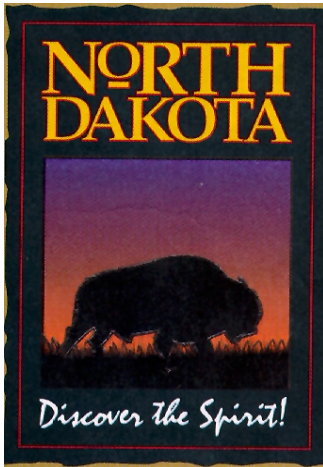


# NORTH DAKOTA CORPORATION INCOME TAX BOOKLET



## ***A Message From Tax Commissioner Rick Clayburgh . . .***

This booklet contains your:

- 1999 North Dakota Corporation Income Tax Return, Form 40
- 1999 Underpayment of Estimated North Dakota Income Tax by Corporations, Form 40-UT
- 2000 North Dakota Estimated Income Tax for Corporations, Form 40-ES.

As you prepare your North Dakota income tax return, consider the following:

- ***Who Must File***  
Corporations engaged in business in or having sources of income from North Dakota must complete and file Form 40.
- ***Use The Label***  
Please use the attached peel-off address label on your return. Use of the label allows more efficient processing of your tax return. If there is a need to make a correction, make the correction on the label.
- ***Additional Assistance***  
If you have questions in completing your return, please refer to the inside cover page for taxpayer assistance information.
- ***Internet Address***  
You may also obtain North Dakota tax forms, send messages, and find additional information on the Office of State Tax Commissioner's home page. The internet address is: <http://www.state.nd.us/taxdpt>.

Sincerely,

RICK CLAYBURGH  
TAX COMMISSIONER

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**PLEASE REMOVE LABEL AND ATTACH TO RETURN**

# Wrap-up of 1999 legislation

## House Bill 1106

### Technical corrections

This bill made two technical corrections to North Dakota income tax law—(1) Obsolete references to the Myron G. Nelson Fund, Inc., were removed; and, (2) Language referencing a federal offer-in-compromise was corrected.

Effective: August 1, 1999

## House Bill 1492

### Renaissance zones

This bill authorized a city to apply to the North Dakota Division of Community Services to designate a portion of the city as a “renaissance zone,” the purpose of which is to promote development and improvement of residential and commercial properties in the zone.

A number of income and property tax exemptions are provided as incentives to purchase or lease commercial property as part of an approved project in a zone. Also, two tax credits are provided for corporation income tax purposes as investment incentives—one for investing in a renaissance fund corporation established by a city to raise funds to finance projects in the zone, and another for investing in the preservation or renovation of historic property in the zone.

Effective: Generally, taxable years beginning after December 31, 1998. Investments for the historic renovation and preservation credit must be made between January 1, 2000, and December 31, 2004. Investments or activities occurring before January 1, 1999, are not eligible for tax benefits.

## Senate Bill 2155

### Corporate officer liability

This bill changed the tobacco, income, sales, use, motor vehicle fuels, and special fuels tax provi-

sions covering the personal liability of corporate officers and LLC governors and managers.

In addition to making the law uniform for all of these taxes, it provided that a cash deposit may be made, or a bond or undertaking executed by a surety company may be posted, in lieu of the officers or governors and managers being personally liable. A corporation or LLC interested in making this election must contact the Office of State Tax Commissioner for information and procedures.

Effective: August 1, 1999.

## Senate Bill 2102

### Equalization of interest rates

Senate Bill 2102 equalized the interest rates on assessments and refunds by changing the interest rate on refunds from 10% per year to 1% per month or a fraction of a month.

This bill was introduced at the request of the Office of State Tax Commissioner to replace portions of legislation passed in 1997 (S.L. 1997, ch. 493, House Bill 1332). This change does not affect assessments and refunds for taxable years beginning before January 1, 1998.

Interest on a refund arising from an amended return (filed for other than a net operating loss or capital loss carryback) starts accruing in the month following the due date (without extension) of the original return.

The legislation also changed the law covering interest on assessments to provide that if an assessment is made for a taxable year for which an overpayment of estimated tax was refunded, interest on the portion of the assessment equal to or less than the refund begins to accrue from the date the refund was issued.

Effective: Retroactive to taxable years beginning after December 31, 1997.

## NEW FOR 1999!

### • Extension of time for filing

The *time period* of a federal extension will be honored, instead of the due date. For example, a calendar year corporation must file on or before April 15 following the close of the calendar year. The corporation requests a federal six-month extension of time to file. The North Dakota return will be due October 15 (six months following the due date of the state return).

### • Net operating loss

The election to forego the carry back of a state net operating loss has been moved from the first page of Form 40 to question 10 on page 2. *Failure to make the state election requires the net operating loss to be carried back.*

### • Tax credits

All available tax credits have been moved to Schedule TC, Form 40, page 4.

### • Renaming of schedules

The supporting schedules have been renamed for ease of identification.

### • Renaissance Zone

Additional lines have been added for the exempt income from a Renaissance Zone, Form 40, Line 14, and the Renaissance Zone tax credit, Form 40, Schedule TC, Line 10.

### • Financial Organizations

The apportionment schedule, formerly Schedule A, has been moved to Form 40, page 4.

### • Form 40-ES Signatures

Signatures will no longer be required on Form 40-ES.

## Your questions and comments are welcome

Your day-to-day, hands on experience in the accounting and tax environments make you a valuable resource.

Your input helps us to provide the best service possible, and we invite you to contact us any time.

## Where to reach us...

### Phone numbers

Commissioner's office

(701)328-2770

Corporate income tax

(701)328-2046

Speech/Hearing impaired—

Call Relay North Dakota

1-800-366-6888

(ask for 1-701-328-2046)

### Fax

(701)328-3700

### Internet web site

[www.state.nd.us/taxdpt](http://www.state.nd.us/taxdpt)

### Address

Office of State Tax Commissioner

State Capitol

600 East Boulevard Avenue

Bismarck, ND 58505-0599

## Where to file and pay . . .

### Mail to

Office of State Tax Commissioner

State Capitol

600 East Boulevard Avenue

Bismarck, ND 58505-0599

### Make check or money order payable to

State Tax Commissioner

## General instructions

### Who must file

Corporations engaged in business in North Dakota or having sources of income from North Dakota must file a 1999 North Dakota Corporation Income Tax Return, Form 40.

For example, a North Dakota Form 40 must be filed by:

- Corporations, including business trusts, associations, and joint-stock companies;
- Cooperative corporations which distribute their net income through patronage dividends;
- Insurance companies which conduct business activities not subject to the North Dakota gross premium tax;
- Tax exempt organizations which have unrelated business taxable income; and
- Organizations which anticipate receiving a tax exempt status notification from the Internal Revenue Service, but have not, by the end of the taxable year, actually received such notification.

A corporation which files a Federal Form 1120S as a small business corporation must file a North Dakota Small Business Corporation Income Tax Return, Form 60.

Financial institutions (*See N.D.C.C. ch. 57-35.3*) located or doing business within North Dakota must file a North Dakota Financial Institution Tax Return, Form 35.

### Time for filing

A calendar year corporation filing Form 40 must file on or before April 15 following the close of the calendar year.

A corporation reporting on a fiscal year basis must file on or before the 15th day of the fourth month following the close of the fiscal year.

A cooperative must file on or before the 15th day of the ninth month following the close of the calendar or fiscal year.

### Short period return

A corporation required to file a federal short period return must file a North Dakota short period return for the same taxable period. The North Dakota return is due on or before the 15th day of the fourth month following the close of the short period.

A corporation which terminates as a Subchapter S Corporation during the year, or a corporation which changes its annual accounting period, must annualize its North Dakota taxable income and prorate its state tax liability in the same manner as the federal tax liability is prorated.

### Payment of tax

If tax due (*including interest and penalty*) is less than \$5.00, payment need not be made. If tax is due, the total payment due must be paid when the return is filed. Payment should be made by check or money order to the North Dakota State Tax Commissioner.

### Attachments

A true and complete copy of the federal income tax return as filed with the Internal Revenue Service must be attached with Form 40.

In addition, if the corporation is included in a consolidated federal income tax return, the following must be attached with Form 40:

- A copy of pages 1-4 of the consolidated federal income tax return as filed with the Internal Revenue Service; **and**
- A copy of the corporation's pro forma separate company federal income tax return(s); **or**
- A schedule showing gross income and deductions, by company, which supports the consolidated federal taxable income.

### Overpayments

Overpayments of income tax may be applied to the 2000 estimated tax (*minimum \$5.00*), or issued as a refund (*minimum \$5.00*).

A corporation may elect to have the overpayment credited to a 2000 estimated tax installment by circling the appropriate quarter on Form 40, page 1, line 25a.

### Penalty and interest

The Office of State Tax Commissioner will notify the taxpayer of any penalty and interest owed on tax due and any interest accrued on a refund. If desired, penalty and interest may be computed on tax due and entered on the return by the taxpayer.

If the full amount of the tax is not paid by the due date, the current provisions for penalty and interest are:

- A penalty equal to 5% of the tax due or \$5.00, whichever is greater; and
- Interest computed at the rate of 1% per month (*or a fraction of a month*), of the tax due except the month in which the tax became due.

If the return is not filed by the due date (*or extended due date*), a penalty of 5% of the net tax liability or \$5.00, whichever is greater, applies for the month in which the return is due, with an additional 5% for each additional month (*or a fraction of a month*) during which the delinquency continues, not to exceed 25% of the net tax liability.

If there is an overpayment on Form 40, page 1, interest at the rate of 1% per month accrues on the overpayment beginning forty-five days after the due date of the return (*without extension*) or after the date the return is filed, whichever date is later. (See discussion of Senate Bill 2102 on inside cover page.)

### Incomplete return

All applicable lines on Form 40 must be completed. A return with incomplete lines or schedules, or with notations such as "see attached statement" or "available upon audit," is not properly filed and will be returned to the taxpayer.

