



North Dakota Office of State Tax Commissioner

2005 Individual Income Tax

Cory Fong, Tax Commissioner

Form ND-2

Are you using the right form?

If not, you may be paying too much tax!

See page 2 for more information.

Do you owe Use tax?

Did you purchase goods in another state? If you did, you may have to pay a use tax.

See inside front cover for more information.

Dear Taxpayer,

Did you know that your choice of forms will affect the amount of tax you have to pay? It is important that you use the form that is to your advantage. The vast majority of North Dakota's individual taxpayers have discovered that they have a lower tax when they use Form ND-1. If you are unsure which form is best for your particular situation, turn to page 2 and read **Which form to use**.

The past several years the Tax Department has been urging taxpayers to electronically file their state income tax return. It's important for you to know that if you would like to e-file, you will need to use the Form ND-1. There are many benefits to using e-file, which include greater accuracy and faster processing. By e-filing, you help reduce the cost of government because it costs the state less money to process an electronic return than a paper return. I hope you will consider e-filing this year.

Please visit our web site at www.nd.gov/tax. You can download various forms and publications as well as learn more about North Dakota's taxes.

I invite you to let us know what you think we are doing well and what we can do to improve our service to you. We use your comments to make improvements to the process by which you file your return and receive your refund. Our phone, address, and e-mail information is found on the back of this booklet.

Thank you,

Cory Fong,
Tax Commissioner



Pay your taxes with your credit card. See page 15 for more information.



If you need forms or want to find out more about North Dakota's taxes, visit our web site.
www.nd.gov/tax

This booklet contains the following forms—

● Form ND-2

● Schedule 2

● Schedule 3

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Taxpayer Bill of Rights

You may get a copy of the North Dakota Taxpayer Bill of Rights by contacting the Office of State Tax Commissioner or visiting our web site at www.nd.gov/tax

If you need a form or document mentioned in this booklet, you may obtain it from our web site at www.nd.gov/tax, or request it by phone, e-mail, fax, or letter—see the back cover of this booklet for phone numbers and addresses.

You might be eligible for a refund of local sales tax!

Beginning October 1, 2005, most city and county local tax ordinances contain a local sales tax maximum. If a customer exceeds that maximum, they may apply to the state Tax Department for a refund of the amount of local tax paid that exceeds that maximum. The local sales tax maximum varies between local taxing jurisdictions and ranges from \$25 to \$50. For example, you purchase \$4,000 of furniture in a city that has a one percent sales tax and allows for a \$25 local tax maximum. The retailer will collect \$200 in state sales tax and \$40 in local tax at the time of purchase. You may then apply to the Tax Commissioner for a refund of \$15 (\$40 local tax paid - \$25 local tax maximum). You can access the form, **Claim For Refund of City or County Sales and Use Tax Transmittal**, on our web site at www.nd.gov/tax or by calling (701) 328-3470 or e-mailing salestax@state.nd.us.

Do you owe use tax?

If you purchased goods from outside North Dakota or outside the U.S. you might owe state and local sales tax. Technically, what you have to pay is called a use tax. It applies to the same goods that are subject to North Dakota's sales tax. The use tax applies whether you purchased goods in person at an out-of-state location, by mail, phone, or the Internet.

If you didn't pay any sales tax or you paid tax to another country at the time of purchase, you must pay the use tax at the North Dakota sales tax rate. If you did pay sales tax to another state but you paid less than what you would have paid in North Dakota, the difference between the rates is the amount of use tax you owe.

If this applies to you, you must file a **North Dakota Use Tax Return**. You can access the form on our web site at www.nd.gov/tax or call the Sales and Withholding Taxes Division at (701) 328-3470.

Privacy Act information. In compliance with the Federal Privacy Act of 1974 (Public Law 93-579), the disclosure of an individual's social security number on the North Dakota income tax return and any required schedules is mandatory and is required under subsections 1 and 7 of North Dakota Century Code § 57-38-31. An individual's social security number is used as an identification number by the North Dakota Office of State Tax Commissioner for file control and recordkeeping purposes, and for cross-checking an individual's files with those of the Internal Revenue Service.

Changes affecting you and your income tax

Developments, updates, and items of interest relating to individual income tax

2005 law changes

Following are summaries of law changes made by the 2005 North Dakota Legislature affecting Form ND-2.

Filing procedure for married persons having different states of residence—

Married persons filing a joint federal return and having different states of residence (one of which is North Dakota) for the tax year will no longer complete Schedule SF nor file separate North Dakota returns. Starting in 2005, if they use Form ND-2, they must complete the North Dakota return on a joint basis and use Schedule 3 to calculate their North Dakota taxable income. See page 6 for more information.

New deduction for human organ donation—

A new deduction is allowed for up to \$10,000 of eligible costs attributable to the donation of a human organ by the taxpayer or the taxpayer's dependent. See page 10 for more information.

Tax credit for biodiesel fuel supplier—

A new income tax credit is allowed to a licensed supplier (wholesaler) of biodiesel fuel for blending biodiesel fuel having at least a five percent blend ("B5"). See page 14 for more information.

Tax credit for biodiesel fuel seller—

A new income tax credit is allowed to a licensed seller (retailer) for adapting or adding equipment to a facility to enable it to sell diesel fuel having at least a 2 percent blend ("B2"). See page 14 for more information.

Refund intercept program—The state income tax refund offset program was expanded to allow an income tax refund to be intercepted to offset state court-ordered fines, fees, or costs payable to the state by the taxpayer, as reported to the Office of State Tax Commissioner by the state court administrator.

National Guard or Reserve member deduction—

The deduction currently allowed to a member of the National Guard or the U.S. armed forces reserve called to federal active duty was changed to limit it to a member who is "mobilized" under Title 10 of the U.S. Code. See page 9 for more information.

Tax credit for planned gift—

A new income tax credit of up to \$5,000 is allowed for making a charitable contribution to a qualified North Dakota nonprofit organization using certain planned gift methods. The amount of the contribution upon which the credit is computed must be added back to federal taxable income in computing North Dakota taxable income, but only to the extent the contribution reduced federal taxable income. For more information, obtain Schedule PG.

Seed capital investment tax credit—

The seed capital investment tax credit law was changed as follows: (1) Eligibility for the tax credit was expanded to include a regular corporation, trust, and a passthrough entity such as an S corporation or a limited liability company treated like a partnership. (2) The \$5,000 minimum investment requirement was removed. (3) Investment monies placed in escrow are not eligible for the credit until they are paid out of escrow to the business. (4) For a business first certified as a qualified business after December 31, 2004, the credit is limited to the first \$500,000 invested in the business. (5) The maximum credits allowed for investments made by all taxpayers after December 31, 2004, is limited to \$2.5 million per calendar year. (6) Additional credits were authorized on a retroactive basis for those investors whose 2004 investment was ineligible for part or all of the credit solely because of the \$2.5 million limit on credits allowed prior to 2005. *Those investors eligible for the retroactive credit were notified by the Office of State Tax Commissioner.*

Ag commodity investment tax credit—

The agricultural commodity processing facility investment tax credit law was changed as follows: (1) Eligibility for the tax credit was expanded to include a regular corporation and a passthrough entity such as an S corporation or a limited liability company treated like a partnership. (2) The \$20,000 maximum eligible investment allowed per taxpayer per year was replaced with a \$50,000 maximum credit per taxpayer per year. (3) A new ceiling of \$250,000 on the total tax credits allowed to a taxpayer for all tax years was created. (4) The unused credit carryover period was reduced from fifteen years to five years.

Residency status check off removed from Form ND-2

Starting with the 2005 return, the residency status check-off has been removed from the front of Form ND-2. The residency status of a return will be assumed to be full-year resident unless Schedule 3 is completed and attached to Form ND-2. An individual who is a nonresident of North Dakota for part or all of the tax year must complete and attach Schedule 3 to Form ND-2. Married persons who file a joint return where *either* spouse is a nonresident of North Dakota for part or all of the tax year must complete Schedule 3 on a joint basis and attach it to Form ND-2. On Schedule 3, each spouse will indicate his or her residency status.

2005 Form ND-2 instructions

General and specific line instructions for Form ND-2 (Optional Method)



Are you sure Form ND-2 is the right form to use?
If not, you may pay too much tax!
See **Which form to use** on this page before using Form ND-2.

General instructions

This section provides information on selecting the right form, filing requirements, procedures for obtaining an extension, estimated tax requirements, correcting a return, and other general information.

Which form to use

It is important to note that North Dakota income tax law provides for two methods of calculating the individual income tax. The two methods are implemented on two different forms—Form ND-1 and Form ND-2. (This booklet contains Form ND-2 and its instructions.)

Your choice of forms will affect the amount of your tax!

The two forms (and their respective calculation methods) are governed by different provisions of North Dakota income tax law. The calculation method and tax rates are different under each method. Your choice of forms is important because **you will calculate a different tax under each one!** For the majority of individuals, the tax will be lowest on Form ND-1.

So, which form should I use?

Generally, you should use Form ND-1. Over 95 percent of all filers will calculate a lower tax on Form ND-1 than on Form ND-2. If you used Form ND-2 last year, do not automatically use Form ND-2 for this year, but check out Form ND-1 to make sure you are paying the lowest tax.

Who should use Form ND-2?

Very few individuals—less than 5 percent—will benefit from using Form ND-2. Form ND-2 should be used only if it produces a tax that is lower than the tax calculated on Form ND-1. Although you calculate a North Dakota taxable income on both forms, do not base your choice on this number alone. You must also consider the tax rates which are much lower on Form ND-1.

Shouldn't I use Form ND-2 if I have one of the deductions or credits on it?

Not necessarily. There are a number of special deductions, exclusions, and credits that may be claimed only if Form ND-2 is used. As a general rule, they are usually not enough to offset the higher tax rates on Form ND-2. Some taxpayers will benefit from using Form ND-2, but we estimate that they make up less than 5 percent of all individual filers.

If in doubt as to which form to use, use Form ND-1. If you find later that your tax would have been lower on Form ND-2, you have the option of filing an amended return (within the statutorily prescribed time periods) to change forms.

Filing Tip:

Have you checked out Form ND-1? Over 95 percent of taxpayers will have the lowest tax on the Form ND-1.

Who must file

Full-year resident

If you were a full-year resident of North Dakota for the 2005 tax year and you are required to file a 2005 federal individual income tax return, you must file a 2005 North Dakota individual income tax return. This applies even though you may have worked outside North Dakota (including employment overseas) during the tax year, or part of your income is derived from sources outside North Dakota. You were a full-year resident of North Dakota if you were a resident of North Dakota for the entire tax year, or you meet the statutory 7-month rule.

