

2015 Partner's Share of Income, Credits and Modifications

Partnership: Complete and provide Schedule KPC to each corporate or partnership partner that is domiciled in another state and to any Minnesota corporate or partnership partner who has adjustments to income. For individual, estate and trust partners, use Schedule KPI instead.

Tax year beginning _____, 2015 and ending _____

Amended KPC: ☐

Filing Information

Partner's Federal ID Number	FEIN of partner ultimately taxed (see inst):	Partnership's Federal ID Number	Partnership's Minnesota ID
Partner's Name		Partnership's Name	JOBZ ID Number, if any
Mailing Address		Mailing Address	
City	State	Zip Code	City
			State
			Zip Code
Entity of Partner (check one box): <input type="checkbox"/> S Corporation <input type="checkbox"/> C Corporation <input type="checkbox"/> Exempt Organization <input type="checkbox"/> Partnership			Partner's Distributive Share: _____ %

Round amounts to the nearest dollar.

Corporate and Partnership Partners

- 1 Nonapportionable Minnesota source income **1** ■
- 2 Total nonapportionable income **2** ■
- 3 Job Opportunity Building Zone (JOBZ) business exemption **3** ■
- 4 JOBZ zone investment income (partnership partner's share) **4** ■
- 5 Partnership's minimum fee **5** ■
- 6 Interest income exempt from federal tax **6** ■
- 7 State income taxes deducted in arriving at partnership's net income **7** ■
- 8 Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) **8** ■
- 9 If the partnership elected section 179 expensing, enter the partner's flow-through section 179 expensing **for Minnesota purposes** **9** ■
- 10 100% of partner's distributive share of federal bonus depreciation **10** ■
- 11 Fines, fees and penalties deducted federally as a trade or business expense **11** ■
- 12 Addition due to federal changes not adopted by Minnesota ☐ **12a** ■
- ☐ **12b** ■
- 13 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income **13** ■
- 14 Subtraction due to federal changes not adopted by Minnesota ☐ **14a** ■
- ☐ **14b** ■

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2015 Partner’s Share of Income, Credits and Modifications (continued)

Partner’s Name	Partner’s Federal ID Number or Social Security Number
Partnership’s Name	Partnership’s Federal ID Number

Round amounts to the nearest dollar.

Corporate and Partnership Partners

15	Credit for increasing research activities	15		
16	Greater Minnesota Internship Credit	16		
17	Credit for historic structure rehabilitation and enter NPS project number:	17		
18	Employer Transit Pass Credit	18		
19	Enterprise Zone Credit	19		
20	Jobs Credit for participating in a JOBZ zone	20		
Apportionment Information (partner’s share)				
21	Apportionment MN Gross Source Income	21		
	Property	Payroll	Sales	
22	Minnesota: Property – Payroll – Sales	22		
23	Everywhere: Sales	23		

Partnership: Include this schedule and copies of federal Schedules K and K-1 with your Form M3.
Partner: Include this schedule when you file your Form M3, M4 or M8.

2015 Schedule KPC Instructions

Corporation and partnership partners' use of information provided on Schedule KPC.

Purpose of Schedule KPC

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

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

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

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

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

To file an amended return, use:

- Form M4X, *Amended Franchise Tax Return*, if you are a corporate partner;
- Form M8X, *Amended S Corporation Return*, if you are an S corporation partner; or
- Form M3X, *Amended Partnership Return*, if you are a partnership partner.

Sale of a Partnership Interest

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

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

Line Instructions

Line 1—Nonapportionable Minnesota Source Income

C corporations: Include this amount on Form M4T, line 4.

S corporations: Use this amount to help determine your Minnesota taxable income.

Partnerships: Use this amount to help determine your Minnesota taxable income.

Line 2—Total Nonapportionable Income

C corporations: Include this amount on Form M4I, line 8.

S corporations: Not applicable.

Partnerships: Pass this information through, pro rata, to any corporate or partnership partners on Schedule KPC. This line does not apply to individual, estate or trust partners.

Lines 3 and 4—JOBZ Business and Investment Income

C corporations: Lines 3 and 4 do not apply to C corporation partners.

S corporations: Pass the amounts from lines 3 and 4 through, pro rata, to shareholders on Schedule KS, line 10.

Partnerships: For your individual, estate and trust partners, pass the amounts from lines 3 and 4 through, pro rata, on Schedule KPI, line 10.

For your partnership partners, pass the amounts from lines 3 and 4 through, pro rata, on Schedule KPC, lines 3 and 4.