## General instructions (*continued*)

### Extension of time for filing

An extension of time within which to file a federal return is automatically accepted by North Dakota as an extension of time to file the state return. The extended time period for the North Dakota return is the same as the extended time period for the federal return. A copy of the federal extension, Form 7004, must be attached to the state return when it is filed. If a copy of the federal extension is not attached, the return will be processed as a delinquent return.

A state extension to file may be obtained, even if a federal extension has not been requested, providing a written request is made to the Office of State Tax Commissioner prior to the due date of the North Dakota return.

If a corporation has an extension to file its North Dakota return but has not prepaid its entire state income tax liability, extension interest at the rate of 12% per annum applies. A corporation which desires to avoid extension interest may make a voluntary state payment. The payment must be accompanied by a copy of the federal extension Form 7004 indicating the appropriate name, address, and Federal Identification Number of the taxpayer corporation, or by the letter approving the state extension.

### Where to file or obtain additional forms and instructions

Completed returns and written requests for information and forms should be mailed to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

Obtain North Dakota tax forms, send messages, and find other information on the Office of State Tax Commissioner's home page. The address is <http://www.state.nd.us/taxdpt>.

Forms and instructions may also be obtained by calling 701-328-2046.

For the speech or hearing impaired, call Relay North Dakota at 1-800-366-6888 and ask for 1-701-328-2046.

### Information at the source

Any corporation doing business in North Dakota which is required to file a Federal Form W-2 or 1099 must also file one with this state. For more information on the requirements and alternatives for satisfying those requirements, contact the Office of State Tax Commissioner.

### Quick refund

A quick refund of overpaid estimated income tax may be requested by a corporation if the overpayment exceeds five hundred dollars (\$500) and the claim for quick refund is filed after the close of the taxable year but before the 15th day of the fourth month thereafter.

The form for the Quick Refund Of Estimated Income Tax For Corporations (*Form 40-QR*) must be obtained from the Office of State Tax Commissioner.

### Estimated tax payments

If a corporation's estimated state income tax liability exceeds five thousand dollars (\$5,000) and its previous year's state income tax liability exceeded five thousand dollars (\$5,000), the corporation is required to make an estimated tax payment of at least one-fourth of the amount due on each of four prescribed dates.

Information regarding estimated tax payments and the blue 40-ES forms for estimated tax payments are located at the back of this booklet.

### Amended returns/federal audit changes

An Amended North Dakota Corporation Income Tax Return, Form 40X, must be filed if:

- An amended federal income tax return is filed;
- North Dakota income is changed as a result of a federal audit;
- A corporation's North Dakota income is changed as a result of a North Dakota net operating loss carryback;
- An error is discovered on a previously filed return;
- The corporation receives a refund of federal income tax which was deducted on a previously filed Form 40.

Information relating to amended returns can be found in N.D.C.C. §§ 57-38-38 and 57-38-40.

**A current Form 40X and instructions for the year to be amended must be obtained from the Office of State Tax Commissioner.**

### Federalization

The North Dakota income tax law is perpetually "federalized" for taxable years beginning after December 31, 1988.

### Method of corporation taxation

The North Dakota corporation income tax applies only to that portion of a corporation's taxable income which is derived from or attributable to sources within this state.

A nonapportioning corporation, i.e. a corporation whose business activity is conducted solely within North Dakota, computes North Dakota taxable income by adjusting its federal taxable income by North Dakota statutory adjustments.

An apportioning corporation, i.e. a corporation whose business activity is conducted both within and without North Dakota, computes North Dakota taxable income by adjusting its federal taxable income by North Dakota statutory adjustments and apportioning this adjusted taxable income using Schedule FACT, FACT-1, or CR of Form 40.

A corporation engaged in a unitary business with one or more corporations (*irrespective of the country or countries in which the corporations conduct business*) must file using the combined report method.

A unitary business is a group of corporations which carries on activities, the component parts of which transfer value among themselves through the unities of ownership, operation and use.

- "Unity of ownership" means the group is under the common control of a single corporation, which is also a member of the group. Control exists when the single corporation owns, directly or indirectly, more than fifty percent of the voting stock of another corporation;

## General instructions (continued)

- "Unity of operation" means the group receives benefits from functional integration or economies of scale;
- "Unity of use" means the group of corporations contributes to or receives benefits from centralized management and policy formation.
- All activities of the group are in the same general line or type of business;
- The activities of the group constitute different steps in a vertically structured enterprise; or
- The group is characterized by centralized management.

Whether a group of corporations is engaged in a unitary business depends on the facts and circumstances of each case. If unity of ownership exists, any of the following facts or circumstances creates a presumption that the unities of operation and use exist; therefore, the corporations are engaged in a unitary business if:

### Water's edge election

A corporation required to file its North Dakota return using the worldwide unitary combined report method may elect to use the water's edge method. The water's edge election must be made on the return as originally filed and is binding for five

consecutive years. If the election is made, a corporation may not reduce taxable income by a federal income tax deduction.

A domestic disclosure spreadsheet must be obtained from and filed with the Office of State Tax Commissioner the first year the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars, and every third year thereafter provided the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars.

## Specific line instructions for page 1

### Line 1

Check the box for the reporting method used to complete the return and enter the income reportable under that method:

#### a. Single Corporate Entity

The single corporate entity method reports income or loss of only one incorporated business.

If the single corporate entity method is used for both North Dakota and federal purposes, enter the federal taxable income from:

- Federal Form 1120, line 30; or
- Federal Form 1120-A, line 26.

If the single corporate entity method is used for North Dakota purposes and the corporation is included in a consolidated Federal Form 1120, enter the corporation's federal taxable income before consolidating adjustments/eliminations from:

- A pro forma separate company federal income tax return, line 30; or
- The schedule showing gross income and deductions, which supports the consolidated federal taxable income.

Cooperatives and other business organizations using federal forms other than Federal Form 1120 must enter the federal taxable income from the appropriate form.

#### b. Combined Report Method

The combined report method is used if the corporation apportions its income from a unitary group of corporations.

This method reports income or loss of all unitary corporations in the unitary group. (See *N.D. Admin. Code ch. 81-03-05.3*)

If the combined report method is used, enter the amount from the completed North Dakota Schedule WW, line 14.

#### b1. 100% North Dakota Corporations Consolidated Return Using the Combined Report Method

Check the "100% North Dakota Consolidated Return" box **if the corporation is required** to file one consolidated North Dakota return using the combined report method.

Two or more corporations are required to file one North Dakota return using the combined report method if the corporations are affiliated as parent and subsidiary, are filing a consolidated federal tax return, and are operating solely within North Dakota.

If the box entitled "100% North Dakota Consolidated Return" is checked:

- Enter the amount from the completed North Dakota Schedule WW, line 14, and attach the completed schedule to Form 40; and

- Complete North Dakota Schedule CR, parts I through IV, and attach the completed schedule to Form 40.

#### b2. Apportioning Corporation Consolidated Return Using the Combined Report Method

Check the "Apportioning Corp Consolidated Return" box if the corporation is filing one consolidated North Dakota return using the combined report method.

Two or more corporations **may** file one North Dakota return using the combined report method if the corporations are required to use the combined report method and more than one of the corporations has a filing requirement in North Dakota.

If the box entitled "Apportioning Corp Consolidated Return" is checked:

- Enter the amount from the completed North Dakota Schedule WW, line 14, and attach the completed schedule to Form 40; and
- Complete North Dakota Schedule CR, parts I through IV, and attach the completed schedule to Form 40.

#### c. Water's Edge Method

Check the "Water's Edge Method" box if the corporation is a member of a worldwide unitary group and elects to file a North Dakota return using the water's edge method. (See *N.D. Admin. Code ch. 81-03-05.2*)

If the box entitled "Water's Edge Method" is checked, enter the amount from the completed North Dakota Schedule WE, line 11, and attach the completed schedule to Form 40.

If the corporation elects to use the water's edge method and is filing a consolidated North Dakota return, complete Schedule CR, parts I, II and IV, and attach the completed schedule to Form 40.

#### d. Other

Check the "Other" box if the corporation has received written permission from the Office of State Tax Commissioner to file a North Dakota return using a filing method other than those specified above.

Other filing methods are contained in N.D.C.C. § 57-38.1-18 (*for example, separate accounting or a method using an apportionment factor different from that computed on Schedules FACT, FACT-1 or CR*).

If the box entitled "Other" is checked, attach a copy of the letter granting permission to use, or requiring the use of, this filing method and a worksheet substantiating and explaining the computation of income. Enter the total income from this worksheet on line 1.

#### Line 5

If completing Schedule CR, enter the amount from Form 40, line 5 on Schedule CR, part I, line 5 (*for each company*) and complete all parts of Schedule CR.

#### Line 6

If a corporation has business income (*See N.D.C.C. ch. 57-38.1*) from activity solely within this state, enter 1.000000 on this line. Corporations not filing a consolidated return, enter the apportionment factor from Schedule FACT, line 14 or Schedule FACT-1, line 6. Corporations completing Schedule CR, must enter the amount from Schedule CR, part II, line 14a.

#### Line 8

Enter nonbusiness income allocated to North Dakota less related expenses. Nonbusiness income is allocated to North Dakota if the income is attributable to North Dakota.

Expenses must be attributed to nonbusiness income in a manner which fairly distributes all of the corporation's expenses to its various types of income.

Corporations completing Schedule CR must enter the total nonbusiness income for all corporations having activity within North Dakota.

#### Line 10

Corporations completing Schedule FTD, enter amount from line 17.

Corporations electing water's edge method, enter zero on this line.

Corporations completing Schedule CR, enter the amount from Schedule CR, part III, line 17a.

#### Line 12

If the corporation received a new and expanding business exemption from the State Board of Equalization, enter the amount of exempt income computed pursuant to N.D. Admin. Code § 81-03-01.1-06.

Corporations completing Schedule CR, enter the exempt income for all corporations having activity within North Dakota.

#### Line 14

If the corporation is claiming exempt income as a result of the Renaissance Zone Act, contact the Office of State Tax Commissioner for information about exempt income to report on this line.

