DEPARTMENT OF REVENUE

2026 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

Send us an e-mail at:
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** and type **Business Registration** in the search box or call 651-282-5225 or 1-800-657-3605.

What's New for 2026

Federal Conformity

The 2026 Tax Bill, signed into law May 27, updated Minnesota's conformity date to May 1, 2026. This incorporates and conforms with the provisions of the 2025 Federal Tax Budget and Reconciliation Bill (H.R. 1) signed into law on July 4, 2025. Minnesota decoupled from some of the provisions of H.R. 1, which are incorporated into Form M2 and these instructions.

Refund Claims – Statute of Limitations

The 2026 Tax Bill changed the statute of limitations for filing a claim for a refund under Minnesota Statute, section 289A.40, subdivision 1.

Taxpayers can claim a refund within either:

- 3 ½ years of the return's due date or extended due date
- 2 years of paying tax, penalties, or interest

The bill removed other limitations, including the previous one-year limitation from an audit assessment, appeal determination, or commissioner filed return.

These changes apply to any claim for refund filed on or after May 28, 2026.

For more details, see page 10.

Pass-Through Entity (PTE) Tax

The 2026 Tax Bill extended the Minnesota PTE Tax through the 2027 tax year. Minnesota PTE Tax will expire for taxable years beginning after December 31, 2027.

The bill extended the Credit for PTE Taxes Paid to Another State by allowing the credit to be claimed for taxable years beginning before January 1, 2028.

The bill also clarified that Revenue can deny PTE tax credits if the entity has not paid the tax.

For more details, see Schedule PTE.

Certain Business Meals and Entertainment

The 2026 Tax Bill decoupled from certain business meals and entertainment. If you deduct 100% of certain meal and beverage expenses under Internal Revenue Code, section 274(n)(2)(C), such as those for commercial vessels, oil and gas platforms, and fishing vessels, you must add back the portion of expenses that exceed the standard 50% limit.

An addition is also required for expenses that are federally deductible under I.R.C., section 274(e)(8) for entertainment-related goods or services sold in a bona fide transaction for full consideration. This does not include expenses for entertainment-related goods or services that are part of the taxpayer's trade or business.

For more details, see page 12.

Interest Received on Loans Secured by Rural and Agricultural Real Property

The 2026 Tax Bill decoupled from the exclusion of interest received on certain loans. The amount of the federal exclusion for interest income received on loans secured by rural or agricultural real property is an addition.

For more details, see page 12.

Look-Thru Rule for Related Controlled Foreign Corporations (CFCs)

The 2026 Tax Bill decoupled from the federal look-thru rule for certain CFCs. For the purposes of calculating Minnesota net CFC tested income (NCTI) and Subpart F income, you must disregard the federal look-thru rule for related CFCs.

For more details, see page 12.

Qualified Business Asset Investment (QBAI) Deduction Against Net CFC Tested Income

The 2026 Tax Bill made changes to net CFC tested income, formerly called global intangible low-taxed income (GILTI). This change removed the net deemed tangible income return (DTIR) deduction. To calculate Minnesota NCTI, you are allowed a subtraction for 10% of QBAI.

For more details, see page 15.

Accelerated Gains for Composite Tax

Nonresident shareholders, partners, and beneficiaries, can now elect Composite Income Tax in a year where there is an installment sale subject to acceleration. The full amount of the gain will be accelerated and included in their Composite Tax calculation.

For more details, see pages 4 and 19.

Continued

Sustainable Aviation Fuel Tax Credit

The tax credit for creating sustainable aviation fuel (SAF) received several definitional updates, credit calculation updates, and allocation limit changes within the 2026 Tax Bill.

For SAF sold after June 30, 2025, the definitional updates and credit calculation updates are effective for taxable years beginning after December 31, 2024.

The credit certificates may be issued by the Minnesota Department of Agriculture (MDA) until June 30, 2035.

For more details, see page 9 or visit MDA's Sustainable Aviation Fuel Tax Credit webpage.

Tax Credit for Owners of Agricultural Assets

The 2026 Tax Bill temporarily removed the allocation limitation for tax year 2026.

For more details, see page 6 or visit Minnesota Department of Agriculture's Beginning Farmer Tax Credit webpage.

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.

Grantor Trusts

A grantor trust is not considered a separate taxable entity. The grantor trust must use the same filing method for Minnesota as was filed federally.

If the grantor trust files:

- Federal Form 1040, then file the grantor trust using Minnesota Form M1
- Federal Form 1041, then file the grantor trust using Minnesota Form M2 (also file Minnesota Form M1)

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, 2027. 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.

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).

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** below. 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** below. 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 2027 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** 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** 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** 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.

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.

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

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

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

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.

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.

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.

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.

Continued **4**

Form M2 Instructions (continued)

Check Boxes

Place an X in all boxes that apply.

Bankruptcy estate. If you are filing as a bankruptcy estate, which is 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.

Due Process Nonresident. If the trust or estate 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 above and Schedule M2RT for more details.

ESBT (Electing Small Business Trust). If the trust is filing as an ESBT, which 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. If the trust is a grantor-type trust, where 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 for all applicable Schedules KF to report installment sale information to your beneficiaries. Instructions are provided with Schedule KF.

