

# 2015 Partner's Share of Income, Credits and Modifications

**Partnership:** Complete and provide Schedule KPI to each nonresident individual, estate or trust partner and any Minnesota individual, estate or trust partner who has adjustments to income. For corporate and partnership partners, use Schedule KPC instead.

Tax year beginning \_\_\_\_\_, 2015 and ending \_\_\_\_\_

Amended KPI: ☐

Filing Information

Partner's Federal ID or SSN Number	FEIN/SSN of partner ultimately taxed (see inst):	Partnership's Federal ID Number	Partnership's Minnesota Tax 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): ☐ Individual ☐ Trust ☐ Estate Partner's distributive share:  %

Calculate lines 1–20 the same for all resident and nonresident partners. Calculate lines 21–37 for nonresident partners only. Round amounts to the nearest whole dollar.

## Individual, Estate and Trust Partners

**Form M1 Filers:**  
Include on:

- 1 Interest income from non-Minnesota state and municipal bonds . . . . . **1** ■ M1M, line 4
- 2 State income tax deducted in arriving at ordinary or net rental income . . **2** ■ M1M, line 7
- 3 Expenses deducted attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) . . . . . **3** ■ M1M, line 9
- 4 If the partnership elected section 179 expensing, enter the partner's flow-through section 179 expensing **for Minnesota purposes** . . . . . **4** ■ M1M, see line 6 inst
- 5 100% of partner's distributive share of federal bonus depreciation . . . . . **5** ■ M1M, see line 5 inst
- 6 Fines, fees and penalties deducted federally as a trade or business expense . . . . . **6** ■ M1M, line 10
- 7 Addition due to federal changes not adopted by Minnesota . . .  . . . **7a** ■  
 . . . **7b** ■
- 8 Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income . . . . **8** ■ M1M, line 16
- 9 Job Opportunity Building Zone (JOBZ) business and investment income exemptions . . . . . **9** ■ M1M, line 30
- 10 Subtraction due to federal changes not adopted by Minnesota . .  . . . **10 a** ■  
 . . . **10 b** ■
- 11 Credit for increasing research activities . . . . . **11** ■ M1C, line 3
- 12 Greater Minnesota Internship Credit . . . . . **12** ■ M1B, line 4
- 13 Credit for historic structure rehabilitation and enter NPS project number: . . .  . . . **13** ■ M1B, line 2

All Individual, Estate and Trust Partners

## 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

All Partners (continued)	<b>14</b> Employer Transit Pass Credit . . . . . <b>14</b> ■	M1C, line 4
	<b>15</b> Enterprise Zone Credit . . . . . <b>15</b> ■	M1B, line 5
	<b>16</b> Jobs Credit for participating in a JOBZ zone . . . . . <b>16</b> ■	M1B, line 3
Nonresident Partners	<b>Relating to Alternative Minimum Tax</b>	
	<b>17</b> Intangible drilling costs . . . . . <b>17</b> ■	Use lines 17–20 to compute M1MT, lines 6 and 7. See M1MT instructions for details.
	<b>18</b> Gross income from oil, gas and geothermal properties . . . . . <b>18</b> ■	
	<b>19</b> Deductions allocable to oil, gas and geothermal properties . . . . . <b>19</b> ■	
	<b>20</b> Depletion . . . . . <b>20</b> ■	
	<b>Minnesota Portion of Amounts From Federal Schedule K-1 (1065)</b>	
	<b>21</b> Minnesota source gross income . . . . . <b>21</b> ■	info only (see inst.)
	<b>22</b> Ordinary Minnesota source income (loss) from trade or business activities . . . . . <b>22</b> ■	M1NR, line 6, col B
	<b>23</b> Income (loss) from Minnesota rental real estate . . . . . <b>23</b> ■	M1NR, line 6, col B
	<b>24</b> Other net income (loss) from Minnesota rental activities . . . . . <b>24</b> ■	M1NR, line 6, col B
	<b>25</b> Guaranteed payments . . . . . <b>25</b> ■	M1NR, line 6, col B
	<b>26</b> Interest income . . . . . <b>26</b> ■	M1NR, line 2, col B
	<b>27</b> Ordinary dividends . . . . . <b>27</b> ■	M1NR, line 2, col B
	<b>28</b> Royalties . . . . . <b>28</b> ■	M1NR, line 6, col B
	<b>29</b> Net Minnesota short-term capital gain (loss) . . . . . <b>29</b> ■	M1NR, line 4, col B
	<b>30</b> Net Minnesota long-term capital gain (loss) . . . . . <b>30</b> ■	M1NR, line 4, col B
	<b>31</b> Section 1231 Minnesota net gain (loss) . . . . . <b>31</b> ■	M1NR, line 4 or 8, col B
	<b>32</b> Other Minnesota income (loss). (Describe type of income or include separate sheet: _____) . . . . . <b>32</b> ■	M1NR, line 8, col B
	<b>33</b> Section 179 expense deduction apportionable to Minnesota . . . . . <b>33</b> ■	M1NR inst, line 6, col B
	<b>34</b> Partnership's Minnesota apportionment factor (line 5, column C of M3A). . . . . <b>34</b> ■	information only

