

2021 Schedule KSNC Instructions

Shareholder's use of information provided on Schedule KSNC

Purpose of Schedule KSNC

Schedule KSNC is a supplemental schedule provided by the S corporation to its shareholders. The shareholders need this information to complete one of the following:

- *Minnesota Schedule M1NC* if you are an individual shareholder.
- *Minnesota Schedule M2NC* if you are a trust or estate shareholder.
- *Minnesota Schedule M2SBNC* if you are an electing small business trust shareholder.

These instructions are intended to help you report your share of the S corporation's nonconformity adjustments on your Minnesota return.

You must include Schedule KSNC when you file your Minnesota return. If you do not include the schedule with your return as required, your return processing will be delayed.

If you receive an amended Schedule KSNC from the S corporation and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use one of the following:

- *Form MIX, Amended Minnesota Income Tax Return*, if you are an individual shareholder.
- *Form M2X, Amended Income Tax Return for Estate and Trust*, if you are a trust or estate shareholder.

Line Instructions

Line 1 – Exclusion for Certain Employer Payments of Student Loans (CARES Act Sec. 2206; TCDTR20 Sec. 120; ARPA Sec. 9675)

Individuals: Include this amount on Schedule M1NC, line 10.

Trusts and Estates: Include this amount on Schedule M2NC, line 1.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 1.

Line 2 – Employee Retention Credit (CARES Act Sec.2301; TCDTR20 Sec. 206 and 207; ARPA Sec. 9651)

Individuals: Include this amount on Schedule M1NC, line 11.

Trusts and Estates: Include this amount on Schedule M2NC, line 2.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 2.

Line 3 – IRC Section 461 Nonbusiness Income

Individuals: Include this amount on Schedule M1LOSS, line 11.

Trusts and Estates: Use this amount when calculating Schedule M2NC, line 4.

Electing Small Business Trust: Use this amount when calculating Schedule M2SBNC, line 4.

Line 4 - IRC Section 461 Net Nonbusiness Loss

Individuals: Include this amount as a positive number on Schedule M1LOSS, line 14.

Trusts and Estates: Use this amount when calculating Schedule M2NC, line 4.

Electing Small Business Trust: Use this amount when calculating Schedule M2SBNC, line 4.

Line 5 – Modification of Business Interest Limitation (CARES Act Sec. 2306)

Individuals: Include this amount on Schedule M1NC, line 16.

Trusts and Estates: Include this amount on Schedule M2NC, line 5.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 5.

Line 6 – Qualified Improvement Property Technical Fix (CARES Act Sec. 2307)

Individuals: Include this amount on Schedule M1NC, line 17.

Trusts and Estates: Include this amount on Schedule M2NC, line 6.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 6.

Line 7 – Employer Credit for Paid Medical Leave and Employer Payroll Credit for Required Paid Family Leave (FFCRA Sec. 7001, 7003; ARPA Sec. 9641)

Individuals: Include this amount on Schedule M1NC, line 18.

Trusts and Estates: Include this amount on Schedule M2NC, line 7.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 7.

Line 8 – TCDTR and TCDTR20 Basis and Depreciation Provisions (TCDTR Sec. 114, 115, 118; TCDTR20 Sec. 102, 115, 116, 138)

Individuals: Include this amount on Schedule M1NC, line 19.

Trusts and Estates: Include this amount on Schedule M2NC, line 8.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 8.

2021 Schedule KSNC Instructions *(continued)*

Line 9 – TCDTR and TCDTR20 Credit Provisions Impacting Basis and Depreciation (TCDTR Sec. 112, 122, 124, 125, 126, 129; TCDTR20 Sec. 106, 140, 142, 143, 144, 146)

Individuals: Include this amount on Schedule M1NC, line 20.

Trusts and Estates: Include this amount on Schedule M2NC, line 9.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 9.

Line 10 – TCDTR Credit Provisions Impacting Business Expenses (TCDTR Sec. 111, 113)

Individuals: Include this amount on Schedule M1NC, line 21.

Trusts and Estates: Include this amount on Schedule M2NC, line 10.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 10.

Line 11 – Look-Through Rule for Related Controlled Foreign Corporations (TCDTR Sec. 145)

Individuals: Include this amount on Schedule M1NC, line 15.

Trusts and Estates: Include this amount on Schedule M2NC, line 11.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 11.

Line 12 – Employee Retention Credit for Employers Affected by Qualified Disasters (TCDTR Sec. 203; TCDTR20 Sec. 303)

Individuals: Include this amount on Schedule M1NC, line 12.

Trusts and Estates: Include this amount on Schedule M2NC, line 12.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 12.

Line 13 - TCDTR20 Basis and Depreciation Provisions (TCDTR20 Sec. 201, 202, 203, and 204)

Individuals: Include this amount on Schedule M1NC, line 23.

Trusts and Estates: Include this amount on Schedule M2NC, line 13.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 13.

Line 14 - Restaurant Revitalization Grants (ARPA Sec. 9673)

Individuals: Include this amount on Schedule M1NC, line 24.

Trusts and Estates: Include this amount on Schedule M2NC, line 14.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 14.

Line 15 - Temporary Allowance of Full Deduction for Business Meals (TCDTR20 Sec. 210)

Individuals: Include this amount on Schedule M1NC, line 25.

Trusts and Estates: Include this amount on Schedule M2NC, line 15.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 15.

Lines 16 Through 30

These lines are intentionally left blank.

Line 31 – Other Adjustments to Federal Taxable Income

Individuals: Include this amount on Schedule M1NC, line 22.

Trusts and Estates: Include this amount on Schedule M2NC, line 31.

Electing Small Business Trust: Include this amount on Schedule M2SBNC, line 31.

Line 32 – Total

If the total on this line is a positive number, enter it on Schedule KS, line 8. If the total on this line is a negative, enter it as a positive number on Schedule KS, line 18.