Irrevocable Trust. If the trust is considered irrevocable, where 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. If the trust makes a Section 645 election on their federal return. 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. If a trust or estate 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 above for more details.

Statutory Resident. If a trust or estate meets the definition of a statutory resident under Minnesota Statute section 290.01, subdivisions 7a and 7b. See instructions above 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.

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* below 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 tax table at the end of these instructions to determine the amount to enter on line 10.

Continued

Form M2 Instructions (continued)

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 2026 income tax to Minnesota.
- You paid 2026 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 Explore Minnesota Film 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 Explore Minnesota Film website at www.exploreminnesota.com/film.

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.

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.

Continued

Form M2 Instructions (continued)

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 27	
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 25% (0.25). 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.

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 2025. 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 2026 return that were carried over from a prior year and what to enter in columns D through F on line 24.

Continued

Form M2 Instructions (continued)

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 2026 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:

- 2026 Schedule KS, line 34
- 2026 Schedule KPI, line 34
- 2026 Schedule KF, line 43

Your credit can be denied if the entity has not paid the tax.

Line 28 — Minnesota Income Tax Withheld

Enter the total of any 2026 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.

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 2026 estimated tax payments made in 2026 and 2027, either paid electronically or by check,
- the portion of your 2025 refund applied to your 2026 estimated tax, and
- any 2026 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.

Estates and trusts may only report the Minnesota Historic Structure Rehabilitation credit if they:

- Are the Taxpayer on the Minnesota Historic Structure Rehabilitation State Tax Credit Certificate.
- Are the Assignee on the tax credit certificate assignment.
- Are an owner of another pass-through entity where either 1 or 2 apply.

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.

Continued

Form M2 Instructions (continued)

- 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.

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.

Line 32 – Refundable Credit for Increasing Research Activities

Use the Worksheet for Lines 22 and 32 on page 7 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. If you are electing to receive the refundable credit for increasing research activities, you must check the box on line 32. If you do not check the box on line 32, do not include an amount on line 32.

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 are 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.

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 2027 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.

Continued

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 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** above.

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 2027 estimated tax account, or receive a check.

Line 41 — 2027 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 2027 estimated tax, you may apply all or a portion of your refund to your 2027 estimated tax.
Enter the portion of line 40 you want to apply toward your 2027 estimated tax.

Line 42 — Minnesota Income Tax Refund

Subtract line 41 from line 40. The result is the amount of your 2026 Minnesota income tax refund that will be refunded to you.

Taxpayers can claim a refund within either:

- 3 ½ years of the return's due date or extended due date, or
- 2 years of paying tax, penalties, or interest

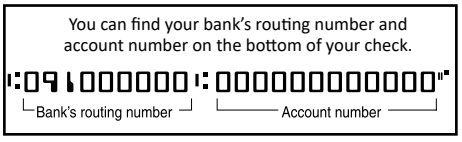
A refund is limited to the sum of payments for tax, penalties, or interest made in the 2 years immediately preceding the date you filed your claim for refund if it is filed after the 3 1/2 years from the return's due date or extended due date.

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.

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.

Continued

Form M2 Instructions (continued)

- 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 60.

Line 47 — Suspended Loss of Bonus Depreciation

If you're claiming a suspended loss from 2001-2005 or 2008-2025 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:

1	Bonus depreciation from 2001–2005 or 2008-2025 not added back on Form M2
2	Total suspended loss from activity remaining after 2026
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

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 below to determine line 48.

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 3 or 4 generated a loss in an activity that cannot be deducted in 2026 (e.g., a passive activity loss, a loss in excess of basis, or an excess business loss), you may reduce step 3 or 4 by the amount of loss not allowed from the activity for 2026, 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

This line is intentionally left blank.

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]*

Continued

Form M2 Instructions (continued)

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]*

Line 54 - Interest Received on Loans Secured by Rural and Agricultural Real Property

Include the amount of excluded interest income relating to loans secured by rural or agricultural real property as provided under IRC section 139L.

Line 55 - Certain Business Meals and Entertainment

Include the sum of the following amounts:

- If you deducted 100% of business meals as an expense under IRC section 274(n)(2)(C), include the amount of the business meals expense that exceeds the standard 50% (percent) limitation. Generally, this includes food or beverages provided on commercial vessels, oil and gas platforms, and fishing vessels.
- The amount of expenses you deducted on your federal return under IRC section 274(e)(8) relating to entertainment-related goods or services sold in a bona fide transaction for full consideration. This does not include expenses for entertainment-related good or services that are part of the taxpayer's trade or business. If this entertainment subject to the addback includes meals, addback only 50% of those meals.

Line 56 - Certain Subpart F Income

Include the amount of Subpart F income you would have incurred by disregarding the federal look-thru rule for related controlled foreign corporations (CFCs) under IRC section 954(c)(6). Offset this addition by the amount of this inclusion in Subpart F income that would then be removed from your net CFC tested income. Net CFC tested income and this addition cannot be reduced below zero. Follow the steps below to determine line 56.

