

2009 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 _____, 2009 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 _____	
Address of beneficiary _____		Address of fiduciary _____	
City _____	State _____	Zip code _____	City _____
			State _____
			Zip code _____

Calculate lines 1–14 the same for all resident and nonresident beneficiaries. Calculate lines 15–21 for nonresident beneficiaries only. Round amounts to the nearest whole dollar.

All beneficiaries

Additions to income

1 State and municipal bond interest from outside Minnesota	1		Beneficiary: Include on:
2 State income tax	2		Line 1, 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 2, Form M1
4 80 percent of the suspended loss from 2001–2005 or 2008 that was generated by bonus depreciation	4		Line 9, Schedule M1M
5 Federal tax-exempt subsidies paid to employers for providing prescription drug coverage for their retirees	5		See inst for line 12, M1M
6 80 percent of federal bonus depreciation addition	6		Line 10, Schedule M1M
7 Fines, fees and penalties deducted federally as a trade or business expense	7		Line 3, Schedule M1M
8 Discharge of indebtedness from reacquisition of business debt	8		Line 11, Schedule M1M
			Line 13, Schedule M1M

Subtractions from income

9 Interest on U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income	9		Line 6, Form M1
10 State income tax refund	10		Line 5, Form M1
11 Subtraction for federal bonus depreciation	11		Line 18, Schedule M1M
12 Job Opportunity Building Zone (JOBZ) business and investment income exemptions	12		Line 29, Schedule M1M

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

13 Any Minnesota income tax withholding credit received by the fiduciary	13		Include on:
14 JOBZ jobs credit	14		Line 3, Schedule M1W
			Line 31, Form M1

Nonresident beneficiaries

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

15 Capital gain or loss on Minnesota real property	15		Include on Schedule M1NR, column B on:
16 a Business income or loss	16		Line 4
b Income from Minnesota rents, royalties, partnerships, S corporations, estates and trusts	b		
c Farm income or loss	c		
Total (add lines 16a, 16b and 16c)	16		Line 6
17 Interest and dividend income derived from a trade or business (S corporations and partnerships) that is assignable to Minnesota	17		Line 2
18 Other income	18		Line 8
19 Minnesota source gross income from this fiduciary	19		information only (see inst.)
Composite income tax for electing nonresident beneficiaries			
20 Minnesota source distributive income from this fiduciary	20		information only
21 Minnesota composite income tax paid by fiduciary. If the beneficiary elected composite income tax, check this box <input type="checkbox"/>	21		composite income tax

Nonresident beneficiaries only

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

2009 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 15–21

Lines 15–21 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 15–18. Include lines 15–18 on the corresponding lines in column B of Schedule M1NR.

Line 19. 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 2009 Minnesota source gross income is \$9,350 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 2009 Minnesota source gross income is less than \$9,350 and you are allowed a Minnesota income tax withholding credit (see line 13), 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 20 and 21 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 20. This is your Minnesota source distributive income from this fiduciary.

Line 21. If you elected, the composite tax the fiduciary paid on your behalf equals 7.85 percent of your Minnesota taxable income on line 20, minus your share of any credits on lines 13 and 14. 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**.