

2013 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 21–27

Lines 21-27 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 21-24. Include lines 21-24 on the corresponding lines in column B of Schedule M1NR.

Line 25. 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 2013 Minnesota source gross income is \$10,000 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 2013 Minnesota source gross income is less than \$10,000 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 26 and 27 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 26. This is your Minnesota source distributive income from this fiduciary.

Line 27. If you elected, the composite tax the fiduciary paid on your behalf equals 9.85 percent of your Minnesota taxable income on line 27, minus your share of any credits on lines 18–20. 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.revenue.state.mn.us**.