#### Line 15

If the amount on line 15 is a loss, the loss may be carried back and carried forward for the same number of years as a federal loss.

However, regardless of the corporation's treatment of a federal net operating loss, the corporation may elect to forego the allowable carryback period and carry forward the entire state loss. To elect to forego the carryback period for a North Dakota loss, check the box in Question 10 on page 2 of Form 40. A corporation must make this election on an original return that is timely filed for the year in which the loss was incurred. If an election is not made, the loss must be carried back.

Additional information regarding loss carryback and loss carryforward provisions

is contained in N.D.C.C. § 57-38-01.3(3) and N.D. Admin. Code § 81-03-05.1-07.

#### Line 16

The North Dakota loss carryforward allowed on the 1999 Form 40 is the amount of the accumulated loss less any previously deducted loss carryback or carryforward.

Attach a worksheet showing the accumulated loss, by year, less any previously deducted loss carryback or carryforward.

Corporations completing Schedule CR must enter the loss carryforward from all corporations having activity within North Dakota.

#### Line 18

Corporations completing Schedule AMT-R, enter amount from line 11.

Corporations completing Schedule CR, enter the amount from Schedule CR, part IV, line 11a.

#### Line 19

Please complete this line by subtracting the amount on line 18 from the amount on line 17. In addition, if the return reports a North Dakota loss or North Dakota loss carryforward, please complete line 19.

#### Line 23

Enter the total 1999 estimated income tax payments submitted with Form 40-ES. Also, enter any 1998 overpayment credited to the 1999 taxable year and any payment voluntarily made to the state with an extension of time for filing.

#### Line 24a

The Office of State Tax Commissioner will notify the taxpayer of any penalty and interest owed on tax due. If desired, penalty and interest may be computed on tax due and entered on the return by the taxpayer.

If the full amount of the tax is not paid by the due date, the current provisions for penalty and interest are:

- A penalty equal to 5% of the tax due or \$5.00, whichever is greater; and
- Interest computed at the rate of 1% per month (*or a fraction of a month*), of the tax due except the month in which the tax became due.

If the return is not filed by the due date (*or extended due date*), a penalty of 5% of the net tax liability or \$5.00, whichever is greater, applies for the month in which the

return is due, with an additional 5% for each additional month (*or a fraction of a month*) during which the delinquency continues, not to exceed 25% of the net tax liability.

### Line 25a

A corporation may elect to have the overpayment credited to a 2000 estimated tax installment by circling the appropriate quarter on Form 40, page 1, line 25a to specify the particular installment to which the amount credited is to be applied.

## Specific line instructions for Schedule SA: Statutory adjustments

*North Dakota statutory adjustments must be made on a basis consistent with the filing method indicated on page 1, line 1.*

### Additions

#### Line 3

Enter all taxes measured by income, including income taxes, franchise or privilege taxes measured by income (*paid to any taxing authority including a foreign country*) to the extent such taxes were deducted to arrive at federal taxable income.

#### Line 4

North Dakota income tax statutes did not allow for the use of ACRS depreciation on assets placed in service between January 1, 1981 and the end of the 1982 tax year. These assets must be depreciated using methods allowed under the Internal Revenue Code provisions in effect as of December 31, 1980. Federal taxable income must be adjusted for the difference in these two methods. Enter the amount of ACRS depreciation deducted on the federal return for these assets for the current taxable year.

Include depreciation on all currently held assets which were placed in service between January 1, 1981 and the end of the 1982 tax year, **not** just such assets which are located within North Dakota.

In computing this adjustment, exclude safe harbor lease assets.

#### Line 6

The safe-harbor lease provisions in Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, were not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts on line 6, as follows:

- Seller/Lessee: sale proceeds, rent expense, amortization expense, lease acquisition cost.
- Buyer/Lessor: interest expense, depreciation expense, amortization expense, acquisition cost, loss on sale of property.

Additional information regarding this adjustment is contained in N.D.C.C. § 57-38-01(3)(a).

### Subtractions

#### Line 8

Enter all income, franchise or privilege tax refunds received in 1999, to the extent such taxes were previously included in North Dakota taxable income.

**Please note, federal income tax refunds received cannot be included on this line. See General instructions, Amended returns/federal audit changes.**

#### Line 10

Enter the amount of depreciation computed for the current taxable year on assets placed in service between January 1, 1981 and the end of the 1982 tax year, using methods allowable as of December 31, 1980. (*See instructions for line 4 for further explanation*).

Include depreciation on all currently held assets which were placed in service between January 1, 1981 and the end of the 1982 tax year, **not** just such assets which are located within North Dakota.

In computing this adjustment, exclude safe harbor lease assets.

### Lines 11 and 12

Enter on line 11 all nonbusiness income and enter related expenses on line 12. The method used to attribute expenses to nonbusiness income must fairly distribute all of the corporation's deductions to all of its various types of income.

If an entry is made on this line, all of the following must be attached to Form 40:

- A worksheet showing each type of income or loss item allocated and its amount;
- Documentation showing the state to which the item of income or loss was allocated (*a copy of the other state's tax return is preferred*); and
- A narrative explaining the reasons for allocating each item of income or loss.

### Line 15

Dividends received by the corporation are not taxable in North Dakota if the dividends are received from a corporation which has paid North Dakota corporation income tax pursuant to N.D.C.C. ch. 57-38, or from a bank, trust company or building and loan association which has paid tax pursuant to N.D.C.C. ch. 57-35.3.

If the payor corporation's entire federal taxable income was subjected to North Dakota taxation, the full amount of the dividends may be subtracted on this line. If the payor corporation is an apportioning corporation, the deduction is computed by multiplying the dividends received by the payor corporation's North Dakota apportionment factor.

- Line 16**  
If the amount on page 1, line 1 includes any gain, either ordinary or capital, from property subjected to eminent domain sale or transfer, such gain is not taxable and must be entered on this line.
- Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, was not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts as follows:
- Seller/Lessee: interest income and depreciation expense [for assets placed in service between January 1, 1981 and the end of the 1982 taxable year, use methods allowed under the Internal Revenue Code as of December 30, 1980; for assets placed in service after the 1982 taxable year, use ACRS depreciation].
  - Buyer/Lessor: rental income.

## Specific line instructions for Schedule FTD: Federal income tax deduction

Use the line instructions that apply to the box that is checked on page 1, line 1.

**Corporations filing a consolidated North Dakota return must complete Schedule CR, Part III (do not complete Schedule FTD), and refer to the instructions below for the "Combined Report Method."**

### a. Single Corporate Entity

A corporation filing as a single corporate entity for **both** North Dakota and federal purposes must complete lines 1, 1a, 1b, 4, 5, 6, 7, 8, 9, 10, 11 and 17.

A corporation filing as a single corporate entity for North Dakota purposes **and** included in a consolidated Federal Form 1120 must complete lines 1-11 and 17.

#### Line 1

Enter the federal income tax liability from the federal income tax return filed with the IRS as follows:

- If Federal Form 1120 was used, enter the amount from line 31;
- If Federal Form 1120-A was used, enter the amount from line 27.

Cooperatives or other business organizations using federal forms other than Federal Form 1120 must enter the federal tax liability from the appropriate form.

#### Line 1a

Enter the amount of Federal Alternative Minimum Tax (AMT) which has been included on line 1. Federal AMT is disallowed in computing the North Dakota Federal Income Tax Deduction because income which created federal AMT is not a part of North Dakota taxable income.

Disallowed federal AMT may be recaptured in future tax periods.

For more information see Schedule AMT-R of Form 40.

#### Line 2

Enter the federal income tax liability as computed on the corporation's pro forma separate company return. Attach a worksheet substantiating this computation.

#### Line 3

Enter the total federal income tax liability for all corporations included in the consolidated federal return with each corporation's federal income tax liability computed on a pro forma separate company return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet substantiating this computation.

#### Line 4

Enter 1.000000 if filing as a single corporate entity for both North Dakota and federal purposes.

#### Line 6

Enter the amount from page 1, line 1.

#### Line 7

Enter the income (*before apportionment*) included on line 6 not taxable to North Dakota, such as interest on U.S. obligations and income allocated outside North Dakota.

#### Line 11

Enter the apportionment factor from page 1, line 6, and proceed to line 17.

### b. Combined Report Method

The following line instructions apply to a corporation which files a North Dakota return using the combined report method.

The following line instructions also apply to Schedule CR, part III for those corporations filing a consolidated return and not electing the water's edge method.

If a corporation tax return includes income from more than one federal tax return, a separate pro forma Schedule FTD must be completed for each corporation that filed a federal tax return.

The amounts on lines 1, 1a, 1b, 5, 6, and 10 from the separate pro forma Schedule FTD's must be aggregated and the totals entered on the appropriate lines on the corporation's Form 40.

#### Line 1

Enter the federal income tax liability from the federal income tax return filed with the IRS as follows:

- If Federal Form 1120 was used, enter amount from line 31;
- If Federal Form 1120-A was used, enter the amount from line 27.

Cooperatives or other business organizations using federal forms other than Federal Form 1120 must enter the federal tax liability from the appropriate form.

#### Line 1a

Enter the amount of Federal Alternative Minimum Tax (AMT) which has been included on line 1. Federal AMT is disallowed in computing the North Dakota Federal Income Tax Deduction because income which created federal AMT is not a part of North Dakota taxable income.



Disallowed federal AMT is carried forward and may be recaptured in future tax periods. For more information see Schedule AMT-R of Form 40.

**Do not complete lines 2 and 3, and enter 1.000000 on line 4 if:**

- **A consolidated federal return is not filed; or**
- **A consolidated federal return is filed in which all companies included in the consolidated federal return are included in the unitary group.**

### Line 2

Enter the separate company pro forma federal income tax liability for all of the unitary corporations which are included in the consolidated federal return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet substantiating this computation.

### Line 3

Enter the total pro forma separate company federal income tax liabilities for all corporations included in the consolidated federal return. The separate company tax liability of any corporation which does not result in a positive tax liability shall be zero. Attach a worksheet substantiating this computation.

