

# 2021 Schedule KPCNC Instructions

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Corporate or partnership partner's use of information provided on Schedule KPCNC

## Purpose of Schedule KPCNC

Schedule KPCNC is a supplemental schedule provided by the partnership to its corporate or partnership partners. The partners need this information to complete one of the following:

- *Minnesota Schedule M4NC* if you are a C corporation partner
- *Minnesota Schedule KSNC* if you are an S corporation partner flowing income to shareholders
- *Minnesota Schedule KPINC* or *Schedule KPCNC* if you are a partnership partner flowing income to partners

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

**You must include Schedule KPCNC 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 KPCNC** from the partnership and your nonconformity adjustments have changed, you must file an amended Minnesota return.

To amend your return, use one of the following:

- *Form M4X, Amended Franchise Tax Return*, if you are a corporate partner
- *Form M8X, Amended S Corporation Return*, if you are an S corporation partner
- *Form M3X, Amended Partnership Return*, if you are a partnership partner

## Line Instructions

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

*C Corporations:* Include this amount on Schedule M4NC, line 3.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 1.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 1 or Schedule KPCNC, line 1.

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

*C Corporations:* Include this amount on Schedule M4NC, line 4.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 2.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 2 or Schedule KPCNC, line 2.

### **Line 3 – IRC Section 461 Nonbusiness Income**

*C Corporations:* Does not apply.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 3.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 3 or Schedule KPCNC, line 3.

### **Line 4 - IRC Section 461 Net Nonbusiness Loss**

*C Corporations:* Does not apply.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 4.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 4 or Schedule KPCNC, line 4.

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

*C Corporations:* Include this amount in the calculation of Schedule M4NC, line 5 or Form M4I, line 1b.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 5.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 5 or Schedule KPCNC, line 5.

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

*C Corporations:* Include this amount on Schedule M4NC, line 6.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 6.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 6 or Schedule KPCNC, 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)**

*C Corporations:* Include this amount on Schedule M4NC, line 7.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 7.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 7 or Schedule KPCNC, line 7.

## 2021 Schedule KPCNC Instructions (continued)

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

*C Corporations:* Include this amount on Schedule M4NC, line 8.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 8.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 8 or Schedule KPCNC, line 8.

### **Line 9 – TCDTR and TCDTR2 Credit Provisions Impacting Basis and Depreciation (TCDTR Sec. 112, 122, 124, 125, 126, 129, TCDTR20 Sec. 106, 140, 142, 143, 144, 146)**

*C Corporations:* Include this amount on Schedule M4NC, line 9.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 9.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 9 or Schedule KPCNC, line 9.

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

*C Corporations:* Include this amount on Schedule M4NC, line 10.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 10.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 10 or Schedule KPCNC, line 10.

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

*C Corporations:* Include this amount on Schedule M4NC, line 11.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 11.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 11 or Schedule KPCNC, line 11.

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

*C Corporations:* Include this amount on Schedule M4NC, line 12.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 12.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 12 or Schedule KPCNC, line 12.

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

*C Corporations:* Include this amount on Schedule M4NC, line 14.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 13.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 13, or Schedule KPCNC, line 13.

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

*C Corporations:* Include this amount on Schedule M4NC, line 15.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 14.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 14, or Schedule KPCNC, line 14.

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

*C Corporations:* Include this amount on Schedule M4NC, line 16.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 15.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 15, or Schedule KPCNC, line 15.

### **Lines 16 Through 30**

These lines are intentionally left blank.

### **Line 31 – Other Adjustments to Federal Taxable Income**

*C Corporations:* Include this amount on Schedule M4NC, line 32.

*S Corporations:* Pass this information through, pro rata, to shareholders on Schedule KSNC, line 31.

*Partnerships:* Pass this information through, pro rata, to partners on Schedule KPINC, line 31 or Schedule KPCNC, line 31.

### **Line 32 – Total**

Enter the total of lines 1 through 31.