Definition of resident—In these instructions, the term “resident” refers to an individual who is a legal resident of North Dakota. Legal residence (which is also called domicile) means the place that is your permanent home to which you always intend to return whenever absent from it. If you have more than one physical place of abode, only one of them may be your legal residence. Legal residence is based on your intent and your actions.

Statutory 7-month rule—If you were not a resident of North Dakota for any part of the tax year—that is, you were a full-year nonresident—you must file as a full-year resident of North Dakota if you maintain a permanent place of abode in North Dakota and spend in the aggregate more than 210 days of the tax year in North Dakota. A permanent place of abode means a house, apartment, or other dwelling containing cooking and bathroom facilities that is suitable for year-round living and is maintained on

a permanent or indefinite basis. This 7-month rule does not apply if you were (1) a part-year resident of North Dakota, (2) a full-year nonresident serving in the U.S. armed forces, or (3) a full-year resident of Montana or Minnesota covered by reciprocity.

Residents in U.S. armed forces

If you are a resident of North Dakota serving in the U.S. armed forces and you are required to file a 2005 federal individual income tax return, you must file a 2005 North Dakota individual income tax return as a full-year resident. This applies regardless of where you were stationed during the tax year.

Full-year nonresident

If you were a full-year nonresident of North Dakota for the 2005 tax year, you must file a 2005 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2005 federal individual income tax return.
- You derived gross income from North Dakota sources during the 2005 tax year. (See the box on this page for what is included in gross income from North Dakota sources while a nonresident.)

You were a full-year nonresident if you were not a resident of North Dakota for any part of the tax year, and you do not meet the statutory 7-month rule—see page 2.

Nonresidents in U.S. armed forces

If you are a full-year nonresident of North Dakota serving in the U.S. armed forces and your only gross income from North Dakota sources is your military compensation, you are not subject to North Dakota income tax. You do not have to file a North Dakota income tax return unless you are married and are filing a joint federal income tax return, and either you or your spouse has other types of gross income from North Dakota sources.

Minnesota or Montana resident

If you are a Minnesota resident, you do not have to file a North Dakota individual income tax return if **both** of the following apply:

- Your only gross income from North Dakota sources was compensation for personal or professional services.
- You returned to your home in Minnesota at least once each month during the time you worked in North Dakota.

If you are a Montana resident, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages.

See **Reciprocity** on page 4 for more information.

Nonresident alien

If you are a nonresident alien of the United States and you received gross income from North Dakota sources during 2005, you must file a 2005 North Dakota individual income tax return. Except where an income tax treaty between the United States and a foreign country specifically exempts income

from taxation by a U.S. state, income tax treaties between the U.S. and foreign countries do not apply for North Dakota income tax purposes. Therefore, you may have to pay North Dakota income tax on income derived from North Dakota sources even though the income is exempt from U.S. income tax because of a treaty. For more information, including the instructions on how to complete the North Dakota return, obtain the *Income Tax Guideline: Taxation of Nonresident Aliens*.

Part-year resident

If you were a part-year resident of North Dakota for the 2005 tax year, you must file a 2005 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2005 federal individual income tax return.
- During the 2005 tax year, you derived gross income from **any** source inside or outside North Dakota while you were a resident of North Dakota, or you derived gross income from North Dakota sources while you were a nonresident of North Dakota. (See the box on this page for what is included in gross income from North Dakota sources while a nonresident.)

Gross income from North Dakota sources (for nonresidents only)

Gross income from North Dakota sources includes the following items received while a nonresident of North Dakota:

- Compensation for services performed in North Dakota, such as wages, salaries, tips, commissions, and fees.
- Income from tangible property in North Dakota, such as rents, royalties, and gain from the sale or exchange of the property.
- Income from a sole proprietorship, partnership, S corporation, or other trade or business carried on in North Dakota.
- Income from an estate or trust, but only to the extent the income is derived from tangible property or a trade or business in North Dakota.
- Income from gambling activity carried on in North Dakota.

Exceptions

Gross income from North Dakota sources **does not** include these items received while a nonresident of North Dakota: military pay, interest, dividends, pensions, annuities, gain from the sale or exchange of intangible property, compensation exempted under reciprocity with Minnesota or Montana, or compensation for services performed in North Dakota by an individual who performs regularly assigned duties in more than one state for an interstate motor, rail, air, or water carrier company as provided under federal interstate commerce law.

Note: *Interest, dividends, gains, and other income from intangible property are included in gross income from North Dakota sources if derived from a sole proprietorship, partnership, or S corporation doing business in North Dakota.*

You were a part-year resident of North Dakota if you were a resident of North Dakota for only part of the year. This generally applies if you moved into or out of North Dakota and the move constituted a change in your legal residence. See **Definition of resident** on page 2.

Native Americans

If you are a Native American, you are not subject to North Dakota income tax and do not have to file a North Dakota income tax return if **all** of the following apply:

- You are enrolled as a member of a federally-recognized Indian tribe.
- You live on the Indian reservation where enrolled.
- You derive all of your income from sources on the Indian reservation where enrolled.

If any of the above criteria are not met, you may be subject to North Dakota income tax. For more information, obtain the *Income Tax Guideline: Income Taxation of Native Americans*.

Reciprocity

North Dakota has income tax reciprocity agreements with the states of Minnesota and Montana. If certain conditions in the agreements are met, a resident of North Dakota does not have to pay Minnesota or Montana income tax on compensation received for work performed in the other state, and a resident of Minnesota or Montana does not have to pay North Dakota income tax on compensation received for work performed in North Dakota. The conditions for exemption under each agreement and the procedures for filing are explained in the following paragraphs.

Minnesota and Montana residents

If you are a resident of Minnesota and you maintain a permanent home in Minnesota to which you return at least

once each month during the time you work in North Dakota, the compensation you receive for personal or professional services performed in North Dakota is not taxable by North Dakota.

If you are a resident of Montana, wages you receive for work performed in North Dakota are not taxable by North Dakota.

If you received wages covered by reciprocity, and your employer withheld North Dakota income tax from them, you must file a North Dakota individual income tax return at the end of the tax year to obtain a refund of the amount withheld. If this applies to you and you do not have any other gross income from North Dakota sources, obtain Form ND-1 and complete it according to the special instructions on page 6 of the Form ND-1 instruction booklet. Do not use Form ND-2.

If your wages are covered by reciprocity and you do not want your employer to withhold North Dakota income tax from them, you must complete and give to your employer a **Form NDW-R**. Ask your employer for this form.

North Dakota residents

If you are a resident of North Dakota and you maintain a permanent home in North Dakota to which you return at least once each month during the time you work in Minnesota, the compensation that you receive for personal or professional services performed in Minnesota is not taxable by Minnesota. Also, wages you receive for work performed in Montana while a resident of North Dakota are not taxable by Montana.

If you received wages covered by reciprocity and your employer withheld Minnesota or Montana income tax from them, you must file an income tax return with Minnesota or Montana to obtain a refund of the amount withheld.

If your wages are covered by reciprocity and you do not want your employer to withhold Minnesota or Montana tax

from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2, whichever applies. For assistance and forms, contact:

- Minnesota Department of Revenue
Mail Station 5510
St. Paul, MN 55146-5510
Phone: (651) 296-3781
www.taxes.state.mn.us
- Montana Department of Revenue
PO Box 5805
Helena, MT 59604-5805
Phone: (406) 444-6900
www.state.mt.us/revenue

When and where to file

If you are filing on a calendar year basis—January 1 through December 31—you must file your 2005 North Dakota individual income tax return on or before April 15, 2006. If you are filing on a fiscal year basis, you must file on or before the 15th day of the fourth month following the close of your fiscal tax year. If the due date falls on a Saturday, Sunday or holiday, you have until the next day that is not a Saturday, Sunday, or holiday to file your return.

Mail your return and all required attachments in the preaddressed envelope provided in this booklet. If you don't have a preaddressed envelope, mail your return to:

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, North Dakota 58505-0550

Extension of time to file

You may obtain an extension of time to file your North Dakota individual income tax return by obtaining either a federal extension or a North Dakota extension.

Federal extension

If you obtain an extension of time to file your federal return, it will be recognized for North Dakota purposes. This includes the automatic extension allowed for being outside the U.S. and Puerto

Rico on April 15. You do not have to file a separate state extension form, nor do you have to notify the Office of State Tax Commissioner that you have obtained a federal extension prior to filing your North Dakota return.

When you file your North Dakota return, you must attach a copy of the federal extension form that you filed with the IRS. If you obtained the federal extension using the IRS's phone, computer, or credit card payment option, attach a copy of a completed Form 4868 showing the confirmation number or a printed copy of the acknowledgment. In the case of the automatic extension for being outside the United States and Puerto Rico on April 15, attach a copy of the statement that the IRS required you to attach to your federal return. In all cases, check the box next to "Extension" in the top right-hand corner of your North Dakota return.

North Dakota extension

If you do not obtain a federal extension, but need additional time to file your North Dakota return, you may apply for a North Dakota extension by completing and filing **Form 101**. This is not an automatic extension—you must have good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of your return. You will be notified whether your extension request is approved or rejected. If approved, attach a copy of the approved extension form to your return and check the box next to "Extension" in the top right-hand corner of your return.

Extension interest

If you file your North Dakota return on or before the extended due date, and you pay any tax balance due with the return, no penalty will be charged. However, interest on any tax due on the return will be charged at the rate of 12% per year from the original due date of your return to the earlier of the date you file your return or the extended due date.

Prepayment of tax due

If you are applying for an extension of time to file, you may prepay the tax that you expect to owe to avoid paying extension interest. To do so, submit your check or money order along with a completed **2005 Form 400-EXT** by the regular due date. Alternatively, you may submit your payment along with a letter containing the following:

- Your name.
- Your social security number.
- Your address and phone number.
- Statement that your payment is a prepayment of your 2005 North Dakota individual income tax.

Penalty and interest

The full amount of your tax due must be paid by the due date (without extension) of your return to avoid penalty and interest charges. However, if you obtained an extension of time to file your return, you may pay the tax due by the extended due date of the return without penalty, but interest will apply—see **Extension interest** and **Prepayment of tax due** on this page.

If you pay your tax due after the due date (or extended due date, if applicable), a penalty equal to 5% of the tax due (with a minimum of \$5.00) will be charged. In addition, interest will be charged at the rate of 1% per month or a fraction of a month (except for the month in which the tax was due) until the tax is fully paid.

Copy of federal return

You must attach a complete copy of your federal income tax return to your North Dakota return. A complete copy consists of Form 1040EZ, 1040A, or 1040 along with any supplemental forms and schedules. You do not have to include depreciation schedules or any other statements that you may have prepared as supporting documentation.

Correcting your return

If you need to correct your North Dakota return after you file it, you must file an amended return. There is no special form for this purpose. See **How to prepare an amended return** on this page for step-by-step instructions.

If you paid too much tax because of an error in your return, you generally have three years after you file your original return to file an amended return to correct the error and claim a refund of the overpayment. There are other time periods that may apply, such as in the case of a net operating loss carryback, an overstatement of tax of over 25%, or an IRS audit. For more information, contact the Office of State Tax Commissioner.

Change to federal return

By law, you must file an amended North Dakota return to report changes made to your federal return. This applies whether the changes are attributable to your filing of an amended federal return, or an audit or correction by the IRS. The amended North Dakota return must be filed within 90 days after filing the amended federal return or within 90 days after the final determination of the IRS changes.

How to prepare an amended return

1. Obtain the appropriate North Dakota individual income tax return for the tax year affected by the changes.
2. Enter your name, address, social security number, and other information required in the top portion of the return. Be sure to use your current address on the amended return.
3. Fill in the circle next to "Amended" in the top right-hand corner of the return.
4. Using the corrected information, complete the return through the net tax liability line.
5. On the estimated tax payment line, enter the net tax liability shown on your original return or previously filed amended return.

6. Complete the remaining portion of the return according to the instructions. On an amended return, you may not adjust the amount of any voluntary contribution to the wildlife or trees funds, nor the amount of an overpayment applied to the next year's estimated tax.
7. Attach a statement explaining why you are correcting your return. If you are doing so because of changes you or the IRS made to your federal return, attach a copy of the amended federal return or IRS notice.

Estimated tax requirement (for 2006)

You must pay estimated North Dakota income tax for the 2006 tax year if *all* of the following conditions apply:

1. You are required to pay estimated federal income tax for 2006.
2. Your net tax liability for 2005 is \$500 or more. (*If you are not required to file a North Dakota return for 2005, you do not have to pay estimated tax for 2006.*)
3. You expect to owe (*after subtracting any estimated North Dakota income tax withholding*) at least \$500 in tax for 2006.
4. You expect your North Dakota income tax withholding for 2006 to be less than the smaller of the following:
 - (a) 90% of your 2006 net tax liability.
 - (b) 100% of your 2005 net tax liability. If you moved into North Dakota during 2005 and had no income from North Dakota prior to the move, this 100% threshold does not apply; you must satisfy the 90% threshold in part (a).

In general, one-fourth (25%) of the total estimated tax required to be paid for the 2006 tax year must be paid by April 15, June 15, and September 15, 2006, and January 15, 2007.

If you are required to pay estimated tax for 2006, obtain the **2006 Form 400-ES, Estimated income tax—individuals**. If

you paid estimated tax for 2005, a 2006 Form 400-ES will be mailed to you in early 2006.

How to file a return for a deceased taxpayer

If a final federal income tax return is required to be filed for a decedent for the year of death, a final North Dakota income tax return must also be filed. A court-appointed personal representative is responsible for filing the decedent's final return, even if there is a surviving spouse. The information from the final federal return is used to complete the final North Dakota return, and the North Dakota return is to be signed in the same manner as required for federal income tax purposes.

If there is a personal representative and no surviving spouse, a copy of the court document showing the appointment must be attached to the final return.

If there is a surviving spouse and the final return will be filed on a joint basis, a refund will be mailed in both spouses' names.

If the surviving spouse experiences any problem with depositing or cashing the check, or if there is no surviving spouse and no personal representative has been appointed for the decedent, contact the Individual Income Tax Section, Office of State Tax Commissioner for assistance (see the back cover of this booklet).

Specific line instructions for Form ND-2

Rounding of numbers

You may enter your numbers on the return in dollars and cents, or you may round your numbers to the nearest whole dollar. If you choose to round your numbers, drop the cents if less than 50 cents and round up to the next whole dollar amount if 50 cents or higher. For example, \$25.36 becomes \$25.00, and \$25.50 becomes \$26.00.

NEW for 2005!

No residency status check off

Starting with the 2005 return, the residency status check-off has been removed from the front of Form ND-2. The residency status will be assumed to be **full-year resident** unless Schedule 3 is completed and attached.

If you were a nonresident of North Dakota for part or all of the tax year, you must complete and attach Schedule 3 to Form ND-2. On Schedule 3, you will indicate whether you are a **full-year nonresident** or a **part-year resident** at the top of the schedule.

If you are married and filing a joint return, and either you or your spouse was a nonresident of North Dakota for part or all of the tax year, you must complete Schedule 3 on a joint basis and attach it to Form ND-2. On Schedule 3, each of you must indicate your residency status at the top of the schedule.

NEW for 2005!

New filing rules for married persons having different states of residence

The North Dakota income tax law was changed to require all married persons who file a joint federal return to file a joint North Dakota return, regardless of their residency status.

If you and your spouse are filing a joint federal return and had different states of residence (one of which is North Dakota) for the tax year, you will no longer complete Schedule SF nor file separate North Dakota returns. Starting with the 2005 tax year, if you use Form ND-2, you will complete the North Dakota return on a joint basis and use Schedule 3 to calculate your North Dakota taxable income. Schedule SF has been discontinued.

How to complete Form ND-2

Step 1

Complete the top portion of Form ND-2 as instructed later on this page.

Step 2

Calculate your North Dakota taxable income on the appropriate schedule as follows:

- If you were a full-year resident, you must complete Schedule 2 according to the instructions on page 8. This also applies if you are filing a joint return and both you and your spouse were full-year residents. Schedule 2 is on the reverse side of Form ND-2.
- If you were a full-year nonresident or a part-year resident, you must complete Schedule 3 according to the instructions on page 10. This also applies if you are filing a joint return and either you or your spouse was a nonresident for part or all of the tax year. Schedule 3 is a separate form included in this booklet.

Step 3

Complete the Tax Computation Schedule on the front of Form ND-2 according to the instructions on page 13.

Tax year

Your tax year for North Dakota income tax purposes must be the same as the tax year used for federal income tax purposes. If you used a fiscal tax year for federal income tax purposes, enter the dates of your fiscal tax year from your federal return in the spaces provided at the top of Form ND-2.

Name and address

Print or type your full name and address in the spaces provided on the return. If you are married and are filing a joint return, include your spouse's full name.

Social security number(s)

Print or type your social security number (and your spouse's social security number, if married) in the spaces provided on the return. Omitting one or

both numbers, or entering an incorrect number, will delay the processing of your return.

Filing status

Fill in the circle next to the filing status that you used on your federal individual income tax return.

Income source code

From the following list, select the code number that most closely corresponds to the area from which you derived the majority of your income for the tax year.

Source of income	Code number
Farming, ranching, or agricultural production	1
Retail, wholesale trade, and eating and drinking places	2
Federal, state, county, or city government service	3
Public or private education.....	4
Accounting, legal, health, motel, and other personal or professional services not classified elsewhere.....	5
Construction	6
Manufacturing.....	7
Transportation, communication, and public utilities	8
Exploration, development, and extraction of coal, oil, and natural gas	9
Banking, insurance, real estate, and other financial services.....	10
Military service.....	11
Retirement (Pensions, annuities, IRAs, etc.)	12

School district code

Select the code number from the list on page 16 for the school district in which you resided during the tax year and enter it in the boxes provided on the return. If you resided in more than one school district during the tax year, enter the code number for the school district in which you resided for the greater amount of time.

Federal estimated tax requirement

If you were required to pay estimated federal income tax for any part of the 2005 tax year, you must check the box next to "Yes." This applies whether or not you actually made the required payment. Otherwise, check the box next to "No."

Amended or extended return

Fill in the circle next to "Amended" *only if* you are completing this return for the purpose of correcting a return you previously filed for the 2005 tax year. See **Correcting your return** on page 5 for more information.

Fill in the circle next to "Extension" *only if* you have an extension to file your North Dakota return. See **Extension of time to file** on page 4 for more information. Attach copy of applicable extension form.

Worksheet for Schedule 2, line 3

- | | |
|---|--------------------|
| A. Amount of state and local income taxes from Schedule A (Form 1040), line 5 | A _____ |
| B. Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions | B _____ |
| C. Divide line A by line B | C _ . _ _ _ |
| D. Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions | D _____ |
| E. Multiply line D by line C | E _____ |
| F. Subtract line E from line A . Enter this amount on line 3 of Schedule 2 | F _____ |

Specific line instructions for Schedule 2

Full-year resident only

If you were a full-year resident of North Dakota for the 2005 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2. This also applies if you are filing a joint return and both you and your spouse were full-year residents.

Line 1 - Federal taxable income

If your federal taxable income is a negative number (that is, it is less than zero mathematically), you are instructed to enter zero on your federal income tax return. However, for purposes of completing Schedule 2, enter the negative number on line 1.

Line 2 - Interest from state and local obligations

Except for interest from obligations of the state of North Dakota and its political subdivisions, enter interest income from state and local government obligations which is exempt from federal income tax.

Line 3 - State and local income taxes

Enter the amount of state and local income taxes deducted on your federal income tax return. If a portion of your itemized deductions claimed on your federal return was disallowed because your federal adjusted gross income exceeded \$145,950 (\$72,975, if married filing separately), complete the worksheet on page 7.

Line 4 - Other additions

The following items must be included on this line:

- Taxable portion of a lump-sum distribution from a qualified retirement plan reported on Federal Form 4972. Enter on this line the amount from Form 4972, line 6 plus line 10.
- Loss from a pass-through entity subject to North Dakota's financial institution tax. For more information,

obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3. Attach a copy of the statement you received from the entity.*

- **NEW FOR 2005!** If you are claiming the planned gift credit, enter the amount, if any, from Schedule PG, line 13.

Line 7 - U.S. obligation interest

Enter the following on this line:

- Interest income from U.S. obligations.
- Interest income from securities specifically exempted from state income tax by federal statute.
- The portion of dividend income from a mutual fund attributable to the fund's investment in U.S. obligations and securities specifically exempted from state income tax by federal statute.