### Line 6

Enter the total federal taxable income for all unitary corporations whose income is included in the Federal Form 1120. Attach a worksheet substantiating this computation.

### Line 7

Enter the income (*before apportionment*) included on line 6 not taxable to North Dakota such as interest on U.S. obligations and income allocated outside North Dakota.

### Line 11

**If a foreign tax credit is not claimed on the federal income tax return**, enter the apportionment factor from page 1, line 6, and proceed to line 17.

Corporations filing a consolidated state return enter the factors from Schedule CR, part II, line 14 on Schedule CR, part III, line 11.

**If a foreign tax credit is claimed on the federal income tax return, skip line 11 and go to line 12.**

### Line 13

"Total income" is federal taxable income of those corporations which are included in the unitary group and are required to file a federal income tax return, plus or minus the adjustments (*before apportionment*) provided in N.D.C.C. § 57-38-01.3, except for the federal income tax deduction. Use the worksheet below to compute the total income to be entered on line 13, or Schedule CR, part III, line 13.

1. Federal taxable income (Schedule FTD, line 6) .....	_____
2. Total additions (page 1, line 2) .....	_____
3. Total subtractions (page 1, line 4) .....	_____
4. Subtotal (Add lines 1 and 2, subtract line 3) .....	_____
5. Net intercompany adjust- ments in lines 2 & 3 .....	_____
6. Total income (Subtract line 5 from line 4. Enter here and on Schedule FTD, line 13, or Schedule CR, Part III, line 13) .....	_____

### Line 14

Enter the total taxable income from sources without the U.S., **after** loss recapture as computed on Federal Form(s) 1118, part II, Schedule B or Federal Form(s) 5735.

#### c. Water's Edge Method

A corporation electing the water's edge method **cannot** claim a federal income tax deduction. Do not complete Schedule FTD and enter \$0 on page 1, line 10.

#### d. Other

A corporation which has checked the box entitled "Other" on page 1, line 1, should contact the Office of State Tax Commissioner for specific instructions. Based on the instructions from the Office of State Tax Commissioner, attach a worksheet substantiating the computations.

## Specific line instructions for Schedule AMT-R: Recapture and deduction of federal alternative minimum tax disallowed

North Dakota Schedule AMT-R is used to compute the recapture and carryforward of Federal Alternative Minimum Tax (AMT) which has been disallowed. Federal AMT may be recaptured only if:

- A federal credit for prior year minimum tax is claimed; and
- The recapture does not create or increase a North Dakota net operating loss.

Corporations filing a consolidated state return must complete Schedule CR, part IV (*do not complete Schedule AMT-R.*)

The recapture of federal AMT disallowed is used to reduce North Dakota income on page 1 of the North Dakota Corporation Income Tax Return, Form 40 or part I of North Dakota Schedule CR for corporations filing a consolidated state return.

Any portion of the disallowed federal AMT remaining after 1999 may be carried forward to future tax periods and used to reduce North Dakota income when a federal credit for prior year minimum tax is claimed.

For specific line instructions, see Schedule AMT-R of Form 40, or Schedule CR, part IV for corporations filing a consolidated state return.

## Specific line instructions for Schedule TC: Tax credits

### Lines 1 and 2

Tax credits are available for making contributions to qualifying nonprofit private institutions of secondary and higher education located in North Dakota (including the North Dakota Independent College Fund). Contributions do not qualify unless they are made directly to, or are specially designated for the exclusive use of, a qualifying institution. A contribution to an account, fund or entity benefiting both qualifying and nonqualifying institutions does not qualify for the credit. The credits are available if the contribution(s) are made by the due date of this return, including extensions.

The tax credit for contributions made to all eligible schools in **each** category of institution is equal to the lesser of:

- 50% of the contributions but not to exceed 20% of the total tax liability;
- \$2,500.

Enter on line 1 the tax credit computed for contributions to nonprofit private institutions of higher education (and the North Dakota Independent College Fund), and enter on line 2 the tax credit computed for contributions to nonprofit private institutions of secondary education.

**For each contribution, attach a copy of a receipt from the nonprofit private institution or a cancelled check (front and back).**

### Line 3

A corporation may be entitled to a tax credit for investments made in a North Dakota venture capital corporation. The credit is limited to 25% of the amount invested or \$250,000, whichever is less. If the amount of the credit exceeds the corporation's state tax liability for that taxable year, the credit may be carried forward for up to seven years.

The corporation income tax credit for investments made in a North Dakota venture capital corporation is **NOT** allowed for investments made after February 28, 1991 in a venture capital corporation organized before January 1, 1989 which invested in a business or an affiliate of a business that owned tax-exempt securities.

A copy of the Venture Capital Corporation Investment Reporting Form must be attached to Form 40 in the initial year the tax credit is claimed.

For additional information regarding this credit, contact the Office of State Tax Commissioner.

### Line 4

If the corporation made a qualifying investment in the North Dakota Small Business Investment Company, enter 25% of the amount invested. If the credit exceeds the amount of the current tax liability, the excess may be carried forward up to seven years.

#### **Attach a copy of the North Dakota SBIC Investment Reporting Form.**

For additional information regarding this credit, contact the Office of State Tax Commissioner.

### Line 5

North Dakota law provides a tax credit to a corporation which purchases a geothermal, solar, or wind energy device in North Dakota. The tax credit is allowed for three years and is computed at 5% of the actual cost of acquisition and installation of the device. Attach a worksheet substantiating date of purchase, actual cost of acquisition and installation, and computation of the tax credit.

### Line 6

A corporation may claim a tax credit for a portion of North Dakota wages paid to a developmentally disabled or chronically mentally ill employee. The tax credit is 5% of up to \$6,000 in wages paid to each such employee during the first twelve months of employment. The credit may not exceed 50% of the total tax liability. Only North Dakota wages actually paid during the taxable year may be considered for the tax credit. If this credit is claimed, attach an affidavit listing the amount of wages paid, the name, and the social security number of each employee.

### Line 7

A corporation which invests in research and experimental expenditures within North Dakota is entitled to a tax credit. The tax credit is determined by subtracting the base period research expenses (as defined in Section 26 U.S.C. 41(c) of the Internal Revenue Code of 1986, as amended) which are applicable to North Dakota from the qualified research expenses made in North Dakota, and applying the following rates to the resulting difference:

- 8% on the first \$1,500,000;
- 4% on the excess over \$1,500,000.

If the tax credit exceeds the current income tax liability, any unused tax credit may be carried back for three years and then carried forward for up to fifteen years.

### Line 8

A corporation which has been incorporated in North Dakota for the first time after January 1, 1969, and which is not the result of a business reorganization or acquisition, or any out-of-state corporation that has received a certificate of authority to transact business in North Dakota for the first time after January 1, 1969, may be entitled to a tax credit. This tax credit is available only for new enterprises engaged in assembling, fabricating, manufacturing, mixing, or processing any agricultural, mineral, or manufactured products or any combination thereof. However, a corporation which is receiving any property tax or income tax exemption allowed by N.D.C.C. chs. 40-57 or 40-57.1 shall not be allowed this credit.

The tax credit is computed as a percentage of the annual gross amount expended by the corporation for salaries and wages within North Dakota. The following percentages apply:

- 1% for each of the first three taxable years a corporation qualifies for the tax credit;
- .5% for each of the fourth and fifth taxable years a corporation qualifies for the credit.

Attach a worksheet substantiating date of incorporation or initial authority to transact business in this State, annual gross amount of salaries and wages within this State and type of business activity.

### Line 9

A tax credit is available to a corporation which invests in a certified nonprofit development corporation. The maximum tax credit allowed is 25% of the total investment, not to exceed \$2,000. Any unused credit may be carried forward for up to seven years.

### Line 10

If a corporation is claiming a tax credit as a result of the Renaissance Zone Act, contact the Office of State Tax Commissioner for more information.

# North Dakota Corporation Income Tax Return

# 1999 Form 40

L01

CHECK  Calendar Year January 1, 1999, to December 31, 1999

ONE:  Fiscal Year beginning \_\_\_\_\_, 1999 and ending \_\_\_\_\_, \_\_\_\_\_

Is an extension attached? ▶ Yes <input type="checkbox"/> No <input type="checkbox"/>	Name _____	Federal employer identification no. _____
	Mailing address _____	Is this a farming or ranching corporation? ▶ Yes <input type="checkbox"/> No <input type="checkbox"/>
Date of incorporation _____	City, State, Zip Code _____	Business code (from federal return) _____
Final return ▶ Yes <input type="checkbox"/> No <input type="checkbox"/>	Phone number _____	

## Computation of tax liability

Round off to dollars

1 Income from (See tax booklet for instructions before checking appropriate box):

▶	a. <input type="checkbox"/> Single Corporate Entity	b. <input type="checkbox"/> Combined Report Method	b1. <input type="checkbox"/> 100% North Dakota Consolidated Return	b2. <input type="checkbox"/> Apportioning Corp Consolidated Return	c. <input type="checkbox"/> Water's Edge Method	d. <input type="checkbox"/> Other		
---	--	---	---	---	--	-----------------------------------	--	--

