

Form North Dakota Office of State Tax Commissioner
38 Fiduciary income tax return



2006

A This return is filed for: **Calendar year 2006** (Jan. 1 - Dec. 31, 2006)
 Fiscal year: Beginning _____, 2006, and ending _____, 20_____

B Name of estate or trust _____ **C** Federal EIN * _____

Name and title of fiduciary _____ **D** Date created: _____

Mailing address _____ **E** **TOTAL no. of beneficiaries** ----- ▶

City _____ State _____ Zip Code _____
 Enter number of —
 Resident individual beneficiaries ----- ▶
 Nonresident individual beneficiaries ----- ▶
 Other types of beneficiaries ----- ▶

F **Residency status:** Resident Nonresident

G **Entity type:**
 1 Decedent's estate **4** Qualified disability trust **7** Bankruptcy estate (Ch. 7)
 2 Simple trust **5** ESBT (S portion only) **8** Bankruptcy estate (Ch. 11)
 3 Complex trust **6** Grantor type trust **9** Pooled income fund

H **Check all that apply:**
 Initial return Amended return
 Final return Extension
 Composite return

• **Before completing lines 1 through 15 on this page, complete Schedule 1 (on page 2) or Schedule 2 (on page 3). DO NOT complete both schedules. See instructions for which schedule to use.**

- 1** Tax on fiduciary's North Dakota taxable income: Enter the amount from page 2, Schedule 1, line 8 or the amount from page 3, Schedule 2, line 8, whichever schedule was used ----- ▶ **1** _____
- 2** Credit for income tax paid to another state (from page 4, Schedule 4, line 7) ----- ▶ **2** _____
- 3** Other credits (Attach supporting schedule) ----- ▶ **3** _____
- 4** Net income tax liability on fiduciary's taxable income. Line 1 less lines 2 and 3 ----- ▶ **4** _____
- 5** Income tax withheld from nonresident individual beneficiaries (from page 4, Schedule 3, line 3) ----- ▶ **5** _____
- 6** Composite income tax for electing nonresident individual beneficiaries (from page 4, Schedule 3, line 4) ----- ▶ **6** _____
- 7** Total taxes due. Add lines 4, 5, and 6 ----- ▶ **7** _____
- 8** North Dakota income tax withholding (Attach supporting W-2s, 1099s, and K-1s) ----- ▶ **8** _____
- 9** Estimated tax paid, including extension payment with 2006 Form 401-EXT ----- ