

PG Planned gift tax credit



2006

Attach to Form ND-1 or ND-2

Name(s) shown on return

Your social security number

▶ See instructions on reverse side

North Dakota qualified nonprofit organization

Identify below the North Dakota qualified nonprofit organization to which the eligible contribution was made

Name of qualified nonprofit organization		
Address		
City	State	Zip

Identify below the entity administering the planned gift assets, if different from the qualified nonprofit organization

Name of administering entity		
Address		
City	State	Zip

Qualified planned gift

1. Identify the method used to make the planned gift. See the instructions for the eligibility criteria. (Fill in the applicable circle)

- Charitable remainder unitrust
- Charitable remainder annuity trust
- Pooled income fund trust
- Charitable gift annuity
- Charitable lead unitrust
- Charitable lead annuity trust
- Deferred charitable gift annuity
- Charitable life estate
- Paid-up life insurance policy

2. Date on which qualified planned gift was completed _____ 2 / /

Calculation of credit

▶ If you are only carrying forward an unused credit from 2005, skip lines 3 through 6, and go to line 7.

- 3. Total amount of charitable contribution portion of gifts completed in 2006 tax year _____ 3 _____
- 4. Maximum contribution eligible for credit _____ 4 **25,000.00**
- 5. Enter lesser of line 3 or line 4 _____ 5 _____
- 6. 2006 credit. Multiply line 5 by 20% (.20). _____ 6 _____
- 7. Credit carryover from 2005. Enter amount from 2005 Schedule PG, line 8 _____ 7 _____
- 8. Total available credit. Add line 6 and line 7 _____ 8 _____
- 9. Amount of line 8 used to reduce tax in 2006. See instructions. Enter this amount on Form ND-1, line 24, OR Form ND-2, Tax Computation Schedule, line 7 _____ 9 _____

Credit carryover to 2007 tax year

- 10. 2005 credit carryover to 2007. If line 7 is equal to or greater than line 9, subtract line 9 from line 7; otherwise enter -0- _____ 10 _____
- 11. If line 7 is less than line 9, subtract line 7 from line 9; otherwise enter -0- _____ 11 _____
- 12. 2006 credit carryover to 2007. Subtract line 11 from line 6 _____ 12 _____

Adjustment to federal taxable income

▶ If you are only carrying forward an unused credit from 2005, do not complete lines 13 through 17.

- 13. Did you use Form 1040 and itemize deductions on Schedule A?
 - No. Stop here; you do not have to make an adjustment to your North Dakota taxable income.
 - Yes. Enter the amount from Schedule A (Form 1040), line 28 _____ 13 _____
- 14. Enter the **standard deduction** that you would have been allowed on Form 1040, line 40, had you not itemized deductions on Schedule A (Form 1040) _____ 14 _____
- 15. Subtract line 14 from line 13. If result is less than zero, enter -0- _____ 15 _____
- 16. Enter the amount from line 5 _____ 16 _____
- 17. Adjustment amount. Enter lesser of line 15 or line 16. Enter this amount on Form ND-1, line 4, OR Form ND-2, Schedule 2, line 4. If using Form ND-2, Schedule 3, see instructions _____ 17 _____

▶ Attach a receipt or statement from the qualified nonprofit organization acknowledging its I.R.C. § 501(c)(1) status, the planned gift method used, and the date and amount of the eligible contribution.

2006 Schedule PG instructions**Purpose of form**

An individual is allowed an income tax credit on either Form ND-1 or Form ND-2 for making a qualified planned gift to a North Dakota qualified nonprofit organization.

See the instructions to line 1 for what is a qualified planned gift.

The credit must be claimed first in the tax year in which the contribution is made, and the unused portion may be carried forward for two tax years.

Adjustment to taxable income—North Dakota taxable income must be increased by the amount of the charitable contribution upon which the credit is computed, but only to the extent that the contribution reduced federal taxable income. *See lines 13 through 17 on the schedule for this calculation.*

North Dakota qualified nonprofit organization

A North Dakota qualified nonprofit organization means an organization that:

1. Is incorporated in North Dakota, or has an established business presence or situs in North Dakota,
2. Is tax-exempt under I.R.C. § 501(c), and
3. Is a charitable donee organization as defined under I.R.C. § 170.