Common sources of interest income that may be entered on this line include:

- U.S. savings bonds.
- U.S. Treasury bonds, bills, and notes.
- Securities issued by—
 - Banks for cooperatives
 - Commodity Credit Corporation
 - Federal Deposit Insurance Corporation
 - Federal Farm Credit System
 - Federal Home Loan Banks
 - Federal Intermediate Credit Banks
 - Federal Land Banks
 - Federal Savings & Loan Insurance Corporations
 - Student Loan Marketing Association

Do not enter on this line interest income from securities of the Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), nor from a federal income tax refund or repurchase agreement.

Attach a statement identifying the specific securities from which you derived the interest amount entered on this line.

Line 8 - Military pay exclusion

Enter up to \$1,000 of your military pay received for active duty service in the U.S. armed forces, or for attending periodic training for drill and instruction as a member of the National Guard or a reserve unit of the U.S. armed forces. This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2).

Line 9 - Additional military pay exclusion for overseas duty

If you are a member of the U.S. armed forces who served overseas for at least thirty days during the tax year, enter up to \$300 of your military pay for each month (or fraction of a month) you were overseas. You are considered to have served overseas if you were stationed outside the United States and the District of Columbia.

This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2). The total of this exclusion and the exclusion on line 8 (military pay exclusion) may not exceed the total of your active duty military pay.

Field grade and general officers are not eligible for this exclusion. Field grade and general officers are persons with a rank of: Major or higher in the U.S. Army, Air Force, or Marines; Lieutenant commander or higher in the U.S. Navy; and Surgeon or higher in the U.S. Public Health Service.

Line 10 - Military retirement pay exclusion

If you received military retirement pay for service in the U.S. armed forces (including the Coast Guard) or any of its reserve components, and you are at least 50 years old, enter up to \$5,000 of your military retirement pay. This exclusion is allowed only to the extent that your military retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce

the amount otherwise deductible on this line by the amount of your social security benefits.

Line 11 - Other retirement pay exclusions

Enter up to \$5,000 of your retirement pay received from the following sources:

- Federal government pension fund
- North Dakota city firefighters relief association
- North Dakota city policemen's pension fund
- North Dakota highway patrolmen's retirement system

This exclusion is allowed only to the extent that your retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce the amount otherwise deductible on this line by the amount of your social security benefits.

Lines 12, 13, and 14 - Beginning farmer deductions

Deductions are available for selling or leasing farmland to a qualifying beginning farmer. To determine if you qualify, obtain the *Income Tax Guideline: Beginning Farmer Income Tax Deductions*. If you qualify, you must complete a *Beginning Farmer Statement* and attach it to your return.

• Line 12 - Interest deduction

Enter interest income derived from a qualifying contract for deed for the sale of 80 or more acres of farmland to a qualifying beginning farmer.

• Line 13 - Rental deduction

Enter up to \$25,000 of net rental income derived from a qualifying contract for the lease of 20 or more acres of farmland to a qualifying beginning farmer.

• Line 14 - Gain deduction

Enter the taxable part of a gain from the sale of 20 or more acres of farmland to a qualifying beginning farmer.

Worksheet for line 25 of Schedule 2 (Form 1040 filers only)

A. Amount from Form 1040, line 57	A	_____
B. If applicable, enter amount from Form 1040, line 47	B	_____
C. If applicable, enter taxes from Form 5329, lines 4 and 8.....	C	_____
D. If applicable, enter the following taxes included on Form 1040, line 63.....	D	_____
• Form 4970 tax	• Section 72(m)(5) excess benefits tax	
• Recapture taxes (if Form 37 or Form ND-2 was used in credit year)		
E. Add lines A, B, C, and D	E	_____
F. If applicable, enter amounts from Form 1040, lines 45, 66a, and 68.....	F	_____
G. Subtract line F from line E . If result is zero or less, enter -0-.		
Enter this amount on line 25 of Schedule 2	G	_____

Line 15- Interest from financial institution

Enter up to \$300 (\$600, if married filing joint) of interest income received from a bank, credit union or similar financial institution located in North Dakota.

Lines 16, 17, and 18 - Beginning entrepreneur deductions

Deductions are available for selling or leasing a revenue-producing enterprise to a qualifying beginning entrepreneur. To determine if you qualify, obtain the *Income Tax Guideline: Beginning Entrepreneur Income Tax Deductions*. If you qualify, you must complete a *Beginning Entrepreneur Statement* and attach it to your return.

• Line 16 - Interest deduction

Enter interest income derived from a qualifying contract for deed for the sale of a revenue-producing enterprise to a qualifying beginning entrepreneur.

• Line 17 - Rental deduction

Enter up to \$25,000 of net rental income derived from a qualifying contract for the lease of a revenue-producing enterprise to a qualifying beginning entrepreneur.

• Line 18 - Gain deduction

Enter the taxable part of a gain from the sale of a revenue-producing enterprise to a qualifying beginning entrepreneur.

Line 19 - Venture capital deduction

Enter up to \$5,000 (\$10,000, if joint return) of an investment in a North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1.

Attach a copy of the investment reporting form.

Line 22 - Other subtract adjustments

The following items may be entered on this line. **Attach a statement explaining each adjustment claimed on this line.**

- Compensation received by a National Guard or U.S. armed forces reserve member mobilized for federal active duty under Title 10, United States Code. Do not include compensation for attending annual training, basic military training, professional military education, nor for voluntary active duty for which you did not receive mobilization orders. **Attach a copy of your mobilization orders.**
- Exempt income of a Native American. See **Native Americans** on page 4.
- Retirement, unemployment, and sick pay benefits received from the U.S. Railroad Retirement Board. **Attach a copy of Federal Form RRB-1099, RRB-1099-R, or both.**
- \$1,750 for adopting a child under the age of 21 who qualifies as a dependent on your federal return where the adoption was finalized in 2005. If married filing separately, only one spouse may claim this deduction.

- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally disabled, or is blind or disabled as determined under Title XVI of U.S. Social Security Act. The child must qualify as a dependent on your federal return and the adoption must be finalized in 2005.
- \$750 for each adopted child under the age of 21 who is mentally disabled, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, and qualifies as a dependent on your federal return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Amount of net income from a sole proprietorship or a passthrough entity that is exempted under the new or expanding industry exemption (N.D.C.C. ch. 40-57.1). **Attach a statement showing the calculation of exempt income or identifying the passthrough entity.**
- Amount of net income exempted under the renaissance zone provisions (N.D.C.C. ch. 40-63). **Attach Schedule RZ.**
- Amount of taxable gain from the sale of stock in a corporation that relocated to North Dakota—see N.D.C.C. § 57-38-01.18 for eligibility criteria.
- Amount of income from a pass-through entity subject to North Dakota's financial institution tax. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement you received from the entity.**
- **NEW FOR 2005!** Up to \$10,000 of lost wages not compensated for by sick pay and unreimbursed medical expenses incurred during the tax year and not deducted on federal return that are attributable to a donation of a human organ by you or your dependent. **Attach a statement showing the calculation of lost wages (and the name and FEIN of the employer), any sick pay received (or to be received), and the qualified medical expenses incurred.**

- State and local income tax refunds reported as income on the federal return, but only if (1) Form 37 or Form ND-2 was filed for the tax year in which the taxes were deducted on the federal return and (2) the taxes were added back into income on that state return.

Line 25 - Federal income tax

Enter the amount from your federal income tax return as follows:

- If you used **Form 1040EZ**, enter the amount from line 10 less line 8a.
- If you used **Form 1040A**, enter the amount from line 36 less the alternative minimum tax (included on line 28) less lines 41a and 42.
- If you used **Federal Form 1040**, complete the worksheet on page 9 to determine the amount to enter here.

Line 27 - Total adjustments from income

Enter the total of lines 7 through 18 plus line 22; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 22.

Specific line instructions for Schedule 3

Full-year nonresident or part-year resident only

If you were a full-year nonresident or a part-year resident of North Dakota for the 2005 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2. This also applies if you are filing a joint return and *either* you or your spouse was a nonresident for part or all of the tax year.

Minnesota and Montana residents—

If you were a full-year resident of Minnesota or Montana, and all of your income is exempt from North Dakota income tax under the income tax reciprocity agreement, do not complete this schedule. See **Reciprocity** on page 4 for more information.

How to complete Schedule 3

Step 1

First complete Part 2 (on page 2) of Schedule 3 to calculate your North Dakota adjusted gross income. The instructions for Part 2 start on this page.

Step 2

Complete Part 1 (on page 1) of Schedule 3 to calculate your North Dakota taxable income. The instructions for Part 1 start on page 12.

Instructions for Schedule 3, Part 2

Complete Column A first by filling in the amounts as shown on your federal income tax return. Then complete Column B by filling in the portion of the amount shown in Column A that is derived from North Dakota sources, as explained in the instructions that follow.

Important: The following instructions for lines 1 through 14 of the worksheet only apply to Column B.

Line 1, Column B

Include wages, salaries, tips, commissions, bonuses, and other compensation received for services performed in North Dakota while a nonresident, and all compensation received while a North Dakota resident.

Minnesota resident—Do not include compensation received for work performed in North Dakota while a Minnesota resident if you maintained a permanent home in Minnesota that you returned to at least once each month.

Montana resident—Do not include compensation received for work performed in North Dakota while a Montana resident.

Interstate commerce employee—Do not include compensation received for work performed in North Dakota while a nonresident if it was for performing regularly assigned duties in more than one state for a rail, motor, air, or water carrier as provided under federal interstate commerce law.

Line 2, Column B

Include amounts received (or credited to your account) while a North Dakota resident. However, do not include interest from U.S. obligations. Also include your share of North Dakota-source interest and dividends which you received from a pass-through entity (e.g., a partnership) while a nonresident.

Line 3, Column B

Include net income or loss attributable to the portion of a sole proprietorship operated in North Dakota while a nonresident, and all net income or loss from a sole proprietorship (regardless of where its operations are located) while a North Dakota resident.

Minnesota resident—Do not include net income or loss from a personal or professional service business operated in North Dakota while a Minnesota resident if the income is eligible for income tax reciprocity.

Line 4, Column B

Include net gains and losses from tangible property in North Dakota received while a nonresident, and net gains and losses from all property (regardless of its location) received while a resident. Also include your share of North Dakota-source net gains and losses which you received from a pass-through entity (e.g., a partnership) while a nonresident.

Line 5, Column B

Include amounts received while a North Dakota resident.