Worksheet for Line 56

1 Sum of dividends, interest, rents, and royalties received or accrued from a CFC which is a related person from federal Forms 5471, Schedule G, line 14 worksheet, statement item 12 . . . . . _____
2 Net CFC tested income before Minnesota QBAI deduction . . . . . _____
3 Enter the lesser of the amount from step 1 or step 2 . . . . . _____
4 Subtract step 3 from step 1. Include the result on line 56. . . . . _____

Attach a pro-forma copy of Federal Schedule K-2 part VI (2025 version). The schedule should reflect the following adjustments and calculations:

- The tested income or loss lines should reflect the amount of income or loss each CFC has with the Minnesota Subpart F look-thru adjustment.
- The QBAI lines should be calculated as you would have under IRC as of May 1, 2023 with the Minnesota tested income or loss amounts taken into consideration.
- The interest income, interest expense, and tested interest income lines do not need to be filled out.

Lines 57 and 58

These lines are intentionally left blank.

Line 60 — 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 61 — 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 62 — Federal Bonus Depreciation Subtraction

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

- deducted bonus depreciation on your 2021 through 2025 federal return, and
- reported 80 percent of the federal bonus depreciation as an addition to income on your 2021 through 2025 Form M2, or
- received a federal bonus depreciation subtraction in 2026 from another flow-through entity.

Continued

Form M2 Instructions (continued)

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 62*.

Worksheet for Line 62

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

1	Sum of 80% bonus depreciation addition and 80% suspended loss of bonus depreciation addition allocated to the fiduciary from 2021 Form M2.	1
2	Net operating loss generated in that year from Schedule A of federal Form 1045. Enter as a positive number.	2
3	Subtract step 2 from step 1 (if zero or less, enter 0)	3
4	Multiply step 3 by 20% (.20)	4

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

5	Sum of 80% bonus depreciation addition and 80% suspended loss of bonus depreciation addition allocated to the fiduciary from 2022 Form M2.	5
6	Net operating loss generated in that year from Schedule A of 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 2023 Form M2:

9	Sum of 80% bonus depreciation addition and 80% suspended loss of bonus depreciation addition allocated to the fiduciary from 2023 Form M2.	9
10	Net operating loss generated in that year from Schedule A of 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 2024 Form M2:

13	Sum of 80% bonus depreciation addition and 80% suspended loss of bonus depreciation addition allocated to the fiduciary from 2024 Form M2.	13
14	Net operating loss generated in that year from Schedule A of 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 2025 Form M2:

17	Sum of 80% bonus depreciation addition and 80% suspended loss of bonus depreciation addition allocated to the fiduciary from 2025 Form M2.	17
18	Net operating loss generated in that year from Schedule A of 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 2026 from an estate or trust:

21	Total of any bonus depreciation subtraction amounts you received as a beneficiary of an estate or trust this year	21

Total subtraction

22	Add steps 4, 8, 12, 16, 20, and 21. Enter here and on line 62 of Form M2.	22

Line 63

This line is intentionally left blank.

Line 64 — 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 65 — Net Operating Loss (NOL) Carryover Adjustment

Enter the amount of your Minnesota net operating loss deduction allowed this year. This amount includes the sum of the following:

- The Minnesota net operating loss deduction as calculated under M.S. 290.095, subd. 11(a) and (b); and
- The net operating loss carryforward adjustment from WHBA of 2009 under M.S. 290.095, subd. 11(c)

When determining the Minnesota net operating loss carryover under M.S. 290.095, subd. 11(a), the estate or trust must adjust the amount of federal net operating loss by:

- Nonassignable income or losses
- Deductions not allocable to Minnesota

When determining the Minnesota net operating loss deduction under M.S. 290.095, subd. 11(b), the estate or trust must adjust the amount of the federal deduction for Minnesota purposes by:

- Increasing the deduction by any amount of losses and interest, taxes, and other expenses not assignable or allowable to Minnesota incurred in the taxable year and included in federal taxable income.

Continued

- Decreasing the deduction by any amount of income not assignable to Minnesota earned in the taxable year and included in federal taxable income.

The net operating loss deduction must be calculated using the apportionment percentage or assignment ratio from the year the loss was generated.

Additionally, under M.S. 290.095, subd. 2(c), the total NOL deduction for the taxable year cannot exceed 70% of that year's taxable net income (prior to the application of the NOL).

The estate or trust will need to maintain a summary of their Minnesota net operating loss carryback or carryover amounts as a result of the calculations above. Attach a copy of the summary with your Form M2.

Line 66 — 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 67 — 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 67. *[M.S. 290.0132, subd. 29]*

Line 68 — 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 2026. The remaining 1/5th of the total can be taken as a 20 percent subtraction in tax year 2027.

Line 69 — Delayed Net Operating Loss Deduction

Minnesota did not adopt provisions from the CARES Act which allowed net operating losses generated in tax years 2017 through 2020 to be carried back up to 5 years and exceed 80% of federal taxable income. These disallowed net operating loss deductions are allowed as a carry-forward for Minnesota purposes. The disallowed losses may be carried forward up to 20 years from the year in which the loss arose.

Use the worksheet below to determine your disallowed Minnesota net operating loss subtraction for tax year 2026.

