NEAR FINAL DRAFT 11/13/26

DEPARTMENT OF REVENUE

* 2 3 7 3 1 1 *

2023 KPC, Partner's Share of Income, Credits and Modifications

Partnership: Complete and provide Schedule KPC to each corporate or partnership partner. For individual, estate and trust partners, use Schedule KPI instead.

Tax year beginning (MM/DD/YYYY) MM / DD / YYYY and ending (MM/DD/YYYY) MM / DD / YYYY **Amended KPC:** X

1234567890	0123456789	0123456789
Partner's Federal ID Number	**Parternship's Federal ID Number**	**Partnership's Minnesota ID**
PARTNER'S NAME	PARTNERSHIP'S NAME	
Partner's Name	**Partnership's Name**	
MAILING ADDRESS	MAILING ADDRESS	
Mailing Address	**Mailing Address**	
CITYXXXXXXXXXXX MN XXXXX	CITY MN 12345	
City State ZIP Code	**City State ZIP Code**	

Entity of Partner ***(check one box)*****:** [X] **S Corporation** [X] **C Corporation** [X] **Exempt Organization** [X] **Partnership**

Partner's Distributive Share: XXXXXXX **%**

Round amounts to the nearest dollar.

Corporate and Partnership Partners

1	Nonapportionable Minnesota source income	**1**	0123456789
2	Total nonapportionable income	**2**	0123456789
3	Partnership's minimum fee	**3**	0123456789
4	Interest income exempt from federal tax	**4**	0123456789
5	State taxes deducted in arriving at partnership's net income	**5**	0123456789
6	Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds)	**6**	0123456789
7	100% of partner's distributive share of federal bonus depreciation	**7**	0123456789
8	Foreign-derived intangible income (FDII) deduction	**8**	0123456789
9	This line intentionally left blank	**9**	
10a	Partner's pro rata gross profit from installment sales of pass-through businesses *(see instructions)*	**10a**	0123456789
10b	Partner's pro rata installment sale income from pass-through businesses *(see instructions)*	**10b**	0123456789
11	Addition for Domestic Research and Experimental Expenditures	**11**	0123456789
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**	
16	This line intentionally left blank	**16**	

Continued next page

2023 KPC, page 2

237321

PARTNER'S NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Partner's Name

0123456789
Partner's Federal ID Number

PARTNERSHIP NAMEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Partnership's Name

0123456789
Partnership's Federal ID Number

Round amounts to the nearest dollar.

17 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income . . . . . **17** ■ 0123456789

18 Deferred foreign income/Employee Retention Credit . . . . . **18** ■ 0123456789

19 Disallowed section 280E expenses of a licensed cannabis business . . . . . **19** ■ 0123456789

20 State income tax refund included in income . . . . . **20** ■ 0123456789

21 This line intentionally left blank . . . . . **21** ■

22 This line intentionally left blank . . . . . **22** ■

23 Housing Tax Credit . . . . . **23** ■ 0123456789

Enter certificate number from Minnesota Housing: SHTC - 0123 45678900000

24 Short Line Railroad Infrastructure Modernization Credit . . . . . **24** ■ 0123456789

25 Credit for Sales of Manufactured Home Parks to Cooperatives . . . . . **25** ■ 0123456789

26 Credit for increasing research activities . . . . . **26** ■ 0123456789

27 Film Production Tax Credit . . . . . **27** ■ 0123456789

Enter the credit certificate number: TAXC - 0123456789

28 Tax Credit for Owners of Agricultural Assets . . . . . **28** ■ 0123456789
Enter the certificate number from the certificate received from the Rural Finance Authority:

AO 0123 45678900000

29 Credit for historic structure rehabilitation . . . . . **29** ■ 0123456789

National Park Service (NPS) number 0123456789

30 Employer Transit Pass Credit . . . . . **30** ■ 0123456789

31 Enterprise Zone Credit . . . . . **31** ■ 0123456789

32 Minnesota backup withholding . . . . . **32** ■ 0123456789

Apportionment Information (partner's share)

33 Pro Rata Share MN Source Gross Income . . . . . **33** ■ 0123456789

		Property	Sales
34 Minnesota	**34** ■	0123456789	0123456789
35 Everywhere	**35** ■	0123456789	0123456789

Partnership: Include this schedule and copies of federal Schedules K and K-1 with your Form M3.

Partner: Include this schedule when you file your Form M3, M4 or M8.