Line 6, Column B

Include net income and losses from the rental of tangible property in North

Dakota received while a nonresident, and net income and losses from the rental of all property (regardless of location) received while a North Dakota resident.

Include royalties and other income from interests in oil, coal, or other mineral property in North Dakota received while a nonresident, and income from all mineral properties (regardless of location) received while a resident.

Include your share of North Dakota ordinary income or loss, net rental income, and other income not reported on other lines from a pass-through entity (e.g., a partnership) received while a nonresident, and all similar types of income and losses received from a pass-through entity while a resident.

Include your share of North Dakota-source income and losses from an estate or trust received while a nonresident. Do not include interest, dividends, pensions, or annuities received while a nonresident.

Line 7, Column B

Include net income or loss attributable to the portion of a farm operated in North Dakota while a nonresident, and all net income or loss from a farm (regardless of where it is located) while a North Dakota resident.

Line 8, Column B

Include amounts received while a North Dakota resident, and amounts received from North Dakota sources while a nonresident. Do not include state and local income tax refunds, alimony, and social security benefits received while a nonresident.

Part-year resident—To determine the amount of your taxable social security benefits to include on this line, multiply the total gross social security benefits received while a resident by a percentage equal to the total taxable portion of your social security benefits divided by your total gross social security benefits.

Line 10, Column B

If a part-year resident, include expenses paid while a North Dakota resident. Otherwise, multiply these expenses by a ratio equal to North Dakota income divided by total income.

Line 11, Column B

Include moving expenses paid while a North Dakota resident or that were attributable to a move into North Dakota.

Line 12, Column B

Multiply amount in Column A by a ratio equal to North Dakota self-employment income divided by total self-employment income.

Worksheet for Schedule 3, Part 1, line 8 (Form 1040 filers only)

- | | | |
|---|----------|-------|
| A. Amount from Form 1040, line 57 | A | _____ |
| B. If a part-year resident, enter amount from Form 1040, line 47, but only to the extent the foreign income is included on Schedule 3, Part 1, line 1B | B | _____ |
| C. If applicable, enter taxes from Form 5329, lines 4 and 8..... | C | _____ |
| D. If applicable, enter the following taxes included on Form 1040, line 63..... | D | _____ |
| • Form 4970 tax • Section 72(m)(5) excess benefits tax | | |
| • Recapture taxes (if Form 37 or Form ND-2 was used in credit year) | | |
| E. Add lines A , B , C , and D | E | _____ |
| F. If applicable, enter amounts from Form 1040, lines 45, 66a, and 68..... | F | _____ |
| G. Subtract line F from line E . If result is zero or less, enter -0-. Enter this amount on Schedule 3, Part 1, line 8 | G | _____ |

Line 13, Column B

Multiply amount in Column A by a ratio equal to North Dakota earned income divided by total earned income.

Line 14, Column B

Multiply the amount of a deduction for an MSA and the business expenses of reservists, performing artists, and fee-basis government officials by a ratio equal to North Dakota compensation for services (to which the deduction or expenses relate) divided by total compensation.

Include the amount of a penalty on early withdrawal only if the related interest income is included on line 2, Column B.

Multiply a clean fuel vehicle deduction and a health savings account deduction by a ratio equal to North Dakota income divided by total income.

If a part-year resident, include alimony paid while a North Dakota resident. Otherwise, multiply the total alimony paid by a percentage equal to North Dakota income divided by total income.

Include the portion of the domestic production activities deduction based on North Dakota income.

Multiply any other adjustment included in total on line 36 of Form 1040 by a ratio equal to North Dakota income to which adjustment relates divided by total income to which adjustment relates.

Instructions for Schedule 3, Part 1

Fill in your name, social security number, and residency status at the top of the schedule. If you were a resident of another state for part or all of the tax year, enter the name of the other state in the box provided. If a part-year resident of North Dakota for the tax year, also enter the dates you were a resident of North Dakota.

Lines 2 through 5 - North Dakota subtractions

You may be eligible for certain deductions and exclusions from your North Dakota adjusted gross income on line 1B. See the instructions for lines 7 through 19, and line 22, of Schedule 2 (Form ND-2) starting on page 8 of this booklet for the deductions and exclusions that may apply. Except for the adoption deductions and the human organ donation deduction listed in the instructions for line 22 of Schedule 2, a deduction or exclusion is not allowed unless the related income is included in the amount on line 1B. If you are eligible for any of the adoption deductions listed in the instructions for line 22 of Schedule 2, multiply the deduction amount by a ratio equal to North Dakota adjusted gross income (on line 1B) divided by federal adjusted gross income (on line 1A). *(Note: If line 1B is positive and line 1A is zero or negative, the ratio is 1.00.)*

Attach a statement on which you identify the deduction or exclusion and show its calculation.

If you qualify for the deduction for income from a pass-through entity subject to North Dakota's financial institution tax listed in the instructions for line 22 of Schedule 2, you must attach a copy of the statement that you received from the pass-through entity.

Line 8 - Federal income tax

Enter your federal income tax from your federal income tax return as follows:

- If you used **Form 1040EZ**, enter the amount from line 10 less line 8a.

- If you used **Form 1040A**, enter the amount from line 36 less the alternative minimum tax (included on line 28) less lines 41a and 42.
- If you used **Form 1040**, complete the worksheet on page 11 to determine the amount to enter on this line.

Line 12 - North Dakota additions

If you were a part-year resident of North Dakota during the tax year, enter the following amounts if received during the part of the year you were a resident of North Dakota:

- Interest income from state and local government obligations (other than North Dakota and its political subdivisions) that is exempt from federal income tax.
- Taxable portion of a lump-sum distribution from a qualified retirement plan from Form 4972, line 6 plus line 10.

NEW FOR 2005! If you are claiming the planned gift credit, enter the amount, if any, from Schedule PG, line 13.

If your North Dakota adjusted gross income on line 1B includes a loss from a pass-through entity subject to North Dakota's financial institution tax, enter the loss on this line as a positive number. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement you received from the entity.**

Worksheet for Schedule 3, Part 1, line 17

- A.** Amount of state and local income taxes from Schedule A (Form 1040), line 5 **A** _____
- B.** Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions **B** _____
- C.** Divide line **A** by line **B**..... **C** ___ . ___
- D.** Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions **D** _____
- E.** Multiply line **D** by line **C**..... **E** _____
- F.** Subtract line **E** from line **A**. Enter this amount on Schedule 3, Part 1, line 17 **F** _____

Line 17 - State and local income taxes

If a portion of your federal itemized deductions was disallowed because your federal adjusted gross income exceeded \$145,950 (\$72,975, if married filing separately), complete the worksheet on page 12 to determine the amount to enter on this line.

Line 19 - Standard deduction

Enter your federal standard deduction from your federal income tax return as follows:

- If you used **Form 1040A**, enter amount from line 24.
- If you used **Form 1040**, enter amount from line 40.
- If you used **Form 1040EZ**, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
 - **No.** If you answered “No,” enter \$5,000, if single; or \$10,000, if married.
 - **Yes.** If you answered “Yes,” enter the larger of: (1) \$800; or (2) amount from Form 1040EZ, line 1, plus \$250, up to a maximum of \$5,000 (if single) or \$10,000 (if married).

Line 21 - Exemptions

Enter your federal exemption amount from your federal income tax return as follows:

- If you used **Form 1040A**, enter amount from line 26.
- If you used **Form 1040**, enter amount from line 42.

- If you used **Form 1040EZ**, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
 - **No.** If you answered “No,” enter \$3,200, if single; or \$6,400, if married.
 - **Yes.** If you answered “Yes,” enter \$0, if you are single or you are married and both you and your spouse can be claimed as dependents by other taxpayers; **or**, enter \$3,200, if you are married and only you or your spouse can be claimed as a dependent by another taxpayer.

Specific line instructions for Tax Computation Schedule

To be completed by all Form ND-2 filers

Line 3 - Credit for income tax paid to another state

If you were a full-year resident or part-year resident of North Dakota, and you paid income tax to another state on income also taxed by North Dakota, you may be eligible for an income tax credit. Obtain **Schedule 4** for details. **Attach Schedule 4 and a copy of the other state’s return.**

Lines 4 and 5 - Credit for contribution to qualifying private high school or college

If you made a charitable contribution to a qualifying nonprofit private high school or college in North Dakota, you may qualify for a credit. Contributions do

not qualify unless they are made directly to, or are specially designated for the exclusive use of, a qualifying school. Contributions to a fund that benefits both qualifying and nonqualifying schools do not qualify for the credit. A contribution may be made up to the due date or extended due date of your return. Following are the qualifying schools in each category of institution:

High school category

- St. Mary’s Central High School (Bismarck)
- Dakota Memorial High School (Minot)
- Dickinson Trinity High School (Dickinson)
- Shiloh Christian School (Bismarck)
- Shanley High School (Fargo)
- Dakota Adventist Academy (Bismarck)
- Oak Grove Lutheran High School (Fargo)
- Johnson Corners Christian Academy (Watford City)
- Our Redeemer’s Christian School (Minot)
- Anne Carlsen School (Jamestown)
- Bishop Ryan High School (Minot)
- Trinity Christian School (Williston)
- Prairie Learning Education Center (Raleigh)

College category

- University of Mary (Bismarck)
- Trinity Bible College (Ellendale)
- Jamestown College (Jamestown)
- ND Independent College Fund
- United Tribes Technical College (Bismarck)

The credit allowed for *each* category of school is equal to the lesser of (1) 50% of the contributions made to all schools in the category, (2) 40% of the tax on line 2 of the Tax Computation Schedule, or (3) \$250. Enter the credit on the applicable line. **Attach a statement identifying the qualifying school along with a copy of a receipt or canceled check (front and back).**

2005 Form ND-2 Tax Rate Table

If North Dakota taxable income is:

The tax is equal to:

Over	But not over				
\$ 0	\$ 3,000			2.67%	of the amount on line 1
3,000	5,000	\$ 80.10	+	4.00%	of the amount over \$ 3,000
5,000	8,000	160.10	+	5.33%	of the amount over 5,000
8,000	15,000	320.00	+	6.67%	of the amount over 8,000
15,000	25,000	786.90	+	8.00%	of the amount over 15,000
25,000	35,000	1,586.90	+	9.33%	of the amount over 25,000
35,000	50,000	2,519.90	+	10.67%	of the amount over 35,000
50,000		4,120.40	+	12.00%	of the amount over 50,000

