

Schedule KF, Beneficiary's Share of Minnesota Taxable Income 2014

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 _____, 2014 and ending _____

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 1–22 the same for all resident and nonresident beneficiaries. Calculate lines 23–29 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

Additions to income**Beneficiary: Include on:**

- | | | |
|--|---|---------------------------|
| 1 State and municipal bond interest from outside Minnesota | 1 <input type="text"/> | Line 3, Schedule M1M |
| 2 State income tax | 2 <input type="text"/> | Line 7, 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 <input type="text"/> | Line 9, Schedule M1M |
| 4 80 percent of the suspended loss from 2001–2005 or 2008–2013 that was generated by bonus depreciation. | 4 <input type="text"/> | See inst for line 11, M1M |
| 5 80 percent of federal bonus depreciation addition | 5 <input type="text"/> | Line 5, Schedule M1M |
| 6 Fines, fees and penalties deducted federally as a trade or business expense | 6 <input type="text"/> | Line 10, Schedule M1M |
| 7 This line intentionally left blank | <input type="text"/> 7a <input type="text"/> | |
| | <input type="text"/> 7b <input type="text"/> | |
| 8 Net operating loss (NOL) carryover adjustment | 8 <input type="text"/> | Line 13, Schedule M1M |
| 9 Domestic production activities deduction. | 9 <input type="text"/> | Line 8, 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 <input type="text"/> | Line 16, Schedule M1M |
| 11 State income tax refund | 11 <input type="text"/> | Line 5, Form M1 |
| 12 Federal bonus depreciation subtraction | 12 <input type="text"/> | Line 19, Schedule M1M |
| 13 Subtraction for prior addback of reacquisition of business indebtedness income included in federal taxable income | 13 <input type="text"/> | Line 34, Schedule M1M |
| 14 Subtraction for railroad maintenance expenses. | 14 <input type="text"/> | Line 35, Schedule M1M |
| 15 Job Opportunity Building Zone (JOBZ) business and investment income exemptions | 15 <input type="text"/> | Line 30, Schedule M1M |
| 16 This line intentionally left blank | <input type="text"/> 16a <input type="text"/> | |
| | <input type="text"/> 16b <input type="text"/> | |
| 17 Net operating loss (NOL) carryover adjustment | 17 <input type="text"/> | Line 33, Schedule M1M |

(continued)

All Beneficiaries



All Beneficiaries
(cont.)

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

- | | | | | |
|-----------|---|-----------|--|----------------------|
| 18 | Any Minnesota income tax withholding credit received by the fiduciary . . . | 18 | | Line 7, Schedule M1W |
| 19 | JOBZ jobs credit | 19 | | Line 3, Form M1B |
| 20 | Credit for increasing research activities | 20 | | Line 3, Form M1C |
| 21 | Greater Minnesota internship credit | 21 | | Line 4, Form M1B |
| 22 | Credit for historic structure rehabilitation (<i>enclose certificate</i>) | 22 | | Line 2, Form M1B |
| | National Park Service (NPS) project number: _____ | | | |

Nonresident
Beneficiaries Only

Nonresident beneficiaries

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

**Include on Schedule
M1NR, column B on:**

- | | | | | |
|-------------|--|-----------|--|-------------------------------------|
| 23 | Capital gain or loss on Minnesota real property | 23 | | Line 4 |
| 24 a | Business income or loss | a | | |
| b | Income from Minnesota rents, royalties, part-
nerships, S corporations, estates and trusts . . | b | | |
| c | Farm income or loss | c | | |
| | Total (<i>add lines 24a, 24b and 24c</i>) | 24 | | Line 6 |
| 25 | Interest and dividend income derived from a trade or business
(S corporations and partnerships) that is assignable to Minnesota | 25 | | Line 2 |
| 26 | Other income | 26 | | Line 8 |
| 27 | Minnesota source gross income from this fiduciary | 27 | | <i>information only (see inst.)</i> |

Composite income tax for electing nonresident beneficiaries

- | | | | | |
|-----------|---|-----------|--|-----------------------------|
| 28 | Minnesota source distributive income from this fiduciary | 28 | | <i>information only</i> |
| 29 | Minnesota composite income tax paid by fiduciary.
If the beneficiary elected composite income tax, check this box <input type="checkbox"/> | 29 | | <i>composite income tax</i> |

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.



2014 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 23–29

Lines 23–29 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 23–26. Include lines 23–26 on the corresponding lines in column B of Schedule M1NR.

Line 27. 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 2014 Minnesota source gross income is \$10,150 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NR, *Nonresidents 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 2014 Minnesota source gross income is less than \$10,150 and you are allowed a Minnesota income tax withholding credit, 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 28 and 29 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 28. This is your Minnesota source distributive income from this fiduciary.

Line 29. If you elected, the composite tax the fiduciary paid on your behalf equals 9.85 percent of your Minnesota taxable income on line 29, minus your share of any credits on lines 18–22. You are not required to file Form M1.

Questions?

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

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.revenue.state.mn.us**.