2 Total additions (Enter amount from Schedule SA, line 7) .....	(LA)	1	_____					
3 Total (Add lines 1 and 2) .....	(LB)	2	_____					
4 Total subtractions (Enter amount from Schedule SA, line 17) .....	(LC)	3	_____					
5 North Dakota apportionable income (Subtract line 4 from line 3 - See instructions) .....	(LD)	4	_____					
6 Apportionment Factor (See instructions) .....	(LE)	5	_____					
7 Income apportioned to North Dakota (line 5 multiplied by line 6) .....	(LF)	6	_____					
8 Income allocated to North Dakota _____ less related expenses _____	(LG)	7	_____					
9 North Dakota income (Add lines 7 and 8) .....	(LH)	8	_____					
10 Federal tax deduction (See instructions) .....	(LI)	9	_____					
11 Subtotal (Subtract line 10 from line 9) .....	(LJ)	10	_____					
12 Exemption for new and expanding business (See instructions) .....	(LK)	11	_____					
13 N.D. Income after exemption for new and expanding business (Subtract line 12 from line 11) .....	(LL)	12	_____					
14 Renaissance zone income exemption (See instructions) .....	(LM)	13	_____					
15 North Dakota income after renaissance zone income exemption (Subtract line 14 from line 13)	(LN)	14	_____					
<b>If the amount on line 15 is a loss, check the box in Question 10, page 2 to forego the carryback period</b>								
16 North Dakota loss carryforward (Attach worksheet - See instructions) .....	(LO)	15	_____					
17 Balance (Subtract line 16 from line 15) .....	(LP)	16	_____					
18 Recapture of Federal alternative minimum tax (See instructions) .....	(LQ)	17	_____					
19 North Dakota taxable income (Subtract line 18 from line 17) .....	(LR)	18	_____					
20 Income tax due (See rates below) (Corp. filing a consol. return, enter amt. from Sch. CR, part I, ln. 20a)	(LS)	19	_____					
<b>Tax credits</b>								
21 Tax credits (Enter amount from Schedule TC, line 11) .....	(LT)	20	_____					
<b>Balance due or overpayment</b>								
22 Net income tax liability (Subtract line 21 from line 20) .....	(LU)	21	_____					
23 1999 Estimated income tax payments and payment with extension (See instructions) .....	(LV)	22	_____					
24 If line 22 is greater than line 23, enter difference as BALANCE DUE (Enter \$0 if less than \$5) .....	(LW)	23	_____					
a. Interest and penalty for Balance Due on line 24 (See instructions) .....	(LX)	24a	_____					
b. Total Payment Due (Add lines 24 and 24a - Pay to North Dakota State Tax Commissioner) .....	(LY)	24b	_____					
25 If line 23 is greater than line 22, enter difference as OVERPAYMENT (Enter \$0 if less than \$5) .....	(LZ)	25	_____					
a. Amt. of line 25 to be credited to 2000 est. tax (Min. \$5) (Apply to quarter 1st 2nd 3rd 4th) .....	(MA)	25a	_____					
b. Amount of line 25 to be Refunded (Subtract line 25a from line 25. No refund under \$5) .....	(MB)	25b	_____					

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

Date: \_\_\_\_\_ Signature of Officer: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Preparer: \_\_\_\_\_ Address: \_\_\_\_\_

Mail to: Office of State Tax Commissioner, 600 E. Boulevard Avenue, Bismarck, North Dakota 58505-0599.

### Tax Rate Table

If the amount on Line 19 is not over \$3,000 .....	3%
\$ 3,000 to \$ 8,000 .....	\$ 90.00 plus 4.50% of excess over \$ 3,000
\$ 8,000 to \$20,000 .....	\$ 315.00 plus 6.00% of excess over \$ 8,000
\$20,000 to \$30,000 .....	\$1,035.00 plus 7.50% of excess over \$20,000
\$30,000 to \$50,000 .....	\$1,785.00 plus 9.00% of excess over \$30,000
Over \$50,000 .....	\$3,585.00 plus 10.50% of excess over \$50,000

PLEASE DO NOT WRITE IN THIS SPACE

Name as shown on return

Federal employer I.D.

Schedule FACT: Apportionment factor for nonfinancial corporations not filing a consolidated state return (If filing a consolidated N. D. return, use Schedule CR, part II. Do not use this schedule.)

Table with 3 columns: 1. Total, 2. North Dakota, 3. Factor. Rows include Property Factor (Inventories, Buildings, Depletable assets, Land, Other assets, Rental property, Total Property), Payroll Factor (Wages, salaries, commissions), and Sales Factor (Gross receipts, Sales delivered, Sales shipped to North Dakota).

The following questions must be answered

- 1 Has the IRS issued a Final Determination which affects any previously filed North Dakota return?
2 If the answer to the above question is yes, have all such adjustments been reported to North Dakota?
3 Has Form 1120S been filed for federal purposes?
4 Is this a tax exempt corporation?
5 Has this corporation filed as a cooperative, a Foreign Sales Corporation, or a Domestic International Sales Corporation?
6 Does this corporation use the combined report method in any other states?
7 Does this corporation file its federal income tax return as a member of a consolidated group?
8 Does the numerator of the apportionment factor include the property, payroll or sales of more than one corporation?
9 Is this a limited liability company?
10 If this corporation has a loss on Form 40, line 15, and is electing to forego the carryback period, check the box.
11 Has this corporation changed names, been involved in a merger, reorganization or takeover during this taxable year?

Schedule SA: Statutory adjustments

(See tax booklet for instructions)

Table with 7 rows for Additions, including Federal net operating loss deduction, Special deductions, All income taxes, franchise or privilege taxes, North Dakota depreciation adjustment, Interest on state and local obligations, Other additions, and Total additions.

Subtractions

Table with 17 rows for Subtractions, including Tax refunds received in 1999, Interest on United States obligations, North Dakota depreciation adjustment, Allocable income, Related expenses, Balance, Interest on bonds issued by a regional railway authority, North Dakota domestic dividend exclusion, Other subtractions, and Total subtractions.

Schedule FTD: Federal income tax deduction

(Complete lines 1-9 of page 1 before completing this schedule)

(See tax booklet for instructions)

(Corporations filing a consolidated North Dakota return, use Schedule CR, part III. Do not complete this schedule.)

Table with 10 rows for Federal income tax liability, Federal alternative minimum tax liability, Adjusted federal income tax liability, Separate company(ies) federal income tax liability, Profit companies federal income tax liability, Ratio, Separate company(ies) share of federal income tax liability, Federal taxable income, Income not taxable to North Dakota, Balance, Ratio, and Federal tax on federal taxable income reportable to North Dakota.

Corporations using the combined report method and claiming a federal foreign tax credit skip line 11 and use lines 12 - 16. Other corporations must use line 11.

Table with 7 rows for Corporations using the combined report method, including North Dakota apportionment factor, North Dakota income, Total income, Income relating to Foreign Tax Credit, Income relating to federal income tax paid, Federal income tax ratio, and Federal tax deduction.

Complete line 11 - or line 16 - but not both

**Schedule AMT-R: Recapture and carryforward of federal alternative minimum tax**

*(See tax booklet for instructions)*

*(Corporations filing a consolidated North Dakota return, use Schedule CR, part IV. Do not complete this schedule.)*

1	1999 Federal alternative minimum tax <i>(Enter amount from Form 40, Schedule FTD, line 1a)</i> .....	1	_____
2	Ratio from Form 40, Schedule FTD, line 4, if no ratio on line 4, enter 1.000000 .....	2	__ . ____
3	Multiply line 1 by line 2 .....	3	_____
4	Ratio from Form 40, Schedule FTD, line 9 .....	4	__ . ____
5	Multiply line 3 by line 4 .....	5	_____
6	Ratio from Form 40, Schedule FTD, line 11, or Form 40, Schedule FTD, line 16, whichever is applicable .....	6	__ . ____
7	Multiply line 5 by line 6 .....	7	_____
8	Carryforward of federal AMT disallowed <i>(Enter amount from 1998 Form 40, Schedule AMT-R, line 12)</i> .....	8	_____
9	Total federal AMT disallowed <i>(Add lines 7 and 8)</i> .....	9	_____

Corporations claiming a federal credit for prior year minimum tax on the 1999 federal return complete lines 10-12.  
Other corporations enter the amount from line 9 on line 12.

10	Enter the amount from the 1999 Form 40, page 1, line 17 .....	10	_____
11	If line 10 is zero or less enter zero here and on the 1999 Form 40, page 1, line 18, otherwise, enter the smaller of line 9 or line 10 here and on the 1999 Form 40, page 1, line 18 .....	11	_____
12	Available carryforward of federal AMT disallowed <i>(Subtract line 11 from line 9 if completing lines 10 and 11)</i> .....	(RA) 12	_____

**Schedule TC: Tax credits**

*(See tax booklet for instructions - attach complete documentation)*

1	Credit for contributions to nonprofit private colleges <i>(See instructions)</i> .....	(LK) 1	_____
2	Credit for contributions to nonprofit private high schools <i>(See instructions)</i> .....	(LL) 2	_____
3	Venture capital corporation credit <i>(See instructions)</i> .....	(LU) 3	_____
4	North Dakota Small Business Investment Company <i>(See instructions)</i> .....	(LW) 4	_____
5	Geothermal, solar or wind energy device tax credit <i>(Attach worksheet - See instructions)</i> .....	(LM) 5	_____
6	Credit for employment of the developmentally disabled or chronically mentally ill <i>(See instructions)</i> .....	(LX) 6	_____
7	Credit for research and experimental expenditures within North Dakota <i>(See instructions)</i> .....	(LY) 7	_____
8	Tax credit for new industry <i>(Attach worksheet - See instructions)</i> .....	(AK) 8	_____
9	Credit for payment to a certified nonprofit development corporation <i>(See instructions)</i> .....	(AG) 9	_____
10	Renaissance zone tax credit <i>(See instructions)</i> .....	(RC) 10	_____
11	Total tax credits <i>(Add lines 1 through 10. Enter amount here and on page 1, line 21)</i> .....	11	_____

**Schedule FACT-1: Apportionment factor for financial organizations**

**Note:** Financial Institutions as defined in North Dakota Century Code ch. 57-35.2 must not use Form 40, or this schedule. Financial Institutions must file North Dakota Form 35.

1. Total

2. North Dakota

3. Factor

*(Column 2 divided by Column 1 = Column 3)*

Property Factor: *(Average value at original cost)*

1	Tangible property held and owned for business use .....	1	_____	(AA) _____	(AB) __ . ____
<b>Business Factor:</b>					
2	Wages and salaries paid for services performed .....	2	_____		
3	Receipts from sales and other business sources as defined in N.D.C.C. § 57-38-13(6) .....	3	_____		<i>(Use 6-digit decimal only)</i>
4	Total <i>(Add lines 2 and 3)</i> .....	4	_____	(AC) _____	(AD) __ . ____
5	Sum of North Dakota property and business factors <i>(Add lines 1 and 4)</i> .....	5	_____		__ . ____
6	One-Half Of Line 5 <i>(Enter factor here and on page 1, line 6)</i> .....	6	(AE) _____		__ . ____



Name as shown on return

Federal employer I.D.