Worksheet for Line 69

1	Enter the amount of Minnesota NOL carried into 2026 from prior years. Do not include amounts that were already subtracted in a prior year.	_____
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 69	_____
5	Subtract step 4 from step 1. This is your Minnesota NOL carried into 2027. Retain this amount for your records	_____

Line 70 — 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 71 — Other Subtractions

Include an amount on line 71 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]*

Continued

Form M2 Instructions (continued)

- 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]*

Line 72 — QBAI Deduction Against Net CFC Tested Income

Include 10% (percent) of the aggregate of the U.S. shareholder's pro rata share of the qualified business asset investment for each of CFC with respect of the U.S. shareholder for the taxable year. Calculate this amount using IRC section 951A(b)(2)(A), as amended through May 1, 2023. Follow the steps below to determine line 72.

Worksheet for Line 72

1	Sum of federal net CFC tested income	_____
2	Include the amount from step 3 from the Subpart F income addition worksheet	_____
3	Subtract step 2 from step 1. Do not enter less than zero. If this step is zero, stop here, you cannot claim the subtraction.	_____
4	Sum of Qualified Business Asset Investment (QBAI)*	_____
5	Multiply step 4 by 10%	_____
6	Enter the lesser of the amount from step 3 or step 5.	_____

* Include the amount of qualified business asset investment (QBAI) under 2023 Regulations section 1.951A-1(d)(1).

Attach a pro-forma copy of Federal Schedule K-2 part VI (2025 version). The schedule should reflect the following adjustments and calculations:

- The tested income or loss lines should reflect the amount of income or loss each CFC has with the Minnesota Subpart F look-thru adjustment.
- The QBAI lines should be calculated as you would have under IRC as of May 1, 2023 with the Minnesota tested income or loss amounts taken into consideration.
- The interest income, interest expense, and tested interest income lines do not need to be filled out.

Lines 73 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 $15,300 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 58 and 60 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 for the allocation instructions for Minnesota backup withholding. See the instructions for line 49 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 58 and 60 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** of lines 76 through 78 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.

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.

Completing Schedule KF (continued)

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 51, for shareholders of a S corporation
- Schedule KPI, line 53, 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
This line is intentionally left blank.

KF, line 8
For individual beneficiaries, leave this line blank.

For estate and trust beneficiaries, include the beneficiary's distributive share of the total adjustment.

Generally, this adjustment is only distributed to beneficiaries when the estate or trust is terminated.

KF, lines 14 and 15
These lines are intentionally left blank.

KF, line 20
This line is intentionally left blank.

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)]*

For estate and trust beneficiaries, include the beneficiary's distributive share of the total adjustment.

Generally, this adjustment is only distributed to beneficiaries when the estate or trust is terminated.

KF, lines 28 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 31.

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.

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 27 of Schedules KPI and KS. Attach the appropriate schedule when you file your return.

KF, line 35
If you received a credit certificate from Explore Minnesota Film, 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.

Completing Schedule KF (continued)

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 2026.	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 2025 and retained all income. Then the estate or trust is distributing some or all income in tax year 2026. The estate or trust should include the number "15" on the Remaining Carryover Years line on the 2026 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.

Estates and trusts may only report the Minnesota Historic Structure Rehabilitation credit on Schedule KF if they:

- Are the Taxpayer on the Minnesota Historic Structure Rehabilitation State Tax Credit Certificate.
- Are the Assignee on the tax credit certificate assignment.
- Are an owner of another pass-through entity where either 1 or 2 apply.

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.

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.

Completing Schedule KF (continued)

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, 9, 11, 12, and 13 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, 25, and 27 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 ($15,300 for 2026). 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 Subtract Line 6b from Line 6a* of Schedule KF . . . . . _____

2 Multiply step 1 by the apportionment factor from line 6c** of Schedule KF . . . . . _____

3 Add step 2 and line 50 of Schedule KF . . . . . _____

4. Multiply step 3 by 9.85% (0.0985) . . . . . _____

5. Add the credits and backup withholding from lines 33, 35 through 42, and 44 of Schedule KF . . . . . _____

6. Subtract step 5 from step 4. If the result is less than zero, enter zero . . . . . _____

The result in step 6 is the amount you are required to pay on behalf of electing beneficiaries.

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.

*Only enter amounts from Schedule KF Line 7a for the first year of the installment sale.

**If there is a different allocation rate applicable, use that here.

Note: Taxpayers that had a gain accelerated via composite tax and continue to elect composite tax will get to subtract the previously taxed gain through inclusion of line 6b of Schedule KF within this calculation.

