



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
 Cory Fong, Commissioner

**NOTICE**

**TO:** All Income Tax and Financial Institution Tax Filers  
**SUBJECT:** Reduced Tax Rates for 2011  
**DATE:** May 25, 2011

During the 2011 North Dakota Legislative Assembly, [House Bill 1047](#) was passed that reduced the income tax rates for individuals. The income brackets for individuals, estates, and trusts, as adjusted for inflation for the 2011 tax year, and the income brackets for corporations were not changed. The legislation also reduced the financial institution tax rate. The reduced tax rates apply to tax years beginning on or after January 1, 2011.

**INCOME TAX RATE REDUCTION**

Following are the revised income tax rate schedules for the 2011 tax year for individuals, estates, trusts, and corporations—

**2011 Individual Income Tax Rates**

<b>Single</b>	<b>If taxable income is:</b>		<b>The tax is:</b>
	<b>Over</b>	<b>But not over</b>	
	\$ 0	\$ 34,500	1.51% of North Dakota Taxable Income
	34,500	83,600	\$ 520.95 + 2.82% of amount over \$ 34,500
	83,600	174,400	1,905.57 + 3.13% of amount over 83,600
	174,400	379,150	4,747.61 + 3.63% of amount over 174,400
	379,150		12,180.04 + 3.99% of amount over 379,150
<b>Married Filing Jointly / Qualifying Widow</b>	<b>If taxable income is:</b>		
	<b>Over</b>	<b>But not over</b>	<b>The tax is:</b>
	\$ 0	\$ 57,700	1.51% of North Dakota Taxable Income
	57,700	139,350	\$ 871.27 + 2.82% of amount over \$ 57,700
	139,350	212,300	3,173.80 + 3.13% of amount over 139,350
	212,300	379,150	5,457.14 + 3.63% of amount over 212,300
	379,150		11,513.79 + 3.99% of amount over 379,150
<b>Head of Household</b>	<b>If taxable income is:</b>		
	<b>Over</b>	<b>But not over</b>	<b>The tax is:</b>
	\$ 0	\$ 46,250	1.51% of North Dakota Taxable Income
	46,250	119,400	\$ 698.38 + 2.82% of amount over \$ 46,250
	119,400	193,350	2,761.21 + 3.13% of amount over 119,400
	193,350	379,150	5,075.84 + 3.63% of amount over 193,350
	379,150		11,820.38 + 3.99% of amount over 379,150
<b>Married Filing Separately</b>	<b>If taxable income is:</b>		
	<b>Over</b>	<b>But not over</b>	<b>The tax is:</b>
	\$ 0	\$ 28,850	1.51% of North Dakota Taxable Income
	28,850	69,675	\$ 435.64 + 2.82% of amount over \$ 28,850
	69,675	106,150	1,586.90 + 3.13% of amount over 69,675
	106,150	189,575	2,728.57 + 3.63% of amount over 106,150
	189,575		5,756.90 + 3.99% of amount over 189,575

### 2011 Estate And Trust Income Tax Rates

**If taxable income is:**

Over	But not over	The tax is:
\$ 0	\$ 2,300 .....	1.51% of North Dakota Taxable Income
2,300	5,450 .....	\$ 34.73 + 2.82% of amount over \$ 2,300
5,450	8,300 .....	123.56 + 3.13% of amount over 5,450
8,300	11,350 .....	212.77 + 3.63% of amount over 8,300
11,350 .....		323.48 + 3.99% of amount over 11,350

### 2011 Corporation Income Tax Rates

**If taxable income is:**

Over	But not over	The tax is:
\$ 0	\$ 25,000 .....	1.68% of North Dakota Taxable Income
25,000	50,000 .....	\$ 420.00 + 4.23% of amount over \$ 25,000
50,000 .....		1,477.50 + 5.15% of amount over 50,000

*Water's edge filers—If a corporation elects to use the water's edge method to apportion its income, the corporation must pay an additional tax of 3.5% of its North Dakota taxable income (in addition to the regular tax calculated using the above 3-bracket tax rate schedule).*

**Estimated Income Tax.** Taxpayers who are making payments of estimated North Dakota income tax for the 2011 tax year may want to adjust their remaining estimated payment installments based on the lower tax rates. Depending on the situation, it may not be advisable to change the amount of the estimated payments, particularly if they are based on the previous year's tax liability. It is up to each taxpayer to make a determination of whether or not to adjust the amount of their estimated payments based on their own tax situation.

The Tax Department has revised the 2011 estimated income tax forms for individuals, estates, and trusts to reflect the lower tax rates. The revised [2011 Form ND-1ES](#) for individuals and the revised [2011 Form 38-ES](#) for estates and trusts can be found on the Office of State Tax Commissioner's web site at [www.nd.gov](http://www.nd.gov). (The tax rates and income brackets are not shown on the 2011 Form 40-ES, the estimated income tax form for corporations, so no revisions were made to this form.)

### FINANCIAL INSTITUTION TAX RATE REDUCTION

Starting with the 2011 tax year, the tax rate for financial institution tax purposes is reduced to 6.5%. In addition, the payment of the tax changed as follows:

**State general fund portion of the tax.** Of the total financial institution tax (computed at 6.5%), three-thirteenths (3/13ths) must be paid by April 15th of the year immediately following the tax year.

**Financial institution tax distribution fund portion of the tax.** Of the total financial institution tax (computed at 6.5%), ten-thirteenths (10/13ths) must be paid by January 15 of the year immediately following the year in which the financial institution tax return is due.