**Schedule WW: Combined report method income schedule**

See specific line instruction for lines 1, 3, 6, 7, 9 and 10.

1	Federal taxable income (consolidated Federal Form 1120, line 30) .....	(LA)	1	_____
2	Taxable income or loss included on line 1 from <b>nonunitary</b> corporations (Attach worksheet) ..	(WN)	2	_____
3	Taxable income or loss included on line 1 from <b>financial institutions</b> located or doing business in N.D. (Attach worksheet - See instructions) .....		3	_____
4	Balance (Subtract lines 2 and 3 from line 1) .....		4	_____
5	Taxable income or loss not included on line 1 from <b>unitary</b> corporations required to file a federal income tax return (Attach worksheet) .....	(WU)	5	_____
6	Book income before income taxes of unitary foreign corporations (Attach worksheet) .....		6	_____
7	Optional: Book to tax reconciliation (Attach worksheet) .....		7	_____
8	Subtotal (Add lines 6 and 7) .....	(WF)	8	_____
9	Income or loss from Interest Charge DISC (Attach worksheet) .....		9	_____
10	Income or loss from Foreign Sales Corporations (Attach worksheet) .....		10	_____
11	Subtotal (Add lines 9 and 10) .....		11	_____
12	Income or loss from Internal Revenue Code of 1986, as amended, Section 936 Possession Corporations .....		12	_____
13	Intercompany eliminations for members of the unitary group (Attach worksheet) .....		13	_____
14	Total income (Add lines 4, 5, 8, 11 and 12 then subtract line 13. Enter amount here and on Form 40, page 1, line 1, and check the appropriate box on Form 40, page 1, line 1) .....	(WW)	14	_____

**Combined report method instructions**

An apportioning corporation, see **method of corporation taxation** on page 2 of General Instructions, which is a member of a unitary group but has not elected the water's edge method is required to file its North Dakota income tax return using the combined report method.

A "unitary group" is a group of affiliated corporations engaged in a unitary business, irrespective of the country or countries in

which the corporations conduct business activity.

An "affiliated corporation" means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the unitary group.

Two or more 100% North Dakota corporations affiliated as parent and

subsidiary, and filing a consolidated federal tax return must file one consolidated North Dakota return using the "combined report method."

A corporation filing its North Dakota income tax return using the combined report method must include only the apportionment factors and statutory adjustments of the group.

Corporations completing Schedule CR must also complete Schedule WW to arrive at "total income."

**Schedule WW specific line instructions**

**Line 1.** Enter the amount from line 30 of the consolidated Federal Form 1120. If more than one consolidated federal return is filed, enter the total of lines 30 of the consolidated Federal Form 1120's. If a consolidated federal return is not filed, enter zero on lines 1, 2 and 3 then proceed to line 5.

**Line 3.** Enter the amount of taxable income or loss included on line 1 from each financial institution located or doing business within this state which files a North Dakota Form 35.

**Line 6.** Enter the amount of book income before income taxes of all unitary foreign corporations not eligible to be included in the consolidated federal income tax return or not required to file a federal income tax return.

**Line 7.** N.D. Admin. Code ch. 81-03-05.3 provides a choice either to adjust or not adjust the book income of all unitary foreign corporations to conform with the Internal Revenue Code of 1986, as amended. If a corporation chooses to make the book to tax

adjustments, the adjustments must be made for all unitary foreign corporations and the total of such adjustments must be entered on line 7. If a corporation chooses not to make the book to tax adjustments, enter \$0 on line 7.

**Lines 9 and 10.** Enter all exempt and nonexempt income before income taxes from the Federal Form 1120-IC-DISC or Federal Form 1120-FSC.

Name as shown on return

Federal employer I.D.

**Schedule WE: Water's edge method income schedule**

1	Federal taxable income (consolidated Federal Form 1120, line 30) .....	(LA) 1	_____
2	Income or loss not included in line 1 from affiliated corporations required to file a federal income tax return .....	2	_____
3	Reversal of intercompany eliminations between water's edge corporations and non-water's edge corporations (Attach worksheet - See instructions) .....	3	_____
4	Intercompany eliminations for water's edge group corporations .....	4	_____
5	Total foreign dividends included in line 1 .....	5	_____
6	Taxable income or loss included in line 1 or 2 from 80/20 corps. ....	6	_____
7	Balance (Add lines 1, 2 and 3 then subtract lines 4, 5 and 6) .....	7	_____
8	Foreign dividends to be included in water's edge income (Multiply line 5 by 30%) (See general definitions and enter amount on line 8) .....	8	_____
9	Total net book income of 80/20 corporations (Attach worksheet) .....	9	_____
10	Net book income of 80/20 corporations to be included in water's edge income (Multiply line 9 by 30%) .....	10	_____
11	Total water's edge income (Add lines 7, 8 and 10. Enter amount here and on page 1, line 1, and check the box entitled "Water's Edge Method.") .....	(WE) 11	_____

**Worksheets containing details of lines 2, 3, 4 and 5 are required**

**Water's edge method election instructions**

A corporation required to file its North Dakota return using the worldwide unitary combined report method must do so unless it elects to apportion its income using the water's edge method.

A corporation elects and maintains the water's edge method election by checking the box entitled "Water's Edge Method" on page 1, line 1, and completing Schedule WE.

A corporation electing the water's edge method must comply with all of the following:

- The election must be made on the return as originally and timely filed;

- The corporation may not reduce taxable income for federal taxes deducted under N.D.C.C. § 57-38-01.3(1)(c);
- The water's edge election is binding for five consecutive taxable years upon making the election; and
- The corporation must file with the Tax Commissioner a domestic disclosure spreadsheet the first year the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars, and every third year thereafter provided the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars. The

domestic disclosure spreadsheet must be filed by a corporation with its North Dakota income tax return. However, if the information is not available when the return is filed, a corporation may file the spreadsheet within six months after the due date of the return, including any extensions. The form for complying with the spreadsheet requirement must be obtained from the Office of State Tax Commissioner.

A corporation electing the water's edge method must include only the apportionment factors and statutory adjustments of the water's edge group.

**Schedule WE general definitions**

**"Water's edge group"** includes affiliated corporations incorporated in the U.S., excluding 80/20 corporations, affiliated corporations incorporated in a possession of the U.S., DISCs, FSCs, export trade corporations and foreign affiliated corporations which meet a defined minimum of U.S. activity.

**"Affiliated corporation"** means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the water's edge group.

**"Reversal of intercompany eliminations between water's edge corporations and 80/20 corporations"** means the reversal of eliminations made between water's edge corporations and 80/20 corporations that are included in the federal consolidated return. Dividends, interest, royalties, capital gains and losses, intercompany profit on sales, etc.

between water's edge corporations and 80/20 corporations that have been eliminated in preparing the consolidated federal return must be reversed.

**"Intercompany eliminations for water's edge group corporations"** are eliminations of intercompany transactions between companies included in line 1 and companies included in line 2.

**"80/20 corporation"** is a corporation that is incorporated in the U.S., is eligible to be included in the federal consolidated return as defined in N.D.C.C. § 57-38.4-01(5) and has eighty percent of its average property and payroll assigned to locations in foreign countries.

**"Foreign dividends"** means any dividend received by a member of the water's edge group from any affiliated corporation incorporated outside the fifty states and District of Columbia, including amounts included in income computed under sections 951 through 954 of the Internal Revenue Code of 1986, as amended.

**"Net book income of an 80/20 corporation"** means net book income for financial statement purposes. However, a corporation's net book income cannot be offset by a net book loss from another 80/20 corporation. In addition, when calculating net book income, an expense cannot be taken for federal income taxes that are eliminated through the application of foreign tax credits.

**"Rescission of a water's edge election"**. A corporation's water's edge election is rescinded if:

- It has had more than 50% of its voting stock acquired by a nonaffiliated corporation;
- It was formed as the result of a reorganization or spinoff and is no longer a member of the water's edge group; or
- It is completely liquidated. The water's edge election of any corporation receiving liquidated assets is not affected.



Name as shown on return

Federal employer I.D.

**Schedule CR: Computation of tax due for corporations filing a consolidated return using the combined report method**

	Corporation	Name of corporation	Federal Employer I.D.
<b>Corporations having activity within North Dakota</b>	A	➤ _____	➤ _____
	B	➤ _____	➤ _____
	C	➤ _____	➤ _____

**Part I: Computation of income tax due:**

**Before starting part I of this schedule, complete lines 1-5 on Form 40, page 1**

	Corporation A	Corporation B	Corporation C
5 North Dakota apportionable income (Enter amount in Columns A, B & C from Form 40, page 1, line 5) .....	5 _____	_____	_____
6 Apportionment factor (Enter factor from part II, line 14) .....	6 _____	_____	_____
7 Income apportioned to North Dakota (line 5 multiplied by line 6) .....	7 _____	_____	_____
8 Income allocated to North Dakota \$ _____ less related expenses \$ _____	8 _____	_____	_____
9 North Dakota income (Add lines 7 and 8) .....	9 _____	_____	_____
10 Federal tax deduction (Enter amount from part III, line 17) .....	10 _____	_____	_____
11 Subtotal (Subtract line 10 from line 9) .....	11 _____	_____	_____
12 Exemption for new and expanding business (Attach worksheet - See instructions, Form 40, line 12) .....	12 _____	_____	_____
13 North Dakota income after exemption for new and expanding business (Subtract line 12 from line 11) .....	13 _____	_____	_____
14 Renaissance zone income exemption (See instructions) .....	14 _____	_____	_____
15 North Dakota income after renaissance zone income exemption (Subtract line 14 from line 13) .....	15 _____	_____	_____
<b>If the amount on line 15 is a loss, check the box in Question 10, page 2 to forego the carryback period</b>			
16 North Dakota loss carryforward (Attach worksheet - See instructions, Form 40, line 16) .....	16 <b>114164</b> _____	_____	_____
17 Balance (Subtract line 16 from line 15) .....	17 _____	_____	_____
18 Recapture of federal alternative minimum tax (Enter amount from part IV, line 11) .....	18 _____	_____	_____
19 North Dakota taxable income (Subtract line 18 from line 17) .....	19 _____	_____	_____
20 Income Tax Due (See tax rate table on Form 40, page 1) .....	20 _____	_____	_____

**20a Total income tax due** (Add amounts on line 20, Columns A, B & C, and enter the total amount here and on Form 40, page 1, line 20 and complete lines 21 through 25, on Form 40) .....

