Individuals: Not applicable.

Estates and Trusts: Not applicable.

Line 21 – Net Operating Loss (NOL) Carryover Adjustment
Individuals: Include on line 13 of Schedule M1MB.

Estates and Trusts: Include on line 63 of Form M2.

Line 22 – Deferred Foreign Income/Employee Retention Credit
Individuals: Include on line 17 of Schedule M1MB.

Estates and Trusts: Include on line 64 of Form M2.

Line 23 – Disallowed Section 280E Expenses of a Licensed Cannabis or Hemp Business
Individuals: Include on line 16 of Schedule M1MB.

Estates and Trusts: Include on line 65 of Form M2.

Line 24 - Delayed Business Interest
Individuals: Include on line 18 of Schedule M1MB.

Estates and Trusts: Include on line 66 of Form M2.

Line 25 - Other Subtractions
Individuals: Include on the appropriate line on Schedule M1M.

Estates and Trusts: Include on Line 68 of Form M2.

Lines 26 through 29
These lines are intentionally left blank.

Lines 30 and 31 – Adjustments to Net Investment Income
Individuals, estates and trusts with investment income in excess of $1 million may need to pay a Minnesota net investment income tax. The net gain on the sale of Class 2a property and related expenses are excluded from the calculation of Minnesota net investment income subject to the Minnesota net investment income tax. Use Schedule NIIT, Net Investment Income Tax, to determine if you are required to pay the tax on your Form M1 or Form M2 return.

Line 32 – Minnesota Income Tax Withholding Credit
Individuals: Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 28 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 33 – Credit for Increasing Research Activities
Individuals: Include on line 16 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 22 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 34 - Film Production Tax Credit
Individuals: Include on line 11 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Continued

2024 Schedule KF Instructions (continued)

Estates and Trusts: Include on line 17 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 35 – Tax Credit for Owners of Agricultural Assets

Individuals: Include on line 12 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 18 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 36 - State Housing Tax Credit

Individuals: Include on line 15 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 19 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 37 - Short Line Railroad Infrastructure Modernization Credit

Individuals: Include on line 14 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 20 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 38 - Credit for Sales of Manufactured Home Parks to Cooperatives

Individuals: Include on line 13 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 21 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 39 - Carryover Credits from Prior Years

Individuals: See Schedule M1C line 17 instructions to determine how to report this information.

Estates and Trusts: See Form M2 line 24 instructions to determine how to report this information.

Line 40 - Credit for Sustainable Aviation Fuel

Individuals: Include on line 12 of Schedule M1REF and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 31 of Schedule M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 41 – Credit for Historic Structure Rehabilitation

Individuals: Include on line 7 of Schedule M1REF and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 30 of Form M2 and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M2.

Line 42 - Pass-Through Entity Tax Credit

Individuals: Include on line 10 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 27 of Form M2. To claim this credit, you must include this schedule with Form M2.

Line 43 – Minnesota Backup Withholding

Individuals: Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Pass through pro rata to your beneficiaries.

Lines 44 – 47 Minnesota Portion of Federal Amounts

Lines 44 through 47 apply to estate, trust, and nonresident individual beneficiaries. All income of a Minnesota individual resident beneficiary is assigned to Minnesota, regardless of the source.

If certain items are not entirely included in your federal income because of passive activity loss limitation, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal income.

Individuals: Use the information on lines 44 through 47 to complete Schedule M1NR.

Estates and Trusts: Use the information on lines 44 through 47 to complete Schedule M2NM.

Line 48 – Minnesota Source Gross Income

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

If your 2024 Minnesota source gross income is $14,575 or more and you did not elect composite filing or have your filing requirement satisfied through a PTE tax filing, then you are required to file Form M1 and Schedule M1NC, *Nonresident/Party-Year Residents*.

If your 2024 Minnesota source gross income is less than $14,575 and you had Minnesota tax withheld (see line 32 and line 43 of Schedule KF), file Form M1 and Schedule M1NR to receive a refund.

Line 49 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 48 of Schedule KF) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 49 and 50 were used to determine your share of the fiduciary's Minnesota source distributive income. You may need to refer to these amounts when you file your state's income tax return.

If you elected for the fiduciary to pay composite tax or have your filing requirement satisfied through a PTE tax filing, then you are not required to file Form M1.

Line 50 – Minnesota Composite Income Tax

If you elected composite income tax, the amount paid on your behalf equals 9.85% of your Minnesota source distributive income on line 49, minus your share of any credits on lines 32, 34 through 41, and 43. You are not required to file Form M1.

Forms and Information

Website: **www.revenue.state.mn.us**

Phone: **651-556-3075**

This information is available in alternate formats.