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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

Nonresident Partners	<b>Nonresident Individual Partners Only:</b> <b>Composite Income Tax or Nonresident Withholding</b>	<b>Form M1 Filers:</b> <b>Include on:</b>
	35 Minnesota source distributive income (see instructions) .....35■	If an amount is on line 37 below, include line 35 on M1W, line 7, col. B.
	36 Minnesota composite income tax paid by partnership. If the partner elected composite income tax, check this box: <input type="checkbox"/> .....36■	composite income tax
	37 Minnesota income tax withheld for nonresident individual partner not electing to file composite income tax. If the partner completed and signed a Form AWC, check this box: <input type="checkbox"/> .....37■	M1W, line 7, col C

**Partnership:** Include this schedule and copies of federal Schedules K and K-1 with your Form M3.  
**Partner:** Include this schedule with your Form M1 (individuals) or Form M2 (estates and trusts).

# MINNESOTA • REVENUE

## 2015 Schedule KPI Instructions

### Individual, estate and trust partner's use of information provided on Schedule KPI

#### Purpose of Schedule KPI

Schedule KPI is a supplemental schedule provided by the partnership to its individual, estate or trust partners.

The partners will need this information to complete a Minnesota Form M1, *Individual Income Tax Return*, or Form M2, *Income Tax Return for Estates and Trusts*.

A partner who is a Minnesota resident will be taxed by Minnesota on all of his or her distributive income from the partnership even if the income is apportioned between Minnesota and other states. A nonresident partner will be taxed on the Minnesota distributive income from the partnership.

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

**You must include Schedule KPI when you file your Form M1.** If you do not include the schedule with your return as required, the department will disallow any credits and assess the tax or reduce your refund.

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

*Individuals:* Use Form M1X, *Amended Minnesota Income Tax Return*, for the year you are amending.

*Estates and trusts:* You must use the current version of Form M2X, *Amended Income Tax Return for Estates and Trusts*, regardless of the year you are amending.

#### Line Instructions

*Individuals:* Include amounts as shown on Schedule KPI. For additional information, read the appropriate line instructions.

*Estates and trusts:* Include the amounts from Schedule KPI:

on Form M2:

line 1	.....	line 25
line 2	.....	line 26
line 3	.....	line 27
line 4	.....	does not apply
line 5	.....	line 29
line 6	.....	line 30
line 7	.....	does not apply
line 8	.....	line 35
line 9	.....	line 38
line 10	.....	does not apply
line 11	.....	line 15e

*Estates and trusts (continued):* Include the amounts from

Schedule KPI:

on Form M2:

line 12	.....	line 15d
line 13	.....	line 15d
line 14	.....	line 15e
line 15	.....	line 15d
line 16	.....	line 15c
lines 17–20	.....	see M2MT
lines 21–33	.....	see inst. on this page
line 34	.....	information
lines 35–36	.....	do not apply
line 37	.....	line 15b

Please see M2 instructions for any amounts referring to line 15e.