9995

2023 Schedule KPC Instructions

Purpose of Schedule KPC

Schedule KPC is a supplemental schedule for partners who are corporations or partnerships.

The partnership listed on the front of this schedule has provided you with a completed schedule that reflects your specific share of the partnership's income, credits and modifications. You will need this information to complete Form M4, *Corporation Franchise Tax Return*, Form M8, *S Corporation Return*, or Form M3, *Partnership Return*, and you must include this schedule when you file your return. If the schedule is not included, the department will disallow any credits and assess the tax or reduce your refund.

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

There may be other items that a corporate partner would need to know in order to complete its corporate franchise tax return. If applicable, the partnership should pass that information through to you.

If you received an amended Schedule KPC from the partnership and your income or deductions have changed, you must file an amended Minnesota return.

To file an amended return, use one of the following:
- Form M4X, *Amended Franchise Tax Return*, if you are a corporate partner.
- Form M8X, *Amended S Corporation Return*, if you are an S corporation partner.
- Form M3X, *Amended Partnership Return*, if you are a partnership partner.

Sale of a Partnership Interest

Income from the sale of a partnership interest by an entity that is domiciled in another state is assignable to Minnesota. To determine the amount assigned to Minnesota, divide the original cost of the partnership's tangible property within Minnesota by the original cost of all tangible property of the partnership. If you don't have these numbers, contact the partnership.

If more than 50 percent of the value of the partnership's assets are intangibles, the gain/loss is allocated to Minnesota using the partnership's prior year sales factor.

Line Instructions

Line 1 — Nonapportionable Minnesota Source Income

C corporations: Include this amount on Form M4T, line 4a.
S corporations: Use this amount to help determine your Minnesota taxable income.
Partnerships: Use this amount to help determine your Minnesota taxable income.

Line 2 — Total Nonapportionable Income

C corporations: Include this amount on Form M4I, line 8.
S corporations: Not applicable.
Partnerships: Pass this information through, pro rata, to any corporate or partnership partners on Schedule KPC, line 2. This line does not apply to individual, estate or trust partners.

Line 3 — Partnership's Minimum Fee

C corporations: Include this amount on Form M4I, line 2a.
S corporations: Not applicable.
Partnerships: Pass this amount through, pro rata, on Schedule KPC, line 3, to your corporate and partnership partners. Line 3 does not apply to individual, estate or trust partners.

Line 4 — Exempt Interest Income

C corporations: Include this amount on Form M4I, line 2c.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 1. Exclude any interest income from Minnesota state and municipal bonds.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 1, or KPC, line 4.

Line 5 — State Income Tax Deducted

C corporations: Include this amount on Form M4I, line 2a.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 2.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 2, or KPC, line 5.

Line 6 — Expenses Attributable to Exempt Income

C corporations: Not applicable.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 3.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 3, or KPC, line 6.

Line 7 — Federal Bonus Depreciation

C corporations: Include this amount on Form M4I, line 2g.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 4.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 4, or KPC, line 7.

Continued

2023 Schedule KPC Instructions (Continued)

Line 8 — Foreign-Derived Intangible Income (FDII) Deduction
C corporations: Not applicable.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 5.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 5, or KPC, line 8.

Line 9
This line is intentionally left blank.

Lines 10a and 10b — Accelerated Installment Sale Gains
S corporations receiving Schedules KPC with positive values on lines 10a or 10b are required to check the "Installment Sale of Pass-through Assets or Interests" box on page 1, of Minnesota Form M8, and must report the full amount of gross installment sale gain, and installment sale income, pro-rata to its shareholders on Schedules KS.

Partnerships receiving Schedules KPC with positive values on lines 10a or 10b are required to check the "Installment Sale of Pass-through Assets or Interests" box on page 1, of Minnesota Form M3, and must report the full amount of gross installment sale gain, and installment sale income, to each partner to whom the gains and income are allocated on Schedules KPC or KPI.

Line 11 – Addition for Domestic Research and Experimental Expenditures
C Corporation: Include this amount on Form M4I, line 2h.
S Corporation: Not applicable.
Partnership: Pass this information through, pro rata, on Schedule KPC, line 11, to your C corporation and partnership partners. Line 11 does not apply to individual, estate, trust, or S corporation partners.

C corporations receiving Schedules KPC with positive values on lines 10a or 10b should disregard this information**.**

Lines 12 through 16
These lines are intentionally left blank.