For your S corporation partners, pass the amount from line 3 through, pro rata, on Schedule KPC, line 3.

Lines 3 and 4 do not apply to C corporation partners.

Line 5—Partnership's Minimum Fee

C corporations: Include this amount on Form M4I, line 2a.

S corporations: Not applicable.

Partnerships: Pass this amount through, pro rata, on Schedule KPC, line 5, to your corporate and partnership partners. Line 5 does not apply to individual, estate or trust partners.

Line 6—Exempt Interest Income

C corporations: Include this amount on Form M4I, line 2c.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 1. Exclude any interest income from Minnesota state and municipal bonds.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 1, or KPC, line 6.

Line 7—State Income Tax Deducted

C corporations: Include this amount on Form M4I, line 2a.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 2.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 2, or KPC, line 7.

Line 8—Expenses Attributable to Exempt Income

C corporations: Not applicable.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 3.

Partnerships: Schedule KPI, line 3, or KPC, line 8.

Line 9—Section 179 Expensing

C corporations: Include this amount on the appropriate line in the worksheet for Form M4I, line 2i. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 4.

Partnerships: Schedule KPI, line 4 or KPC, line 9.

Line 10—Federal Bonus Depreciation

C corporations: Include this amount on Form M4I, line 2g. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 5.

Partnerships: Schedule KPI, line 5, or KPC, line 10.

2015 Schedule KPC Instructions (continued)

Line 11—Fines, Fees and Penalties

C corporations: Include this amount on Form M4I, line 2j. Enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 7.

Partnerships: Schedule KPI, line 6, or KPC, line 11.

Line 13—Net Interests on U.S. Bonds

C corporations: Not applicable

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 9.

Partnerships: Schedule KPI, line 8, or KPC, line 13.

Line 15—Research Credit

C corporations: Include this amount on Schedule RD, line 30. Enclose a copy of this schedule with Form M4.

S corporations: Schedule KS, line 11.

Partnerships: Schedule KPI, line 11, or KPC, line 15.

Line 16—Greater Minnesota Internship Credit

C corporations: Include this amount on Form M4, line 7. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Pass this information through, pro rata, to shareholders on Schedule KS, line 12.

Partnerships: Pass this information through, pro rata, to partners on Schedule KPI, line 12, or KPC, line 16.

Line 17—Historic Structure Rehabilitation Credit

C corporations: Include this amount and the NPS project number on Form M4, line 6. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Schedule KS, line 13 and include the NPS project number.

Partnerships: Schedule KPI, line 13 or KPC, line 17 and include the NPS project number.

Line 18—Employer Transit Pass

C corporations: Include this amount on Form M4T, line 21. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Schedule KS, line 14. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.

Partnerships: Schedule KPI, line 14 or KPC, line 17. Be sure to enclose a copy of this schedule even if you are passing the credit through to your partners.

Line 19—Enterprise Zone Credit

C corporations: Include this amount on Form M4, line 4. Be sure to enclose a copy of this schedule with Form M4.

S corporations: Schedule KS, line 15. You must enclose a copy of this schedule even if you are passing the credit through to your shareholders.

Partnerships: Schedule KPI, line 15 or KPC, line 19. You must enclose a copy of this schedule even if you are passing the credit through to your partners.

Lines 20—Jobs Credit for Participating in a JOBZ Zone

C corporations: Include this amount on Form M4, line 5, and enclose a copy of this schedule when you file your return.

S corporations: Include this amount on Form M8, line 11, or if you are passing it through to your shareholders, enter the shareholder's pro rata share on Schedule KS, line 16. You must enclose a copy of this schedule with your Form M8, even if you are passing the credit through to your shareholders.

Partnerships: Schedule KPI, line 16 or KPC, line 20. Be sure to enclose a copy of this schedule when you file your return even if you are passing the credit through to your partners.

Apportionment Factors

Line 21 - Minnesota Sourced Gross Income

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

Minnesota sourced gross income is the total of the amounts apportioned to Minnesota that are included on lines 3, 4, 6 and 7 (other than losses) of federal Form 1065; lines 18a, 19 and 20 (other than losses) of federal Form 8825; line 9 of Schedule F; lines 3a, 5, 6a, 7, 8, 9a, 10 and 11 of Schedule K (Form 1065); plus Minnesota sourced gross income from other partnerships which the entity may be a partner. The apportionment factors are used to determine the Minnesota apportioned income.

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

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