2026 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

If line 9 of Form M2 is:		
at least	but less than	your tax is
12,400	12,500	666
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

If line 9 of Form M2 is:		
at least	but less than	your tax is
18,600	18,700	998
18,700	18,800	1,003
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	1,276
23,900	24,000	1,281
24,000	24,100	1,287
24,100	24,200	1,292
24,200	24,300	1,297
24,300	24,400	1,303
24,400	24,500	1,310
24,500	24,600	1,316
24,600	24,700	1,323
24,700	24,800	1,330

Continued

2026 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
24,800	24,900	1,337
24,900	25,000	1,344
25,000	25,100	1,350
25,100	25,200	1,357
25,200	25,300	1,364
25,300	25,400	1,371
25,400	25,500	1,378
25,500	25,600	1,384
25,600	25,700	1,391
25,700	25,800	1,398
25,800	25,900	1,405
25,900	26,000	1,412
26,000	26,100	1,418
26,100	26,200	1,425
26,200	26,300	1,432
26,300	26,400	1,439
26,400	26,500	1,446
26,500	26,600	1,452
26,600	26,700	1,459
26,700	26,800	1,466
26,800	26,900	1,473
26,900	27,000	1,480
27,000	27,100	1,486
27,100	27,200	1,493
27,200	27,300	1,500
27,300	27,400	1,507
27,400	27,500	1,514
27,500	27,600	1,520
27,600	27,700	1,527
27,700	27,800	1,534
27,800	27,900	1,541
27,900	28,000	1,548
28,000	28,100	1,554
28,100	28,200	1,561
28,200	28,300	1,568
28,300	28,400	1,575
28,400	28,500	1,582
28,500	28,600	1,588
28,600	28,700	1,595
28,700	28,800	1,602
28,800	28,900	1,609
28,900	29,000	1,616
29,000	29,100	1,622
29,100	29,200	1,629
29,200	29,300	1,636
29,300	29,400	1,643
29,400	29,500	1,650
29,500	29,600	1,656
29,600	29,700	1,663
29,700	29,800	1,670
29,800	29,900	1,677
29,900	30,000	1,684
30,000	30,100	1,690
30,100	30,200	1,697
30,200	30,300	1,704
30,300	30,400	1,711
30,400	30,500	1,718
30,500	30,600	1,724
30,600	30,700	1,731
30,700	30,800	1,738
30,800	30,900	1,745
30,900	31,000	1,752
31,000	31,100	1,758

If line 9 of Form M2 is:		
at least	but less than	your tax is
31,100	31,200	1,765
31,200	31,300	1,772
31,300	31,400	1,779
31,400	31,500	1,786
31,500	31,600	1,792
31,600	31,700	1,799
31,700	31,800	1,806
31,800	31,900	1,813
31,900	32,000	1,820
32,000	32,100	1,826
32,100	32,200	1,833
32,200	32,300	1,840
32,300	32,400	1,847
32,400	32,500	1,854
32,500	32,600	1,860
32,600	32,700	1,867
32,700	32,800	1,874
32,800	32,900	1,881
32,900	33,000	1,888
33,000	33,100	1,894
33,100	33,200	1,901
33,200	33,300	1,908
33,300	33,400	1,915
33,400	33,500	1,922
33,500	33,600	1,928
33,600	33,700	1,935
33,700	33,800	1,942
33,800	33,900	1,949
33,900	34,000	1,956
34,000	34,100	1,962
34,100	34,200	1,969
34,200	34,300	1,976
34,300	34,400	1,983
34,400	34,500	1,990
34,500	34,600	1,996
34,600	34,700	2,003
34,700	34,800	2,010
34,800	34,900	2,017
34,900	35,000	2,024
35,000	35,100	2,030
35,100	35,200	2,037
35,200	35,300	2,044
35,300	35,400	2,051
35,400	35,500	2,058
35,500	35,600	2,064
35,600	35,700	2,071
35,700	35,800	2,078
35,800	35,900	2,085
35,900	36,000	2,092
36,000	36,100	2,098
36,100	36,200	2,105
36,200	36,300	2,112
36,300	36,400	2,119
36,400	36,500	2,126
36,500	36,600	2,132
36,600	36,700	2,139
36,700	36,800	2,146
36,800	36,900	2,153
36,900	37,000	2,160
37,000	37,100	2,166
37,100	37,200	2,173
37,200	37,300	2,180
37,300	37,400	2,187

If line 9 of Form M2 is:		
at least	but less than	your tax is
37,400	37,500	2,194
37,500	37,600	2,200
37,600	37,700	2,207
37,700	37,800	2,214
37,800	37,900	2,221
37,900	38,000	2,228
38,000	38,100	2,234
38,100	38,200	2,241
38,200	38,300	2,248
38,300	38,400	2,255
38,400	38,500	2,262
38,500	38,600	2,268
38,600	38,700	2,275
38,700	38,800	2,282
38,800	38,900	2,289
38,900	39,000	2,296
39,000	39,100	2,302
39,100	39,200	2,309
39,200	39,300	2,316
39,300	39,400	2,323
39,400	39,500	2,330
39,500	39,600	2,336
39,600	39,700	2,343
39,700	39,800	2,350
39,800	39,900	2,357
39,900	40,000	2,364
40,000	40,100	2,370
40,100	40,200	2,377
40,200	40,300	2,384
40,300	40,400	2,391
40,400	40,500	2,398
40,500	40,600	2,404
40,600	40,700	2,411
40,700	40,800	2,418
40,800	40,900	2,425
40,900	41,000	2,432
41,000	41,100	2,438
41,100	41,200	2,445
41,200	41,300	2,452
41,300	41,400	2,459
41,400	41,500	2,466
41,500	41,600	2,472
41,600	41,700	2,479
41,700	41,800	2,486
41,800	41,900	2,493
41,900	42,000	2,500
42,000	42,100	2,506
42,100	42,200	2,513
42,200	42,300	2,520
42,300	42,400	2,527
42,400	42,500	2,534
42,500	42,600	2,540
42,600	42,700	2,547
42,700	42,800	2,554
42,800	42,900	2,561
42,900	43,000	2,568
43,000	43,100	2,574
43,100	43,200	2,581
43,200	43,300	2,588
43,300	43,400	2,595
43,400	43,500	2,602
43,500	43,600	2,608
43,600	43,700	2,615