Line 6 - Long-term care insurance credit

If you paid premiums on a long-term care insurance policy covering yourself, your spouse, child, parent, or stepparent, you are eligible for a credit equal to the lesser of (1) 25% of the premiums paid during the year or (2) \$100 multiplied by the number of qualifying persons covered by the policy. **Attach a statement showing the name of the insurance company, the policy number, the number of qualifying persons covered by the policy and the amount of premiums paid during the year.**

Line 7 - Other income tax credits

The following additional income tax credits are allowed on Form ND-2:

- You may qualify for a credit if you installed a qualifying geothermal, solar, or wind energy device on property you own or lease in North Dakota. For details, obtain the brochure *North Dakota Tax Incentives For Solar, Wind, Or Geothermal Devices*. **Attach a statement describing the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.**
- If you paid wages to a developmentally disabled or chronically mentally ill employee, you are eligible for a credit equal to 5 percent of the first \$6,000 of wages paid during the first twelve months of employment. In any tax year, the credit must be calculated on the wages paid during the tax year. The amount of the credit allowed in any tax year is limited to 50 percent of the tax on line 2. **Attach a statement showing the name and social security number of the employee, the start date of employment, and amount of wages paid during the tax year.**
- If you paid for the cost of care of a family member to prevent the placement of the family member in a long-term care facility, you may be eligible for a credit. Obtain **Schedule FC** for details. **Attach Schedule FC.**

- If you qualified for a tax credit under the North Dakota Renaissance Zone Act, enter the amount from Schedule RZ, Part 6, line 6. **Attach Schedule RZ.**
- If you invested in a qualified business for purposes of the agricultural commodity processing facility investment credit under N.D.C.C. ch. 57-38.6, you may be eligible for a credit. The qualified business is required to provide you with an investment reporting form that verifies the investment and explains how to calculate the credit. **Attach a copy of the investment reporting form.**
- **NEW FOR 2005!** If you own a sole proprietorship that is a licensed supplier (wholesaler) of biodiesel fuel, you are allowed a credit of five cents per gallon for blending biodiesel fuel having at least a five percent blend ("B5"). The unused portion of the credit may be carried forward for five tax years. The biodiesel fuel must meet ASTM specifications. **Attach a statement showing the name and FEIN of your business and your calculation of the credit.**

If you own an interest in a partnership, S corporation, or other passthrough entity that qualifies for the biodiesel fuel supplier credit, enter on this line your share of the credit from the entity. **Attach a statement showing the entity's name and FEIN and your share of the credit.**

- **NEW FOR 2005!** If you own a sole proprietorship that is a licensed seller (retailer) of biodiesel fuel, you are allowed a credit of 10 percent of the costs to adapt or add equipment to your facility to enable it to sell diesel fuel having at least a 2 percent blend ("B2"). Except for costs incurred before January 1, 2005, include eligible costs incurred before the tax year in which sales of the eligible biodiesel fuel begin. The credit is allowed in each of five tax years, starting with the tax year in which sales of the eligible biodiesel fuel begin. The unused portion of the credit

in each of the initial five years may be carried forward for five tax years. A taxpayer is allowed no more than \$50,000 of credits in all tax years. The biodiesel fuel must meet ASTM specifications. **Attach a statement showing the name and FEIN of your business and your calculation of the credit.**

If you own an interest in a partnership, S corporation, or other passthrough entity that qualifies for the biodiesel fuel seller credit, enter on this line your share of the credit from the entity. **Attach a statement showing the entity's name and FEIN and your share of the credit.**

- **NEW FOR 2005!** If you made a charitable contribution to a qualified North Dakota nonprofit organization under a qualified planned gift arrangement, you may be eligible for a tax credit. Obtain **Schedule PG** for details. **Attach Schedule PG.**

Lines 8, 9, 10, and 11 - Venture capital investment credits

Credits are available for making an investment in any of the following:

- **Line 8**—North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1.
- **Line 9**—North Dakota Small Business Investment Company (SBIC) formed under N.D.C.C. ch. 10-30.2.
- **Line 10**—Certified nonprofit development corporation formed under N.D.C.C. § 10-33-124.
- **Line 11**—Qualified business for purposes of the seed capital investment credit under N.D.C.C. ch. 57-38.5.

If you invested in any of the above entities, the entity is required to give you an investment reporting form that verifies the investment and explains how to calculate the credit. Enter the credit on the applicable line. **Attach a copy of the applicable investment reporting form.**

Line 17 - Application of overpayment to 2006

If you have an overpayment on line 16, you may elect to apply part or all of it as an estimated payment toward your 2006 income tax liability. If you make this election, you may not change the election or the amount you applied after you file your return.

Lines 18 and 19 - Voluntary contributions

If you have an overpayment on line 16, you may make a voluntary contribution of part or all of your overpayment to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will reduce your refund.

Lines 22 and 23 - Voluntary contributions

If you have a tax due on line 21, you may make a voluntary contribution to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will increase your balance due.

Line 24 - Balance due

The balance due (including the amount, if any, from line 25) must be paid in full with your return. Make your check or money order payable to "ND State Tax Commissioner." A late payment is subject to penalty and interest charges—see **Penalty and interest** on page 5.

Pay by credit card. You may pay your balance due by credit card. To do so, go to Link2Gov Corporation's web site at www.ndtaxpayment.com or call them toll-free at 1-888-ND-TAXES (1-888-638-2937). A convenience fee will be charged to your credit card by Link2Gov Corporation for its services. The State of North Dakota does not receive any part of this fee. You will be told what the fee is during the transaction and you will have the option to continue or cancel the transaction.

Line 25 - Interest on underpaid estimated tax

If you were required to pay estimated North Dakota income tax for 2005, but you did not pay enough or you paid it late, interest is charged on the underpayment or late payment. To determine if you owe interest, obtain and complete the 2005 Form 400-UT. An amount on this line will reduce your refund or increase your balance due. If lines 16 and 21 are zero, and the amount on this line is at least \$5.00, you must pay the amount with your return. **If you enter an amount on this line, attach 2005 Form 400-UT.**

Tips for trouble-free filing

A complete and accurate return ensures the fastest processing of your return as well as a fast refund. Errors or omissions in the return mean delayed processing and possibly having to contact you.

Important: A return missing a signature or a copy of the federal return is not a properly filed return, and it will be sent back to you. This could result in late filing and payment charges if you resubmit the return after the due date.

Before you file, check the following—

- Write legibly**
Our inability to read your information may result in errors.
- Enter your correct social security number**
We use this number to identify your return. If filing jointly, include your spouse's social security number.
- Check your math**
Math errors are one of the most common errors made.
- Include all Form W-2s**
Be sure to include a copy of all your W-2s. Also include a copy of any Form 1099 or other document showing North Dakota income tax withholding.
- Use the right address**
Amazingly, thousands of North Dakota returns are mailed to the Internal Revenue Service by mistake each year. Use the preprinted envelope in this booklet.
- Use the right postage**
Insufficient postage means the U.S. Postal Service will send your return back to you.
- Sign the return**
Each year we receive thousands of unsigned returns. Before we can process them, we must return them to taxpayers for their signatures.
- Include a copy of your federal return**
A copy of the federal return is part of a complete state return. If it's missing, we cannot process the return, and it will be sent back to you.

School district codes

If you were a resident of North Dakota for part or all of the tax year, enter the code number for the school district in which you resided in the boxes on Form ND-2. If you are married and filing a joint return, and only one spouse was a resident of North Dakota for part or all of the tax year, enter the code number for the school district in which that spouse resided.

If you were a nonresident of North Dakota for the entire tax year, enter 54-000 in the boxes on Form ND-2. This also applies if you are married and filing a joint return and both spouses were nonresidents of North Dakota for the entire tax year.

