

MINNESOTA • REVENUE

2011 Schedule KF, Beneficiary's Share of Minnesota Taxable Income

Fiduciary: Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

Amended KF: ☐

Filing Information

Tax year beginning _____, 2011 and ending _____			Amended KF: <input type="checkbox"/>		
Beneficiary's Social Security number			Estate's or trust's federal ID number		Minnesota tax ID number
Beneficiary's name			Estate's or trust's name		JOBZ ID number (if any)
Address of beneficiary			Address of fiduciary		
City	State	Zip code	City	State	Zip code

Calculate lines 1–18 the same for all resident and nonresident beneficiaries. Calculate lines 19–25 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

Additions to income

1 State and municipal bond interest from outside Minnesota	1		Beneficiary: Include on:
2 State income tax	2		Line 4, Schedule M1M
3 Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds)	3		Line 8, Schedule M1M
4 80 percent of the suspended loss from 2001–2005, 2008, 2009 or 2010 that was generated by bonus depreciation	4		Line 10, Schedule M1M
5 Federal tax-exempt subsidies paid to employers for providing prescription drug coverage for their retirees	5		See inst for line 13, M1M
6 80 percent of federal bonus depreciation addition	6		Line 11, Schedule M1M
7 Fines, fees and penalties deducted federally as a trade or business expense	7		Line 6, Schedule M1M
8 Net operating loss (NOL) carryover adjustment	8		Line 12, Schedule M1M
9 Domestic production activities deduction	9		Line 15, Schedule M1M
			Line 9, Schedule M1M

Subtractions from income

10 Interest on U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income	10		Line 18, Schedule M1M
11 State income tax refund	11		Line 5, Form M1
12 Subtraction for federal bonus depreciation	12		Line 21, Schedule M1M
13 Subtraction for prior addback of reacquisition of business indebtedness income included in federal taxable income	13		Line 36, Schedule M1M
14 Job Opportunity Building Zone (JOBZ) business and investment income exemptions	14		Line 32, Schedule M1M
15 Net operating loss (NOL) carryover adjustment	15		Line 35, Schedule M1M

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

16 Any Minnesota income tax withholding credit received by the fiduciary	16		Include on:
17 JOBZ jobs credit	17		Line 7, Schedule M1W
18 Credit for historic structure rehabilitation (enclose certificate).	18		Line 4, Form M1B
National Park Service (NPS) project number: <input type="text"/>			Line 3, Form M1B

Nonresident beneficiaries**Minnesota portion of amounts from federal Schedule K-1 (1041)**

19 Capital gain or loss on Minnesota real property	19		Include on Schedule M1NR, column B on:
20 a Business income or loss	a		Line 4
b Income from Minnesota rents, royalties, partnerships, S corporations, estates and trusts	b		
c Farm income or loss	c		
Total (add lines 20a, 20b and 20c)	20		Line 6

Nonresident Beneficiaries Only

(continued)

Nonresident benefi-
ciaries only (cont.)

21	Interest and dividend income derived from a trade or business (S corporations and partnerships) that is assignable to Minnesota . . .	21		Line 2
22	Other income	22		Line 8
23	Minnesota source gross income from this fiduciary	23		information only (see inst.)
Composite income tax for electing nonresident beneficiaries				
24	Minnesota source distributive income from this fiduciary	24		information only
25	Minnesota composite income tax paid by fiduciary. If the beneficiary elected composite income tax, check this box <input type="checkbox"/> . . .	25		composite income tax

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

2011 Schedule KF instructions

Beneficiary's use of information provided on Schedule KF

Purpose of Schedule KF

Schedule KF is a supplemental schedule provided by the fiduciary to the beneficiaries. The beneficiaries need this information to complete a *Minnesota Individual Income Tax Return*, Form M1.

A beneficiary who is a Minnesota resident will be taxed by Minnesota on all of his or her income from the trust or estate. A nonresident beneficiary will be taxed on the Minnesota income which is assignable to Minnesota.

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

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

Line instructions

Include amounts on the appropriate lines as shown on Schedule KF. Be sure to read the following line instructions for additional information.

Nonresident beneficiaries

Lines 19–25

Lines 19–25 apply to nonresident beneficiaries. All income of a Minnesota resident is assigned to Minnesota, regardless of the source. If certain items are not entirely included in your federal adjusted gross income because of passive activity loss limitations, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income.

Lines 19–22. Include lines 19–22 on the corresponding lines in column B of Schedule M1NR.

Line 23. Minnesota source gross income is used to determine if a nonresident individual is required to file a Minnesota income tax return. Gross income is income before business or rental deductions and does not include losses.

If your total 2011 Minnesota source gross income is \$9,500 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NR, *Non-residents and Part-Year Residents*. You must include all Minnesota source gross income passed through to you from all fiduciaries, partnerships and S corporations when determining if you are required to file a Minnesota return.

If your 2011 Minnesota source gross income is less than \$9,500 and you are allowed a Minnesota income tax withholding credit (see line 14), file Form M1 and Schedule M1NR to receive a refund.

Although Minnesota source gross income determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 24 and 25 were used to determine your share of the fiduciary's Minnesota taxable income. You may need to refer to these amounts when you file your home state's income tax return.

If you elected for the fiduciary to pay composite tax, you are not required to file Form M1.

Line 24. This is your Minnesota source distributive income from this fiduciary.

Line 25. If you elected, the composite tax the fiduciary paid on your behalf equals 7.85 percent of your Minnesota taxable income on line 25, minus your share of any credits on lines 16–18. You are not required to file Form M1.

Questions?

Call the department at **651-556-3075**.

TTY users, call Minnesota Relay at 711.

Information is available in other formats upon request for persons with disabilities.

Need forms?

You may download forms and other tax-related information from our website at **www.taxes.state.mn.us**.