(GA)20a \_\_\_\_\_

**Instructions for consolidated return using the combined report method**

All corporations filing a consolidated North Dakota return, (i.e., those corporations checking either box b1 or box b2 on Form 40, page 1, line 1) must complete the four parts of Schedule CR and attach the completed schedule to Form 40 when filed.

On the top of this page, space has been provided for three corporations (corporations A, B & C) having activity within North Dakota. If space is needed for additional corporations having activity within North Dakota, additional copies of Schedule CR

can be obtained by photocopying all four parts of this original schedule or by requesting additional copies from the Office of State Tax Commissioner.

Complete Form 40, page 1, lines 1-5 before starting to complete Schedule CR, part I.

Schedule CR has been designed so that the instructions for Form 40 in the booklet also apply to the line numbers on Schedule CR. For example, the instructions for Form 40, page 1, lines 5-20 also apply to Schedule CR, part I, lines 5-20.

After completing Schedule CR, part I, certain totals must be entered on Form 40. For each line 8, 10, 12, 14, 16 and 18, total the amounts for all corporations included on Schedule CR, part I. Enter the total from lines 8 onto line 8 of Form 40, page 1; enter the total from lines 10 onto line 10 of Form 40, page 1; enter the totals from lines 12 onto line 12 of Form 40, page 1; enter the total from lines 14 onto line 14 of Form 40, page 1; enter the total from lines 16 onto line 16 of Form 40, page 1; and enter the total from lines 18 onto line 18 of Form 40, page 1.

Name as shown on return

Federal employer I.D.

### Schedule CR, Part II: Computation of factor for corporations filing a consolidated return using the combined report method

**Property Factor: Average value at original cost of real and tangible personal property used in the business (Exclude value of construction in progress)**

Average Property:	Everywhere Average Property of All Corporations Being Combined	North Dakota Average Property		
		Corporation A	Corporation B	Corporation C
1 Inventories .....	1			
2 Buildings and other depreciable assets .....	2			
3 Depletable assets .....	3			
4 Land .....	4			
5 Other assets .....	5			
6 Rental property (annual rental capitalized x 8) .....	6			
7 Total property (Add lines 1 through 6) .....	7			
7a Property factor (Divide N.D. Total Average Property by Total Everywhere Average Property) .....	7a	-----	-----	-----
7b Total property factor (Add amounts on line 7a, columns A, B & C) .....	(BB) 7b	-----	-----	-----

**Payroll Factor: Wages, salaries, commissions and other compensation**

Payroll	Everywhere Payroll All Corporations Being Combined	North Dakota Payroll		
		Corporation A	Corporation B	Corporation C
8 Payroll .....	8			
8a Payroll factor (Divide N.D. Payroll by Everywhere Payroll) .....	8a	-----	-----	-----
8b Total payroll factor (Add amounts on line 8a, columns A, B & C) .....	(BD) 8b	-----	-----	-----

**Sales Factor:**

Sales	Everywhere Sales All Corporations Being Combined	North Dakota Sales		
		Corporation A	Corporation B	Corporation C
9 Everywhere sales .....	9			
10 Sales delivered or shipped to North Dakota destinations .....	10			
11 Sales shipped from North Dakota to:				
(a) The United States Government .....	11a			
(b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax or a tax measured by net income, or if subject, did not actually pay such tax .....	11b			
(c) Total North Dakota Sales (Add lines 10, 11a and 11b) .....	11c			
12 Sales Factor (Divide Total N.D. Sales by Everywhere Sales) .....	12	-----	-----	-----
12a Sales Factor (Add amounts on line 12, columns A, B & C) .....	(BF) 12a	-----	-----	-----
13 Sum of the factors (Add lines 7a, 8a and 12) .....	13	-----	-----	-----
14 Apportionment Factor (Divide line 13 by the number of factors having an amount greater than zero in the everywhere column, on lines 7, 8 and 9) (Enter factor here and on part I, line 6, and part III, line 11, if applicable) .....	14	-----	-----	-----
14a Total Factor (Add amounts on lines 7b, 8b and 12a. Divide the sum by three, and enter the total amount here and on Form 40, page 1, line 6) .....	(BG) 14a	-----	-----	-----

Name as shown on return

Federal employer I.D.

Schedule CR, Part III: Computation of federal income tax deduction for corporations filing a consolidated return using the combined report method

- 1 Federal income tax liability (See instructions in booklet for Schedule FTD) (EA) 1
1a Federal alternative minimum tax liability (See instructions in booklet for Schedule FTD) (EG) 1a
1b Adjusted federal income tax liability (Subtract line 1a from line 1) 1b
2 Separate company(ies) federal income tax liability (Attach worksheet - See instructions) 2
3 Profit companies federal income tax liability (Attach worksheet - See instructions) 3
4 Ratio: (Divide line 2 by line 3. Not to exceed 1.000000) 4
5 Separate company(ies) share of federal income tax liability (Multiply line 1b by line 4) (EB) 5
6 Federal taxable income (See instructions) 6
7 Income not taxable to North Dakota (See instructions) 7
8 Balance (Subtract line 7 from line 6) 8
9 Ratio: (Divide line 8 by line 6. Not to exceed 1.000000) 9

Additional Information Regarding The Filing Of A Consolidated North Dakota Return Using The Combined Report Method Is Contained in North Dakota Century Code § 57-38-14(11) and North Dakota Administrative Code §§ 81-03-05.1-08, 81-03-05.2 and 81-03-05.3

- 10 Federal tax on federal taxable income reportable to North Dakota (Multiply line 5 by line 9) (Enter here and in Columns A, B & C) (CK) 10

Corporation A Corporation B Corporation C

Corporations using the combined report method and claiming a federal foreign tax credit, skip line 11 and use lines 12-16. Other corporations must use line 11.

Complete line 11 or line 16, but not both

- 11 North Dakota apportionment factor (Enter factor from part II, line 14) 11
12 North Dakota income (Enter amount from part I, line 9) (If zero or less, skip lines 13 through 16 and use line 11) 12
13 Total income (If zero or less, skip lines 14 through 16 and use line 11 of this schedule) (See instructions in Form 40, Schedule FTD, Combined Report Method, page 7, line 13) 13
14 Income relating to foreign tax credit (If zero, skip lines 15 and 16 and use line 11) (See instructions in Form 40, Schedule FTD, Combined Report Method, page 7, line 14) 14
15 Income relating to federal income tax paid (Subtract line 14 from line 13) (If zero or less, skip line 16 and use line 11) 15
16 Federal income tax ratio (Divide line 12 by line 15. Not to exceed 1.000000) 16
16a Total federal income tax ratio (Add amounts on line 16, columns A, B & C) (EC) 16a
17 Federal income tax deduction (Multiply line 10 by either line 11 or line 16. Not to exceed 1.000000) 17
17a Total federal income tax deduction (Add amounts on line 17, columns A, B & C and enter the total amount here and on Form 40, page 1, line 10) (ED) 17a

Instructions For Schedule CR, Part III

Schedule CR, part III has been designed so that the instructions for Form 40,

Schedule FTD under "Combined Report Method" in the booklet also apply to the line numbers on part III.

After completing Schedule CR, part III, the total from line 17a must be entered on Form 40, page 1, line 10.

**Schedule CR, Part IV: Computation of recapture and carryforward of federal AMT disallowed for corporations filing a consolidated return using the combined report method**

1	1999 Federal alternative minimum tax (AMT) <i>(Enter amount from Schedule CR, part III, line 1a)</i> .....	1	_____			
2	Ratio from Schedule CR, part III, line 4, if no ratio on line 4, enter 1.000000 .....	2	_____			
3	Multiply line 1 by line 2 .....	3	_____			
4	Ratio from Schedule CR, part III, line 9 .....	4	_____	<b>Corporation A</b>	<b>Corporation B</b>	<b>Corporation C</b>
5	Multiply line 3 by line 4 .....	5	_____			
6	N.D. apportionment factor <i>(Enter factor from Sch. CR, part III, line 11 or line 16)</i> .....	6	_____			
7	Subtotal <i>(Multiply line 5 by line 6)</i> .....	7	_____			
8	Carryforward of previously disallowed federal AMT <i>(Attach worksheet)</i> .....	8	_____			
9	Total federal AMT disallowed <i>(Add lines 7 and 8)</i> .....	9	_____			
<b>Corporations claiming a federal consolidated credit for prior year minimum tax on the 1999 federal return, complete lines 10-12. Other corporations enter the amount from line 9 on line 12.</b>						
10	Balance <i>(Enter amount from Schedule CR, part I, line 17)</i> .....	10	_____			
11	<b>Subtotal</b> <i>(If the amount on line 10 is zero or less, enter zero here and on part I, line 18) (If the amount on line 10 is greater than zero, enter the smaller of line 9 or 10 here and on part I, line 18)</i> .....	11	_____			
11a	Total recapture of federal AMT disallowed <i>(Add amounts on line 11, column A, B &amp; C and enter the total amount here and on Form 40, page 1, line 18)</i> .....					<b>11a</b> _____
12	Available carryforward of federal AMT disallowed <i>(Subtract line 11 from line 9 if completing lines 10 and 11)</i> .....	12	_____			
12a	Total available carryforward of federal AMT disallowed <i>(Add amounts on line 12, columns A, B &amp; C)</i> .....					<b>(RA) 12a</b> _____

**Instructions for Schedule CR, part IV**

Schedule CR, Part IV has been designed so that the instructions for Form 40,

Schedule AMT-R in the booklet also apply to this part of Schedule CR.