If line 9 of Form M2 is:		
at least	but less than	your tax is
43,700	43,800	2,622
43,800	43,900	2,629
43,900	44,000	2,636
44,000	44,100	2,642
44,100	44,200	2,649
44,200	44,300	2,656
44,300	44,400	2,663
44,400	44,500	2,670
44,500	44,600	2,676
44,600	44,700	2,683
44,700	44,800	2,690
44,800	44,900	2,697
44,900	45,000	2,704
45,000	45,100	2,710
45,100	45,200	2,717
45,200	45,300	2,724
45,300	45,400	2,731
45,400	45,500	2,738
45,500	45,600	2,744
45,600	45,700	2,751
45,700	45,800	2,758
45,800	45,900	2,765
45,900	46,000	2,772
46,000	46,100	2,778
46,100	46,200	2,785
46,200	46,300	2,792
46,300	46,400	2,799
46,400	46,500	2,806
46,500	46,600	2,812
46,600	46,700	2,819
46,700	46,800	2,826
46,800	46,900	2,833
46,900	47,000	2,840
47,000	47,100	2,846
47,100	47,200	2,853
47,200	47,300	2,860
47,300	47,400	2,867
47,400	47,500	2,874
47,500	47,600	2,880
47,600	47,700	2,887
47,700	47,800	2,894
47,800	47,900	2,901
47,900	48,000	2,908
48,000	48,100	2,914
48,100	48,200	2,921
48,200	48,300	2,928
48,300	48,400	2,935
48,400	48,500	2,942
48,500	48,600	2,948
48,600	48,700	2,955
48,700	48,800	2,962
48,800	48,900	2,969
48,900	49,000	2,976
49,000	49,100	2,982
49,100	49,200	2,989
49,200	49,300	2,996
49,300	49,400	3,003
49,400	49,500	3,010
49,500	49,600	3,016
49,600	49,700	3,023
49,700	49,800	3,030
49,800	49,900	3,037
49,900	50,000	3,044

Continued

2026 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
50,000	50,100	3,050
50,100	50,200	3,057
50,200	50,300	3,064
50,300	50,400	3,071
50,400	50,500	3,078
50,500	50,600	3,084
50,600	50,700	3,091
50,700	50,800	3,098
50,800	50,900	3,105
50,900	51,000	3,112
51,000	51,100	3,118
51,100	51,200	3,125
51,200	51,300	3,132
51,300	51,400	3,139
51,400	51,500	3,146
51,500	51,600	3,152
51,600	51,700	3,159
51,700	51,800	3,166
51,800	51,900	3,173
51,900	52,000	3,180
52,000	52,100	3,186
52,100	52,200	3,193
52,200	52,300	3,200
52,300	52,400	3,207
52,400	52,500	3,214
52,500	52,600	3,220
52,600	52,700	3,227
52,700	52,800	3,234
52,800	52,900	3,241
52,900	53,000	3,248
53,000	53,100	3,254
53,100	53,200	3,261
53,200	53,300	3,268
53,300	53,400	3,275
53,400	53,500	3,282
53,500	53,600	3,288
53,600	53,700	3,295
53,700	53,800	3,302
53,800	53,900	3,309
53,900	54,000	3,316
54,000	54,100	3,322
54,100	54,200	3,329
54,200	54,300	3,336
54,300	54,400	3,343
54,400	54,500	3,350
54,500	54,600	3,356
54,600	54,700	3,363
54,700	54,800	3,370
54,800	54,900	3,377
54,900	55,000	3,384
55,000	55,100	3,390
55,100	55,200	3,397
55,200	55,300	3,404
55,300	55,400	3,411
55,400	55,500	3,418
55,500	55,600	3,424
55,600	55,700	3,431
55,700	55,800	3,438
55,800	55,900	3,445
55,900	56,000	3,452
56,000	56,100	3,458
56,100	56,200	3,465
56,200	56,300	3,472
56,300	56,400	3,479