At the top of the schedule, enter the name and address of the North Dakota qualified nonprofit organization to which you gave the qualified planned gift. If a bank, trust company, or other entity holds or administers the qualified planned gift on behalf of the North Dakota qualified nonprofit organization, also enter the name and address of that entity in the boxes provided at the top of the schedule.

Specific line instructions**Line 1**

Fill in the circle next to the type of qualified planned gift on which the tax credit is based. To qualify for the credit, the qualified planned gift must consist of an irrevocable charitable contribution to a North Dakota qualified nonprofit organization using one of the following gifting methods:

Charitable remainder unitrust—To qualify, both of the following must apply:

1. The trust must be a trust defined under I.R.C. § 664(d)(2).
2. The trust agreement must contain a provision stating that the trust may not terminate, nor may the beneficiary's

interest in the trust be given to the North Dakota qualified nonprofit organization, before the earlier of (a) the date of death of the beneficiary or (b) the date that is five years after the date of the contribution.

Charitable remainder annuity trust—To qualify, both of the following must be met:

1. The trust must be a trust defined under I.R.C. § 664(d)(1).
2. The trust agreement must contain a provision that states the trust may not terminate, nor may the beneficiary's interest in the trust be given to the North Dakota qualified nonprofit organization, before the earlier of (a) the date of death of the beneficiary or (b) the date that is five years after the date of the contribution.

Pooled income fund—To qualify, the trust must be a trust defined under I.R.C. § 642(c)(5).

Charitable gift annuity—To qualify, both of the following must be met:

1. The annuity must be a qualified charitable gift annuity as defined for federal income tax purposes.
2. The annuity contract must contain a provision that states the annuitant's interest in the gift annuity may not be assigned to the North Dakota qualified nonprofit organization before the earlier of (a) the date of death of the annuitant or (b) the date that is five years after the date of the contribution.

Charitable lead unitrust—To qualify, the arrangement must satisfy the requirements of I.R.C. § 170(f)(2)(B).

Charitable lead annuity trust—To qualify, the arrangement must satisfy the requirements of I.R.C. § 170(f)(2)(B).

Deferred charitable gift annuity—To qualify, both of the following must be met:

1. The annuity must be a qualified charitable gift annuity as defined for federal income tax purposes.
2. The annuity contract must contain a provision that requires the payment of the annuity to begin within the life expectancy of the annuitant or of the joint life expectancies of the annuitants, if more than one annuitant, using the actuarial tables applicable to determining the federal charitable income tax deduction on the date of the contribution.

3. The annuity contract must contain a provision that states the annuitant's interest in the gift annuity may not be assigned to the North Dakota qualified nonprofit organization before the earlier of (a) the date of death of the annuitant or (b) the date that is five years after the date of the contribution.

Charitable life estate agreement—To qualify, the agreement must satisfy the requirements of I.R.C. § 170(f)(3)(B).

Paid-up life insurance policy—To qualify, both of the following must be met:

1. The policy must be a paid-up policy, i.e., all premiums for the policy have been paid, with no more premiums due in the future.
2. The gift of the policy qualifies as a charitable contribution under I.R.C. § 170.

Line 3

Note: If you are only carrying forward an unused credit from 2005, skip lines 3 through 6 and go to line 7.

Enter the total amount of the charitable contribution portion of all qualified planned gifts completed in 2006. The charitable gift portion is the amount of the qualified planned gift that qualifies as a federal charitable contribution deduction for the 2006 tax year.

Line 9

The tax credit allowed for the 2006 tax year may not exceed your tax liability. Enter on this line only that portion of the tax credit on line 8 that you actually use to reduce your 2006 tax liability. For example, if the allowable tax credit on line 8 is \$1,000, but you only need \$400 to reduce your tax liability to zero, enter \$400 on line 9.

Lines 13 through 17

If you made a planned gift in 2006, you must complete lines 13 through 17. If you are only carrying forward an unused credit from 2005, do not complete lines 13 through 17.

Line 14

To determine the proper amount to enter on this line, see the instructions to the 2006 Form 1040, line 40.

Line 17

If you are a part-year resident or a full-year nonresident, and you are using Form ND-2, see the instructions to Schedule 3, Part 1, line 12, to determine the adjustment amount.