

## ***New for 2009***

*(Effective for taxable years beginning after 12/31/08  
unless otherwise noted)*

### **New tax rates**

Effective for taxable years beginning after December 31, 2008, the income brackets and tax rates are:

<b>If North Dakota taxable income is:</b>		<b>The tax is:</b>	
Over	But not over		
\$ 0	\$ 25,000.....	2.10% of North Dakota Taxable Income	
25,000	50,000.....	\$ 525.00 + 5.25% of amount over	\$ 25,000
50,000 .....		1,837.50 + 6.40% of amount over	50,000

If a corporation elects to use the water's edge method to apportion its income, the corporation is subject to an additional 3.5% surtax on its North Dakota taxable income.

### **Electronic filing**

Taxpayers now have the ability to electronically file North Dakota corporate income tax returns if the federal return was electronically filed with the IRS using the Modernized E-file program. Check with your software vendor, tax preparer, or our web site to see if your vendor is an approved provider. If filing your return electronically, we also encourage you to make any necessary payments with the return using electronic funds transfer (EFT). Additional information will be posted on our web site when it becomes available.

### **Corporate income tax credit changes**

- Renaissance Zone Program  
Changes were made to the program to include leasehold improvements and rehabilitation of public utility infrastructure in the list of qualifying projects.

In addition, a new credit was created for property that is considered a zone project. The credit is allowed for a non-participating property owner making the required changes to utility services or to the building structure.

- Credit for geothermal, solar, wind, or biomass energy device  
The sunset date of the credit was extended to January 1, 2015. The carryover period for unused credits was extended depending on when the device is installed.

The provision providing for the sale, assignment, or transfer of credits to another unrelated taxpayer was repealed.

- Credit for biodiesel fuel production  
The existing corporate tax credit was enhanced to include facilities for the purpose of crushing soybeans or canola.
- Credit for investment in an angel fund  
The current credit was amended to define what constitutes an angel fund and the criteria that must be met in order to be certified as a qualifying angel fund.
- Credit for wages and related retirement plan contributions for mobilized military employees  
A new credit is available for a North Dakota employer who continues to pay part or all of the compensation to an employee in the National Guard or U.S. armed forces reserve who is mobilized for federal active duty.

### **North Dakota property tax credit for 2007 and 2008**

A reminder that 2008 was the final year in the two-year program for a corporation to take a credit on its North Dakota corporate income tax return for taxes on property classified as commercial property located in North Dakota. If a corporation failed to claim a property tax credit available to it on the 2007 and 2008 tax returns, an amended return must be filed within the statute of limitations, which is generally three years, in order to claim the credit.

### **Adjustments to federal taxable income**

- IC-DISC  
A new income tax deduction is available for actual distributions made by a corporation who elects to be an interest-charge domestic international sales corporation (IC-DISC), elects to use intercompany pricing rules under I.R.S. § 994 and is owned by one or more individuals or passthrough entities.
- Real estate investment trusts  
Corporations that own a captive real estate investment trust (REIT) must add back to federal taxable income the amount of the dividends paid deduction allowed to the captive REIT on its federal income tax return.
- Domestic production activity adjustment  
Effective for taxable years ending after April 30, 2009, a cooperative that elects to pass the deduction through to its patrons allowable under Section 199 of the Internal Revenue Code does not include the amount passed through to its patrons in North Dakota taxable income.