If line 9 of Form M2 is:		
at least	but less than	your tax is
56,400	56,500	3,486
56,500	56,600	3,492
56,600	56,700	3,499
56,700	56,800	3,506
56,800	56,900	3,513
56,900	57,000	3,520
57,000	57,100	3,526
57,100	57,200	3,533
57,200	57,300	3,540
57,300	57,400	3,547
57,400	57,500	3,554
57,500	57,600	3,560
57,600	57,700	3,567
57,700	57,800	3,574
57,800	57,900	3,581
57,900	58,000	3,588
58,000	58,100	3,594
58,100	58,200	3,601
58,200	58,300	3,608
58,300	58,400	3,615
58,400	58,500	3,622
58,500	58,600	3,628
58,600	58,700	3,635
58,700	58,800	3,642
58,800	58,900	3,649
58,900	59,000	3,656
59,000	59,100	3,662
59,100	59,200	3,669
59,200	59,300	3,676
59,300	59,400	3,683
59,400	59,500	3,690
59,500	59,600	3,696
59,600	59,700	3,703
59,700	59,800	3,710
59,800	59,900	3,717
59,900	60,000	3,724
60,000	60,100	3,730
60,100	60,200	3,737
60,200	60,300	3,744
60,300	60,400	3,751
60,400	60,500	3,758
60,500	60,600	3,764
60,600	60,700	3,771
60,700	60,800	3,778
60,800	60,900	3,785
60,900	61,000	3,792
61,000	61,100	3,798
61,100	61,200	3,805
61,200	61,300	3,812
61,300	61,400	3,819
61,400	61,500	3,826
61,500	61,600	3,832
61,600	61,700	3,839
61,700	61,800	3,846
61,800	61,900	3,853
61,900	62,000	3,860
62,000	62,100	3,866
62,100	62,200	3,873
62,200	62,300	3,880
62,300	62,400	3,887
62,400	62,500	3,894
62,500	62,600	3,900
62,600	62,700	3,907
62,700	62,800	3,914

If line 9 of Form M2 is:		
at least	but less than	your tax is
62,800	62,900	3,921
62,900	63,000	3,928
63,000	63,100	3,934
63,100	63,200	3,941
63,200	63,300	3,948
63,300	63,400	3,955
63,400	63,500	3,962
63,500	63,600	3,968
63,600	63,700	3,975
63,700	63,800	3,982
63,800	63,900	3,989
63,900	64,000	3,996
64,000	64,100	4,002
64,100	64,200	4,009
64,200	64,300	4,016
64,300	64,400	4,023
64,400	64,500	4,030
64,500	64,600	4,036
64,600	64,700	4,043
64,700	64,800	4,050
64,800	64,900	4,057
64,900	65,000	4,064
65,000	65,100	4,070
65,100	65,200	4,077
65,200	65,300	4,084
65,300	65,400	4,091
65,400	65,500	4,098
65,500	65,600	4,104
65,600	65,700	4,111
65,700	65,800	4,118
65,800	65,900	4,125
65,900	66,000	4,132
66,000	66,100	4,138
66,100	66,200	4,145
66,200	66,300	4,152
66,300	66,400	4,159
66,400	66,500	4,166
66,500	66,600	4,172
66,600	66,700	4,179
66,700	66,800	4,186
66,800	66,900	4,193
66,900	67,000	4,200
67,000	67,100	4,206
67,100	67,200	4,213
67,200	67,300	4,220
67,300	67,400	4,227
67,400	67,500	4,234
67,500	67,600	4,240
67,600	67,700	4,247
67,700	67,800	4,254
67,800	67,900	4,261
67,900	68,000	4,268
68,000	68,100	4,274
68,100	68,200	4,281
68,200	68,300	4,288
68,300	68,400	4,295
68,400	68,500	4,302
68,500	68,600	4,308
68,600	68,700	4,315
68,700	68,800	4,322
68,800	68,900	4,329
68,900	69,000	4,336
69,000	69,100	4,342
69,100	69,200	4,349

If line 9 of Form M2 is:		
at least	but less than	your tax is
69,200	69,300	4,356
69,300	69,400	4,363
69,400	69,500	4,370
69,500	69,600	4,376
69,600	69,700	4,383
69,700	69,800	4,390
69,800	69,900	4,397
69,900	70,000	4,404
70,000	70,100	4,410
70,100	70,200	4,417
70,200	70,300	4,424
70,300	70,400	4,431
70,400	70,500	4,438
70,500	70,600	4,444
70,600	70,700	4,451
70,700	70,800	4,458
70,800	70,900	4,465
70,900	71,000	4,472
71,000	71,100	4,478
71,100	71,200	4,485
71,200	71,300	4,492
71,300	71,400	4,499
71,400	71,500	4,506
71,500	71,600	4,512
71,600	71,700	4,519
71,700	71,800	4,526
71,800	71,900	4,533
71,900	72,000	4,540
72,000	72,100	4,546
72,100	72,200	4,553
72,200	72,300	4,560
72,300	72,400	4,567
72,400	72,500	4,574
72,500	72,600	4,580
72,600	72,700	4,587
72,700	72,800	4,594
72,800	72,900	4,601
72,900	73,000	4,608
73,000	73,100	4,614
73,100	73,200	4,621
73,200	73,300	4,628
73,300	73,400	4,635
73,400	73,500	4,642
73,500	73,600	4,648
73,600	73,700	4,655
73,700	73,800	4,662
73,800	73,900	4,669
73,900	74,000	4,676
74,000	74,100	4,682
74,100	74,200	4,689
74,200	74,300	4,696
74,300	74,400	4,703
74,400	74,500	4,710
74,500	74,600	4,716
74,600	74,700	4,723
74,700	74,800	4,730
74,800	74,900	4,737
74,900	75,000	4,744
75,000	75,100	4,750
75,100	75,200	4,757
75,200	75,300	4,764
75,300	75,400	4,771
75,400	75,500	4,778
75,500	75,600	4,784