#### Line 11 — Increasing Research Activities Credit

*Individuals:* Include in the total on line 3 of Schedule M1C. To claim this credit, you *must* include this schedule with Form M1.

#### Line 12 — Greater Minnesota Internship Credit

*Individuals:* Include in the total on line 4 of Schedule M1B. To claim this credit, you *must* include this schedule with Form M1.

#### Line 13 — Historic Structure Rehabilitation Credit

*Individuals:* Include in the total on line 2 of Schedule M1B and enter the NPS project number in the space provided. To claim this credit, you *must* include this schedule with Form M1.

#### Line 14 — Employer Transit Pass Credit

*Individuals:* Include in the total on line 4 of Schedule M1C. To claim this credit, you *must* include this schedule with Form M1.

#### Line 15 — Enterprise Zone Credit

*Individuals:* Include in the total on line 5 of Schedule M1B. To claim this credit, you *must* include this schedule with your Form M1.

#### Line 16 — JOBZ Jobs Credit

*Individuals:* Include in the total on line 3 of Schedule M1B. To claim this credit, you *must* include this schedule with Form M1.

#### Line 21 — Minnesota Source Gross Income

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

*Nonresident individuals:* If your 2015 Minnesota source gross income is \$10,300 or more and you did not elect composite filing, you are required to file Form M1 and Schedule M1NR, *Nonresidents/Part-Year Residents*.

If your 2015 Minnesota source gross income is less than \$10,300 and you had Minnesota tax withheld (see line 37), file Form M1 and Schedule M1NR to receive a refund.

*Estates and trusts:* You are required to file Form M2 and pay tax if the Minnesota gross income is \$600 or more.

#### Lines 22–33

Lines 22–33 apply to nonresident partners. 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 (if an individual) or federal taxable income (if an estate or trust) 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 (individuals) or federal taxable income (estates or trusts).

*Nonresident individuals:* Include lines 22–33 on the corresponding lines in column B of Schedule M1NR.

*Estates and trusts:* Lines 22–33 are used to determine the partnership's Minnesota sourced income and non-Minnesota sourced income to include on lines 2 and 7 of Form M2. To determine the non-Minnesota losses and income, subtract the amounts on lines 22–33 from the corresponding amounts on Schedule K-1.

#### Lines 35–37

*Nonresident individuals:* Although Minnesota source gross income (line 21) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Lines 35–37 were used to determine your share of the partnership's Minnesota source distributive income. You may need to refer to these amounts when you file your home state's income tax return.

If you are required to pay Minnesota tax on your Minnesota source distributive income, the partnership is required to withhold tax,

*Continued*

## 2015 Schedule KPI Instructions *(continued)*

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unless you elect to have the partnership pay composite tax to Minnesota on your behalf. If you elected for the partnership to pay composite tax, you are not required to file Form M1.

**Line 35.** Your Minnesota source distributive income is considered your Minnesota taxable income from this partnership.

**Line 36.** If you elected, the composite tax paid on your behalf equals 9.85 percent of your Minnesota taxable income (line 35), minus your share of any credits on lines 12, 13, 15, and 16.

You are not required to file an individual Minnesota return (Form M1).

**Line 37.** If you did not elect composite income tax, the partnership may be required to withhold tax from your Minnesota source distributive income. The amount

withheld equals 9.85 percent of your Minnesota taxable income (line 35), minus your share of any credits on lines 12, 13, 15, and 16.

To claim nonresident withholding when you file your Form M1, you must enclose this schedule showing Minnesota tax was withheld.

### **Sale of a Partnership Interest**

If you sell any portion of your interest in a partnership, some or all of the gain may be taxable. Or you can use any loss on the sale to offset other Minnesota income to the extent the losses are deducted on your federal return.

To determine the ratio of gain or loss that is assigned to Minnesota at the time of the sale, divide the original cost of the partnership's tangible property *in Minnesota* by the

original cost of all tangible property of the partnership. (Tangible property includes real estate, inventory and equipment.) 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. Include the result on Schedule M1NR, line 4, column B.