School District Address	School District	Code No.	School District Address	School District	Code No.	School District Address	School District	Code No.			
Adams	ND	Adams 128	50-128	Grenora	ND	Grenora 99	53-099	Northwood	ND	Northwood 129	18-129
Alexander	ND	Alexander 2	27-002	Gwinner	ND	N Sargent 3	41-003	Oakes	ND	Oakes 41	11-041
Almont	ND	Sims 8	30-008	Hague	ND	Bakker 10	15-010	Oberon	ND	Oberon 16	03-016
Amidon	ND	Central Elem. 32	44-032	Halliday	ND	Halliday 19	13-019	Page	ND	Page 80	09-080
Anamoose	ND	Anamoose 14	25-014			Twin Buttes 37	13-037	Park River	ND	Park River 78	50-078
Ashley	ND	Ashley 9	26-009	Hankinson	ND	Hankinson 8	39-008	Parshall	ND	Parshall 3	31-003
Baldwin	ND	Baldwin 29	08-029	Harvey	ND	Harvey 38	52-038	Pembina	ND	North Border 100	34-100
Beach	ND	Beach 3	17-003	Hatton	ND	Hatton 7	49-007	Pettibone	ND	Pettibone-Tuttle 11	22-011
Belcourt	ND	Belcourt 7	40-007	Hazelton	ND	Haz-Mof-Brad 6	15-006	Pingree	ND	Pingree-Buchanan 10	47-010
Belfield	ND	Belfield 13	45-013	Hazen	ND	Hazen 3	29-003	Powers Lake	ND	Powers Lake 27	07-027
Berthold	ND	Lewis and Clark 161	51-161	Hebron	ND	Hebron 13	30-013	Ray	ND	Nesson 2	53-002
Beulah	ND	Beulah 27	29-027	Hettinger	ND	Hettinger 13	01-013	Rhame	ND	Rhame 17	06-017
Binford	ND	Midkota 7	20-007	Hillsboro	ND	Hillsboro 9	49-009	Richardton	ND	Richardton-Taylor 34	45-034
Bisbee	ND	Bisbee-Egeland 2	48-002	Hoople	ND	Valley 12	34-012	Robinson	ND	Robinson 14	22-014
Bismarck	ND	Bismarck 1	08-001	Hope	ND	Hope 10	46-010	Rock Lake	ND	N Central 28	48-028
		Naughton 25	08-025	Hunter	ND	Northern Cass 97	09-097	Rogers	ND	N Central 65	02-065
		Apple Creek 39	08-039	Hurdsfield	ND	Pleasant Valley 35	52-035	Rolette	ND	Rolette 29	40-029
		Manning 45	08-045	Inkster	ND	Midway 128	18-128	Rolla	ND	Mt. Pleasant 4	40-004
Bottineau	ND	Bottineau 1	05-001	Jamestown	ND	Jamestown 1	47-001	Roseglen	ND	White Shield 85	28-085
Bowbells	ND	Bowbells 14	07-014	Kenmare	ND	Kenmare 28	51-028	Rugby	ND	Rugby 5	35-005
Bowman	ND	Bowman 1	06-001	Kensal	ND	Kensal 19	47-019	Sawyer	ND	Sawyer 16	51-016
Buxton	ND	Central Valley 3	49-003	Killdeer	ND	Killdeer 16	13-016	Scranton	ND	Scranton 33	06-033
Calvin	ND	Border Central 14	10-014	Kindred	ND	Kindred 2	09-002	Selfridge	ND	Selfridge 8	43-008
Cando	ND	Southern 8	48-008	Kulm	ND	Kulm 7	23-007	Sheldon	ND	Sheldon 2	37-002
Carrington	ND	Carrington 49	16-049	Lakota	ND	Lakota 66	32-066	Sheyenne	ND	Sheyenne 12	14-012
Carson	ND	Roosevelt 18	19-018	LaMoure	ND	LaMoure 8	23-008	Sidney	MT	Earl 18	27-018
Cartwright	ND	Horse Creek 32	27-032	Langdon	ND	Langdon 23	10-023			Bowline Butte 19	27-019
Casselton	ND	Central Cass 17	09-017	Larimore	ND	Larimore 44	18-044	Solen	ND	Solen 3	43-003
Cavalier	ND	Cavalier 6	34-006	Leeds	ND	Leeds 6	03-006	South Heart	ND	South Heart 9	45-009
Center	ND	Center-Stanton 1	33-001	Lidgerwood	ND	Lidgerwood 28	39-028	Spiritwood	ND	Spiritwood 26	47-026
Colfax	ND	Richland 44	39-044	Lignite	ND	Burke Central 36	07-036	St. Anthony	ND	Little Heart 4	30-004
Cooperstown	ND	Griggs County		Linton	ND	Linton 36	15-036	St. John	ND	St. John 3	40-003
		Central 18	20-018	Lisbon	ND	Lisbon 19	37-019	St. Thomas	ND	St. Thomas 43	34-043
Crosby	ND	Divide County 1	12-001	Maddock	ND	Maddock 9	03-009	Stanley	ND	Stanley 2	31-002
Des Lacs	ND	United 7	51-007	Mandan	ND	Mandan 1	30-001	Starkweather	ND	Starkweather 44	36-044
Devils Lake	ND	Devils Lake 1	36-001			Sweet Briar 17	30-017	Steele	ND	Steele-Dawson 26	22-026
Dickinson	ND	Dickinson 1	45-001	Mandaree	ND	Mandaree 36	27-036	Sterling	ND	Sterling 35	08-035
Dodge	ND	Dodge 8	13-008	Mantador	ND	Mantador 5	39-005	Strasburg	ND	Strasburg 15	15-015
Drake	ND	Drake 57	25-057	Manvel	ND	Manvel 125	18-125	Surrey	ND	Surrey 41	51-041
Drayton	ND	Drayton 19	34-019	Mapleton	ND	Mapleton 7	09-007	Tappen	ND	Tappen 28	22-028
Dunseith	ND	Dunseith 1	40-001	Marion	ND	Litchville-Marion 46	02-046	Thompson	ND	Thompson 61	18-061
Edgeley	ND	Edgeley 3	23-003	Marmarth	ND	Marmarth 12	44-012	Tioga	ND	Tioga 15	53-015
Edinburg	ND	Edinburg 106	50-106	Max	ND	Max 50	28-050	Tower City	ND	Maple Valley 4	09-004
Edmore	ND	Edmore 2	36-002	Mayville	ND	May-Port CG 14	49-014	Towner	ND	TGU 60	25-060
Elgin	ND	Elgin-New Leipzig 49	19-049	McClusky	ND	McClusky 19	42-019	Trenton	ND	Eight Mile 6	53-006
Ellendale	ND	Ellendale 40	11-040	McVille	ND	Dakota Prairie 1	32-001	Turtle Lake	ND	Turtle Lake-	
Emerado	ND	Emerado 127	18-127	Medina	ND	Medina 3	47-003			Mercer 72	28-072
Enderlin	ND	Enderlin 22	37-022	Medora	ND	Billings Co. 1	04-001	Tuttle	ND	Tuttle-Pettibone 20	22-020
Fairmount	ND	Fairmount 18	39-018	Menoken	ND	Menoken 33	08-033	Underwood	ND	Underwood 8	28-008
Fairview	MT	Yellowstone 14	27-014	Minnor	ND	Minnor 2	41-002	Valley City	ND	Valley City 2	02-002
Fargo	ND	Fargo 1	09-001	Minnewaukan	ND	Minnewaukan 5	03-005	Velva	ND	Velva 1	25-001
Fessenden	ND	Fessenden-Bowden 25	52-025	Minot	ND	Minot 1	51-001	Verona	ND	Verona 11	23-011
Finley	ND	Finley Sharon 19	46-019			Nedrose 4	51-004	Wahpeton	ND	Wahpeton 37	39-037
Flasher	ND	Flasher 39	30-039			Bell 10	51-010	Warwick	ND	Warwick 29	03-029
Fordville	ND	Fordville-Lankin 5	50-005			Eureka 19	51-019	Washburn	ND	Washburn 4	28-004
Forman	ND	Sargent Central 6	41-006			S Prairie 70	51-070	Watford City	ND	McKenzie Co 1	27-001
Ft. Ransom	ND	Ft. Ransom 6	37-006			Air Force Base 160	51-160	West Fargo	ND	West Fargo 6	09-006
Ft. Totten	ND	Ft. Totten 30	03-030	Minto	ND	Minto 20	50-020	Westhope	ND	Westhope 17	05-017
Ft. Yates	ND	Ft. Yates 4	43-004	Mohall	ND	Mohall-Lansford		Wildrose	ND	Wildrose-Alamo 91	53-091
Gackle	ND	Gackle-Streeter 56	24-056			-Sherwood 1	38-001	Williston	ND	Williston 1	53-001
Garrison	ND	Garrison 51	28-051			Montpelier 14	47-014			New 8	53-008
Glen Ullin	ND	Glen Ullin 48	30-048	Montpelier	ND	Mott-Regent 1	21-001	Wilton	ND	Montefiore 1	28-001
Glenburn	ND	Glenburn 26	38-026	Mott	ND	Mott-Regent 1	21-001	Wimbledon	ND	Wimbledon-	
Golden Valley	ND	Golden Valley 20	29-020	Munich	ND	Munich 19	10-019			Courtenay 82	02-082
Golva	ND	Lone Tree 6	17-006	Napoleon	ND	Napoleon 2	24-002	Wing	ND	Wing 28	08-028
Goodrich	ND	Goodrich 16	42-016	New England	ND	New England 9	21-009	Wishek	ND	Wishek 19	26-019
Grafton	ND	Grafton 3	50-003	New Rockford	ND	New Rockford 1	14-001	Wolford	ND	Wolford 1	35-001
		Nash 51	50-051	New Salem	ND	New Salem 7	30-007	Wyndmere	ND	Wyndmere 42	39-042
Grand Forks	ND	Grand Forks 1	18-001	New Town	ND	New Town 1	31-001				
		Air Force Base 140	18-140	Newburg	ND	Newburg-United 54	05-054	Zeeland	ND	Zeeland 4	26-004

Help Celebrate *100 Years of Forestry* Please Contribute to the “Trees for North Dakota” Income Tax Check-Off

Donations to the “Trees for North Dakota” trust fund help emphasize the role that forestry has played in North Dakota over the past century. The state will celebrate “100 Years of Forestry” in 2006 and in honor of the centennial, we encourage everyone to *take root...and help plant trees for tomorrow!*



100 Years of Forestry

The North Dakota Forest Service will be celebrating their Centennial in 2006. The Centennial provides an opportunity to honor past forestry accomplishments and highlight future directions in the next century.

Rooted in the Past

The immigrants who flooded into this region in the late 1800s found abundant and fertile plains and a large variety of plant and animal life. However, trees were so scarce that early homes were constructed from sod – the only building material available. Settlers soon realized that prairie winds and winter blizzards were not only an irritation, but also a constant danger. The lack of trees for protection, building materials, fencing

and fuel quickly motivated settlers to plant trees. They grasped the importance of forestry from the beginning. The North Dakota Forest Service began as part of the “School of Forestry” in Bottineau in 1906 and is now organized under the North Dakota Board of Higher Education.

“We have become rich because of the lavish use of our natural resources and we have just reason to be proud of our growth. But the time has come to inquire seriously what will happen when our forests are gone, when the coal, iron, and gas are exhausted, when the soil has been further impoverished and washed into streams, polluting rivers, denuding the fields, and obstructing navigation. These questions do not relate only to the next generation. It is time for us now as a nation to exercise the same reasonable foresight in dealing with our great natural resources that would be shown by any prudent man in conserving and wisely using the property which contains the assurance of well-being for himself and his children...”

- Theodore Roosevelt



“Old Main” - School of Forestry founded in 1906.

Growing Towards the Future

The foundation of forestry centered upon planting trees to protect against the harsh prairie environment. Now, land use pressures and environmental issues have created new complexities. We must carefully balance all the demands to meet the needs of future generations. Science, technology and collaboration will play an increasingly important role in achieving this balance.

The North Dakota Forest Service has a strong foundation built on a commitment to the conservation and wise use of North Dakota's forestry resources. As we look forward to the next 100 years, the challenges of caring for our trees and forestlands are evident. Improving the condition of forest resources and public forestry services will require the combined efforts of foresters, citizens, landowners, community leaders, natural resource partners, and elected officials. Ultimately, our success will be measured by our ability to build awareness and support for the conservation of natural resources. Through education, partnerships, and individual commitment, we will meet these challenges!



The Trees Awards recognizes individuals, organizations and agencies who contribute in an outstanding way to forestry activities. 2005 award winners are honored by the North Dakota Forest Service and North Dakota State University.

To contribute to the "Trees for North Dakota" Trust Fund and "take root...and plant trees for tomorrow," consult your tax preparer or enter a voluntary contribution on the 2005 North Dakota Individual Income Tax Return. On Form ND-1, look for Line 34 on an overpayment return and Line 38 on a tax due return. On Form ND-2, use Line 19 on an overpayment return and Line 23 on a tax due return.