Continued

2026 Tax Table (continued)

If line 9 of Form M2 is:		
at least	but less than	your tax is
75,600	75,700	4,791
75,700	75,800	4,798
75,800	75,900	4,805
75,900	76,000	4,812
76,000	76,100	4,818
76,100	76,200	4,825
76,200	76,300	4,832
76,300	76,400	4,839
76,400	76,500	4,846
76,500	76,600	4,852
76,600	76,700	4,859
76,700	76,800	4,866
76,800	76,900	4,873
76,900	77,000	4,880
77,000	77,100	4,886
77,100	77,200	4,893
77,200	77,300	4,900
77,300	77,400	4,907
77,400	77,500	4,914
77,500	77,600	4,920
77,600	77,700	4,927
77,700	77,800	4,934
77,800	77,900	4,941
77,900	78,000	4,948
78,000	78,100	4,954
78,100	78,200	4,961
78,200	78,300	4,968
78,300	78,400	4,975
78,400	78,500	4,982
78,500	78,600	4,988
78,600	78,700	4,995
78,700	78,800	5,002
78,800	78,900	5,009
78,900	79,000	5,016
79,000	79,100	5,022
79,100	79,200	5,029
79,200	79,300	5,036
79,300	79,400	5,043
79,400	79,500	5,050
79,500	79,600	5,056
79,600	79,700	5,063

If line 9 of Form M2 is:		
at least	but less than	your tax is
79,700	79,800	5,070
79,800	79,900	5,077
79,900	80,000	5,084
80,000	80,100	5,090
80,100	80,200	5,097
80,200	80,300	5,104
80,300	80,400	5,111
80,400	80,500	5,118
80,500	80,600	5,124
80,600	80,700	5,131
80,700	80,800	5,138
80,800	80,900	5,145
80,900	81,000	5,152
81,000	81,100	5,158
81,100	81,200	5,165
81,200	81,300	5,172
81,300	81,400	5,179
81,400	81,500	5,186
81,500	81,600	5,192
81,600	81,700	5,199
81,700	81,800	5,206
81,800	81,900	5,213
81,900	82,000	5,220
82,000	82,100	5,226
82,100	82,200	5,233
82,200	82,300	5,240
82,300	82,400	5,247
82,400	82,500	5,254
82,500	82,600	5,260
82,600	82,700	5,267
82,700	82,800	5,274

If line 9 of Form M2 is:		
at least	but less than	your tax is
82,800	82,900	5,281
82,900	83,000	5,288
83,000	83,100	5,294
83,100	83,200	5,301
83,200	83,300	5,308
83,300	83,400	5,315
83,400	83,500	5,322
83,500	83,600	5,328
83,600	83,700	5,335
83,700	83,800	5,342
83,800	83,900	5,349
83,900	84,000	5,356
84,000	84,100	5,362
84,100	84,200	5,369
84,200	84,300	5,376
84,300	84,400	5,383
84,400	84,500	5,390
84,500	84,600	5,396
84,600	84,700	5,403
84,700	84,800	5,410
84,800	84,900	5,417
84,900	85,000	5,424
85,000	85,100	5,430
85,100	85,200	5,437
85,200	85,300	5,444
85,300	85,400	5,451
85,400	85,500	5,458
85,500	85,600	5,464
85,600	85,700	5,471
85,700	85,800	5,478
85,800	85,900	5,485

If line 9 of Form M2 is:		
at least	but less than	your tax is
85,900	86,000	5,492
86,000	86,100	5,498
86,100	86,200	5,505
86,200	86,300	5,512
86,300	86,400	5,519
86,400	86,500	5,526
86,500	86,600	5,532
86,600	86,700	5,539
86,700	86,800	5,546
86,800	86,900	5,553
86,900	87,000	5,560
87,000	87,100	5,566
87,100	87,200	5,573
87,200	87,300	5,580
87,300	87,400	5,587
87,400	87,500	5,594
87,500	87,600	5,600
87,600	87,700	5,607
87,700	87,800	5,614
87,800	87,900	5,621
87,900	88,000	5,628
88,000	88,100	5,634
88,100	88,200	5,641
88,200	88,300	5,648
88,300	88,400	5,655
88,400	88,500	5,662
88,500	88,600	5,668
88,600	88,700	5,675
88,700	88,800	5,682
88,800	88,900	5,689
88,900	89,000	5,696
89,000	89,100	5,702
89,100	89,200	5,709
89,200	89,300	5,716
89,300	89,400	5,723
89,400	89,500	5,730
89,500	89,600	5,736
89,600	89,700	5,743
89,700	89,800	5,750
89,800	89,900	5,757
89,900	90,000	5,764

90,000 & over

If line 9 of Form M2 is: over—	but not over—	Enter on line 10 of your Form M2:		of the amount over—
0	24,350	0	5.35%	0
24,350	96,740	1,302.73 +	6.80%	24,350
96,740	168,965	6,225.25 +	7.85%	96,740
168,965	—	11,894.91 +	9.85%	168,965

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.