Line 17 — Net Interests on U.S. Bonds
C corporations: Not applicable
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 14.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 14, or KPC, line 17.

Line 18 – Deferred Foreign Income (Section 965)
C corporations: Include this amount on Form M4I, line 4l.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 15.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 15, or KPC, line 18.

Line 19 – Deferred foreign income/Employee Retention Credit
C corporations: Include this amount on Form M4I, line 4m.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 16.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 16, or KPC, line 19.

Line 20 – State Income Tax Refund Included in Income
C corporations: Include this amount on Form M4I, line 4a
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 18.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 18, or KPC, line 20.

Lines 21 and 22
These lines are intentionally left blank.

Line 23 – Housing Tax Credit
C corporations: Include this amount on Form M4T, line 14.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 21.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 21, or KPC, line 23.

Line 24 – Short Line Railroad Infrastructure Modernization Credit
C corporations: Include this amount on Form M4T, line 15.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 22.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 22, or KPC, line 24.

Line 25 – Credit for Sales of Manufactured Home Parks to Cooperatives
C corporations: Include this amount on Form M4T, line 16.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 23.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 23, or KPC, line 25.

Continued

2023 Schedule KPC Instructions (Continued)

Line 26 — Credit for Increasing Research Activities

C corporations: Include this amount on Schedule RD, line 30.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 24.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 24, or KPC, 26.

Line 27 — Film Production Tax Credit

C corporations: Include this amount and the credit certificate number on Form M4T, line 22.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 25 and include the credit certificate number.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 25, or KPC, line 28. Include the credit certificate number.

Line 28 — Tax Credit for Owners of Agricultural Assets

C corporations: Include this amount on Form M4T, line 23.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 26.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 26, or KPC, line 28.

Line 29 — Historic Structure Rehabilitation Credit

C corporations: Include this amount and the NPS project number on Form M4, line 5.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 27 and include the NPS project number.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 27 or KPC, line 29 and include the NPS project number.

Line 30 — Employer Transit Pass

C corporations: Include this amount on Form M4T, line 24.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 28. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 28 or KPC, line 30. You must enclose a copy of this schedule even if you are passing the credit through to your partners.

Line 31 — Enterprise Zone Credit

C corporations: Include this amount on Form M4, line 4.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 29. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 29 or KPC, line 31. You must enclose a copy of this schedule even if you are passing the credit through to your partners.

Line 32 — Minnesota Backup Witholding

C corporations: Include this amount on Form M4, line 6.
S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 31. You must enclose a copy of this schedule even if you are passing the withholding credit through to your shareholders.
Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 31, or KPC, line 32. You must enclose a copy of this schedule even if you are passing the credit through to your partners.

Apportionment Factors

Line 33 — Minnesota Source Gross Income

Minnesota source gross income is used to determine whether an eventual nonresident partner has a filing requirement with the state of Minnesota. This line will help tiered partnerships determine their Minnesota source gross income.

Minnesota source gross income is the total of the amounts apportioned to Minnesota that are included on lines 3, 6, and 7 (other than losses) of federal Form 1065; lines 18a, 19 and 20 (other than losses) of federal Form 8825; line 9 of Schedule F; lines 3a, 5, 6a, 7, 8, 9a, 10 and 11 of Schedule K (Form 1065); plus Minnesota source gross income from other partnerships, estates, and trusts which the entity may be a partner or beneficiary.

Line 34 and 35 — Apportionment Information

The apportionment factors are used to determine the Minnesota apportioned income.

If the partnership and partner are considered unitary under Minnesota Statutes 290.17, subd. 4, [disregarding paragraph (e) (50 percent indirect or direct ownership needed for unity of ownership)] these factors are included with the partners' own factors in determining the income apportioned to Minnesota on the partner's supplemental schedule. (The supplemental schedule is Form M4A for corporation partners, M8A for S corporation partners, or M3A for partnership partners.) The partner's entire income is then multiplied by the partner's apportionment ratio to determine the Minnesota portion of its income.

If the partner is not unitary with the partnership, it will use only these factors to calculate the Minnesota apportionment ratio to be used in determining the Minnesota source income from that K-1. It will be the same ratio as the partnership's Minnesota apportionment ratio, and it will be multiplied by the K-1 income to determine the Minnesota portion of income from that partnership. Report nonunitary partnership income on line 4b of the M4T.