



Beneficiary's Share of Minnesota Taxable Income 2004

Fiduciary: Complete and provide Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income. Round amounts to the nearest whole dollar. Include copies of all Schedules KF and federal Schedules K-1 with your Form M2.

For calendar year 2004 or fiscal year beginning _____, 2004 and ending _____

Filing information	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 _____		

Adjustments to income	Additions to income	Beneficiary: Include on:
	1 State and municipal bond interest from outside Minnesota 1 _____	... Line 1, Schedule M1M
	2 State income tax deducted on federal return 2 _____	... Line 2, Form M1
	3 80 percent of federal bonus depreciation addition 3 _____	... Line 3, Form M1
	4 Expenses deducted on federal return that are attributable to exempt income, such as U.S. government bond interest 4 _____	... Line 3, Schedule M1M
	Subtractions from income	
	5 Interest on U.S. government bond obligations 5 _____	... Line 7, Form M1
	6 State income tax refund included on federal return 6 _____	... Line 6, Form M1
7 Subtraction for federal bonus depreciation added back to Minnesota taxable income in 2001, 2002 and/or 2003 7 _____	... Line 10, Form M1	
8 Job Opportunity Building Zone (JOBZ) business and investment income exemptions 8 _____	... Line 11, Form M1	

Minnesota nonresidents	Nonresident beneficiary's Minnesota source income from federal Schedule K-1	Include on Schedule M1NR, column B on:
	9 Capital gain or loss on Minnesota real property 9 _____	... Line 4
	10 a Business income or loss a _____	
	b Income from Minnesota rents, royalties, partnerships, S corporations, estates and trusts . b _____	
	c Farm income or loss c _____	
Total (add lines 10a, 10b and 10c) 10 _____	... Line 6	
11 Other income 11 _____	... Line 8	
12 Minnesota source gross income from this fiduciary (see instructions). Add lines 9, 10 and 11 12 _____	... information only	

Credits	Credits (you must enclose this schedule with your Form M1 if claiming a credit)	Include on:
	13 Any Minnesota income tax withholding credit received by the fiduciary 13 _____	Line 3, Schedule M1W
	14 JOBZ jobs credit 14 _____	Line 34, Form M1

Beneficiary: See instructions on back. Include this schedule when you file your Form M1.

Fiduciary's instructions for completing Schedule KF for 2004

Instructions for fiduciary

Fiduciaries must complete and provide a Schedule KF to each nonresident beneficiary with Minnesota source income and any Minnesota beneficiary who has adjustments to income.

The purpose of Schedule KF is to provide individual beneficiaries with the information they need to file a *Minnesota Individual Income Tax Return*, Form M1.

A beneficiary who is a Minnesota resident must report all income from the trust or estate. A nonresident beneficiary must report income which is assignable to Minnesota.

Be sure to include copies of all Schedules KF and federal Schedules K-1 with your Form M2.

Line instructions

Round amounts to the nearest whole dollar.

Lines 1–7

If all or part of the fiduciary's income is distributed, then any adjustment shown on lines 23–26 and lines 29–33 of Form M2 is passed through to the beneficiary(s) in proportion to their share of distributable net income.

From line 35 of Form M2, enter the adjustments to income allocated to each beneficiary.

Lines 9–11

Lines 9, 10 and 11 relate to the nonresident beneficiary's share of income assignable to Minnesota.

On line 11, only include other income assignable to Minnesota. For example, include other income from services performed in Minnesota, but do *not* include interest, dividends or distribution from a pension plan.

Information for the beneficiary

The fiduciary listed on the front has completed and provided you with this schedule. The schedule reflects your specific share of the fiduciary's Minnesota taxable income. You will 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.

Line 12

Nonresident individuals: You are required to file Form M1 and Schedule M1NR, *Nonresidents and Part-Year Residents*, and pay the tax due if line 12 of your Schedule KF—or the total of your 2004 Minnesota source gross income passed through to you from all fiduciaries, partnerships and S corporations—is \$7,950 or more.

Questions?

Call the department at **651-296-3475**. TTY users, call Minnesota Relay at 711.

If you need information in an alternative format (such as large print or cassette tape), we will provide it.

Need forms?

You may:

- Download forms and other tax-related information from our website:

www.taxes.state.mn.us

- Request forms to be faxed to you by calling 651-556-5209.