After completing Schedule CR, Part IV the total from line 11a must be entered on Form 40, page 1, line 18.

# 1999 North Dakota Form 40-ES

## North Dakota estimated income tax for corporations for the 2000 taxable year

### General instructions

#### Who must pay estimated tax

Estimated income tax must be paid if a corporation's net income tax liability can reasonably be expected to exceed five thousand dollars (\$5,000) for the taxable year **and** the previous year's income tax liability exceeded five thousand dollars (\$5,000).

"Net tax liability" is defined as North Dakota income tax due, as shown on the return, computed after the application of allowable credits and before the application of estimated income tax payments.

#### Where to file

Estimated income tax payments should be mailed to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

#### Which form to use

**To receive proper credit for N.D. corporation estimated tax payments, please use only the blue color-coded 40-ES forms.**

#### Time for filing

The first estimated income tax payment is due no later than April 15 following the close of the calendar year.

Corporations reporting on a fiscal year basis must file no later than the 15th day of the fourth month following the close of their fiscal year.

No less than one-fourth of the estimated income tax must be paid with the first installment, and with each of the three remaining installments on the 15th day of the sixth and ninth months of the taxable year, and the first month of the following year.

Form 40-ES must be completed and filed on each installment date. Extensions are not granted.

#### How to pay

Please submit separate checks for:

- payment of estimated income tax and
- payment of any tax due on the North Dakota Corporation Income Tax Form 40.

Payment should be made by check or money order to the North Dakota State Tax Commissioner.

#### Amendments to estimated income tax

If it is found that the total estimated income tax is more or less than originally determined, amend the next installment. Use line 1 on Form 40-ES to indicate the amended estimated income tax liability and complete the remaining lines.

#### Overpayment of estimated tax

An overpayment of estimated income tax from the prior taxable year may be credited to the current year's estimated payments. The amount of the 1999 overpayment must be applied to the first installment for 2000, and the excess, if any, must be applied to the next succeeding installment until the excess is used up.

#### Application of estimated income tax payments

All payments submitted as 2000 estimated income tax and any overpayment credited from the 1999 taxable year must be reported on the 2000 North Dakota Corporation Income Tax Return Form 40.

#### Understatement of estimated income tax

Except for income computed using the federal annualization method or income qualifying as recurring seasonal income, interest charges will apply if the estimated income tax payment for any quarter (*including overpayment credits from prior quarters*) is less than 90% of the quarterly income tax liability or is less than the prior year's North Dakota income tax liability divided by four.

The Underpayment of Estimated North Dakota Income Tax by Corporations Form 40-UT must be attached to the North Dakota Corporation Income Tax Return, Form 40 when filing. The Form 40-UT is located within the Form 40 booklet.

#### Interest

The State Tax Commissioner will notify the taxpayer of any interest owed on any underpayment of estimated income tax. If desired, interest owed may be computed by the taxpayer on Form 40-UT and added to the 2000 corporation income tax liability on Form 40, Page 1. Interest is calculated at the rate of 12% per year from the installment due date to the earlier of the date the estimated tax is paid or the due date (without extension) of the return.

#### Exceptions

If the estimated tax paid on or before each due date is computed using the annualization method provided in the Internal Revenue Code of 1986, as amended, no interest is due. Also, no interest is due if the underpayment of any installment comes within the exception provided in the Internal Revenue Code of 1986, as amended, Section 6655(e) for income qualifying as recurring seasonal income.



### North Dakota corporation estimated income tax payment voucher

Form 40-ES

For calendar year January 1 to December 31, 2000

For fiscal year beginning \_\_\_\_\_, 2000, and ending \_\_\_\_\_, \_\_\_\_\_

**2000**

Name as shown on North Dakota Corporation Income Tax Return \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

Mailing address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Phone number \_\_\_\_\_

#### 1st Installment

Due 15th day of fourth month of 2000 taxable year.

- 1 Estimated Income Tax For The 2000 Taxable Year ..... > \_\_\_\_\_
- 2 Total due including this installment - 25% of line 1 ..... \_\_\_\_\_
- 3 1999 overpayment credited to 2000 estimated tax (From 1999 Form 40 line 25a) ..... \_\_\_\_\_
- 4 Installment due (Subtract line 3 from line 2. If zero or less, enter zero). Remit this amount ..... \_\_\_\_\_

**Mail to:**  
Office of State Tax Commissioner  
600 E. Blvd. Ave.  
Bismarck, ND 58505-0599

**Please  
Do Not  
Write  
In This  
Space**

"Buy North Dakota Products"

# 1999 North Dakota Form 40-UT

Name as shown on return

Federal employer I.D.

## Underpayment of estimated North Dakota income tax by corporations

For the tax year beginning \_\_\_\_\_, 19\_\_ and ending \_\_\_\_\_, 19\_\_.

If a corporation's estimated income tax payment for any quarter (*including overpayment credits from prior quarters*) is less than 90% of the quarterly income tax liability or is less than the prior year's North Dakota income tax liability divided by four, it will be required to complete Form 40-UT and attach it to the North Dakota Corporation Income Tax Form 40 when filing.

- 1 Net income tax liability - From 1999 Form 40, (*If \$5,000 or less, do not complete form*) .....
- 2 90% of line 1 .....
- 3 Prior year's net income tax liability - From 1998 Form 40, line 24 (*If \$5,000 or less, do not complete form*) .....

Enter in columns A through D the installment dates that correspond to the 15th day of the 4th, 6th and 9th months of the taxable year, and the first month of the following year .....

**A**                      **B**                      **C**                      **D**

- 4 Enter 25% of line 2 or line 3, whichever is less, in column A through D .....
- 5 (a) 1998 overpayment credited to 1999 tax .....
- (b) Amount paid for each quarter .....

Remaining lines for Column A must be completed before proceeding to Column B, C and D.

- (c) Overpayments. See line 7(b) .....
- 6 Add lines 5(a), 5(b), and 5(c) .....
- 7 (a) Underpayment. (*line 4 less line 6*) If underpayment computed, see line 11 below. ....
- (b) Overpayment. (*line 6 less line 4*) Enter here and on line 5(c) above, in the following quarter .....
- 8 Interest (*See Form 40-ES instruction*) .....
- 9 Total Interest (*Add line 8, columns A-D. Include on 1999 Form 40, on interest and penalty line*) .....

- 10  Check this box if the computed underpayment results from recurring seasonal income, as defined under IRC Section 6655(e) of 1986, as amended.
- 11  Check this box if the computed underpayment results from using the federal annualization method.

If either Box 10 or 11 is checked, interest on the underpayment(s) should not be computed or paid. Attach a copy of Federal Form 2220 (*including the worksheet in the instructions to Federal Form 2220*).

**North Dakota corporation estimated income tax payment voucher**

**Form 40-ES**

For calendar year January 1 to December 31, 2000

For fiscal year beginning \_\_\_\_\_, 2000, and ending \_\_\_\_\_, \_\_\_\_\_

**2000**

Name as shown on North Dakota Corporation Income Tax Return \_\_\_\_\_

Mailing address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_ Phone number \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

**2nd Installment**  
Due 15th day of sixth month of 2000 taxable year.

- 1 **Estimated Income Tax For The 2000 Taxable Year** ..... ➤ \_\_\_\_\_
- 2 Total due including this installment - 50% of line 1 ..... \_\_\_\_\_
- 3 Amount paid in previous installments (Including 1999 overpayment credited to 2000 estimated tax) ..... \_\_\_\_\_
- 4 Installment due (Subtract line 3 from line 2. If zero or less, enter zero). Remit this amount ..... \_\_\_\_\_

**Mail to:**  
Office of State Tax Commissioner  
600 E. Blvd. Ave.  
Bismarck, ND 58505-0599

Please Do Not Write In This Space  
"Buy North Dakota Products"



**North Dakota corporation estimated income tax payment voucher**

**Form 40-ES**

For calendar year January 1 to December 31, 2000

For fiscal year beginning \_\_\_\_\_, 2000, and ending \_\_\_\_\_, \_\_\_\_\_

**2000**

Name as shown on North Dakota Corporation Income Tax Return \_\_\_\_\_

Mailing address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_ Phone number \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

**3rd Installment**  
Due 15th day of ninth month of 2000 taxable year.

- 1 **Estimated Income Tax For The 2000 Taxable Year** ..... ➤ \_\_\_\_\_
- 2 Total due including this installment - 75% of line 1 ..... \_\_\_\_\_
- 3 Amount paid in previous installments (Including 1999 overpayment credited to 2000 estimated tax) ..... \_\_\_\_\_
- 4 Installment due (Subtract line 3 from line 2. If zero or less, enter zero). Remit this amount ..... \_\_\_\_\_

**Mail to:**  
Office of State Tax Commissioner  
600 E. Blvd. Ave.  
Bismarck, ND 58505-0599

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**North Dakota corporation estimated income tax payment voucher**

**Form 40-ES**

For calendar year January 1 to December 31, 2000

For fiscal year beginning \_\_\_\_\_, 2000, and ending \_\_\_\_\_, \_\_\_\_\_

**2000**

Name as shown on North Dakota Corporation Income Tax Return \_\_\_\_\_

Mailing address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_ Phone number \_\_\_\_\_

Federal employer identification number \_\_\_\_\_

**4th Installment**  
Due 15th day of first month following close of 2000 taxable year.

- 1 **Estimated Income Tax For The 2000 Taxable Year** ..... ➤ \_\_\_\_\_
- 2 Amount paid in previous installments (Including 1999 overpayment credited to 2000 estimated tax) ..... \_\_\_\_\_
- 3 Installment due (Subtract line 2 from line 1. If zero or less, enter zero). Remit this amount ..... \_\_\_\_\_

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600 E. Blvd. Ave.  
Bismarck, ND 58505-0599

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