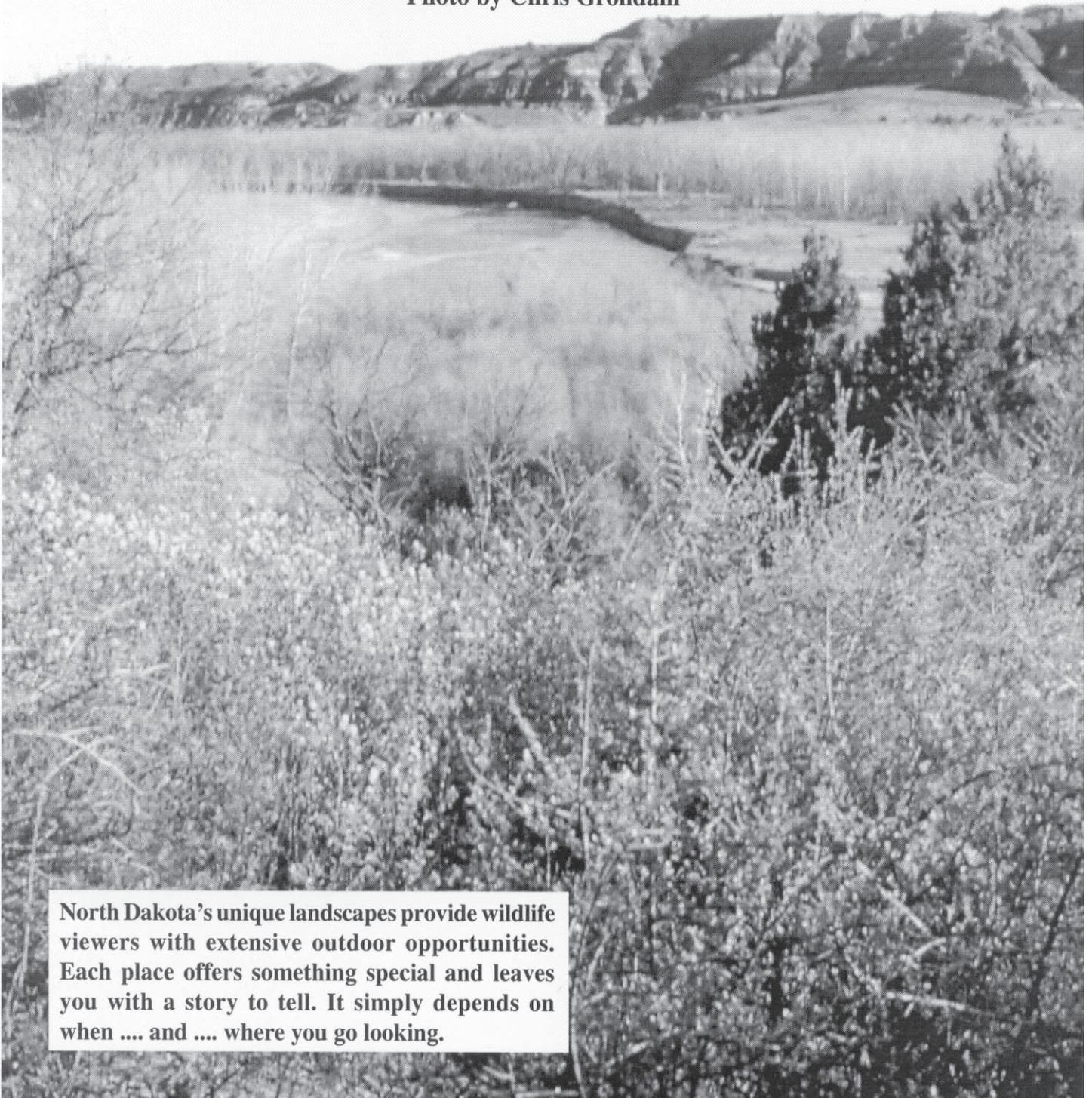


**For more information contact:
NORTH DAKOTA FOREST SERVICE
307 First Street East
Bottineau ND 58318-1100
Tel: (701) 228-5422 Fax: (701) 228-5448
www.state.nd.us/forest**

Help Promote and Develop Watchable Wildlife
Opportunities in North Dakota

Contribute to the
Watchable Wildlife Fund

Photo by Chris Grondahl



North Dakota's unique landscapes provide wildlife viewers with extensive outdoor opportunities. Each place offers something special and leaves you with a story to tell. It simply depends on when and where you go looking.

Support North Dakota's

Watchable Wildlife Fund

To contribute, see your state tax form
or consult your tax preparer.

Your Contributions Have Helped Fund:

- Outdoor Wildlife Learning Sites (OWLS)
- Bluebird Conservation Workshops and Bluebird Trails
- Cross Ranch State Park Nature Center
- Nursing Home Bird Feeder Project in Over 100 ND Communities
- Endangered Species Habitat Protection Projects
- Outdoor and Wildlife Photography Workshops
- Wildlife Viewing Guides for North Dakota
- Grants to Scouts and Other Civic Organizations for Wildlife Projects
- Watchable Wildlife Workshops
- Educational Wildlife Programs to Schools and Communities
- Grants to Wildlife Rehabilitators
- Winter Bird Feeding Survey and Workshops

The Watchable Wildlife Fund is a program of the North Dakota Game and Fish Department. All contributions are tax deductible.

For more information, contact:
North Dakota Game and Fish Department
100 N. Bismarck Expressway
Bismarck, ND 58501
701-328-6300

How to assemble your return

Please assemble your documents in the order shown in the list below.

1. Form ND-2.
2. Schedule 3, if required.
3. Schedule 4, if required.
4. All other official North Dakota schedules and forms required to be attached (except Form 101).
5. Form W-2s, Form 1099s, and statements from pass-through entities showing North Dakota withholding.
6. Copy of federal tax return.
7. Supporting statements required in instructions.
8. Copy of other state's return, if attaching Schedule 4.
9. Copy of federal extension form or Form 101, if applicable.

Staple all attachments to the top center of Form ND-2. Enclose your check or money order made payable to: **ND State Tax Commissioner**. Do not send cash.

Before mailing . . .

- Make sure that you entered your name, correct mailing address, and social security number on the return. If married, include your spouse's social security number.
- Double-check your math.
- Make sure you included all of your Form W-2s and any Form 1099 showing North Dakota income tax withheld.
- Check to see that all required schedules and supporting statements are included.
- Enclose a complete copy of your federal tax return.
- Sign your return. If filing a joint return, your spouse also must sign.
- Use adequate postage.
- Make a copy of the return for your records.



Important:

If you do not include a copy of your federal return or do not sign your return, your return will be sent back to you. This may result in late filing and payment charges.

Need help with your federal return?

If you need federal tax forms, have federal tax questions, or would like to find out where you can find IRS walk-in services, you may contact the IRS in one of the following ways.

Telephone assistance (toll free)

- **Federal tax questions**..... **1-800-829-1040**
TTY/TDD **1-800-829-4059**

Call this number if you have a question about your federal tax return or an IRS notice, need a transcript or copy of your federal return, or have questions on other federal tax matters.

- **Ordering forms and publications** **1-800-829-3676**

Call this number to order federal tax forms and informational publications.

- **Recorded tax and refund information**..... **1-800-829-4477**

Call this number to listen to pre-recorded information on a wide variety of federal tax topics or to check the status of your federal income tax refund. Please allow at least 6 weeks after you file your return (3 weeks if you filed electronically) before calling about the status of your refund, and be sure to have your social security number, filing status, and exact whole-dollar amount of your refund available when you call.

Web site

Access the IRS's Web site 24 hours a day, 7 days a week **www.irs.gov**

Walk-in service

In North Dakota, IRS walk-in services are available Monday through Friday, 8:30 a.m. to 4:30 p.m. (*except as noted*), at the following locations:

Bismarck (*closed 11 a.m.-12 noon*)

Kirkwood Bank & Trust Building
2911 N 14th Street (3rd Floor)
(*next to Space Aliens restaurant*)

Fargo (*closed 11 a.m.-12 noon*)

Federal Building
Room 470
657 2nd Avenue North

Grand Forks (*closed 11 a.m.-12 noon*)

Federal Building
Room 137
102 North 4th Street

Minot (*closed 11 a.m.-12 noon*)

305 17th Avenue SW
(*behind Hollywood Video store*)

Need forms or assistance?

If you need a North Dakota form or schedule not included in this booklet, or if you have a question about preparing your North Dakota return . . .

Call

Toll free (within North Dakota) —
1-800-638-2901

In the Bismarck-Mandan area, or from outside
North Dakota—

Questions: **(701) 328-1032**

Forms: **(701) 328-3450**

If speech or hearing impaired,
call us through Relay North Dakota: **1-800-366-6888**

Visit our Web site

On our Web site, you will find the following resources:

- Tax forms
- Income tax guidelines
- Electronic filing information
- Income tax statutes
- Calendar of due dates, public meetings, and workshops
- Press releases
- On-line message service

Our Web site address is:
www.nd.gov/tax

Come in to see us

Stop in to see us in person at our main office in Bismarck.
You will find us in the—

Individual Income Tax Section
State Capitol, 16th Floor
Monday through Friday
8:00 a.m. to 5:00 p.m.

Write

Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

E-mail us

Request forms, ask us a question, or send a message to us
via e-mail. Our address is:

individualtax@state.nd.us

Or go to our web site at:

www.nd.gov/tax (click on **Contact Info**)

Fax

You may fax your request or question to (701) 328-1942.

Need a copy of your return or other information?

To obtain a copy of your return or information about your estimated tax payments, etc., you must submit a written request (by mail or fax) to our office. Include the following items in your request:

- Your name(s) and current address.
- Your social security number(s).
- Daytime telephone number.
- Description of the information desired.
- Tax year(s) involved.
- Your signature(s).

Our mailing address and fax number are shown above.

Want to check the status of your refund?

If you did not use direct deposit, you may check the status of your refund by calling **(701) 328-3450**, or by e-mailing us at **individualtax@state.nd.us**. If you direct deposited your refund, contact your bank first to see if your refund has been deposited into your account before contacting us. If you contact us, you'll need to provide the following information:

- Your name (Include spouse's name, if joint return).
- Your social security number (Include spouse's SSN, if joint return).
- Your filing status from your return.
- **Exact** amount of refund shown on return.
- Tax year.

The above information must match our records or no information will be released. **Allow 6 weeks after filing your return before contacting us about your refund.**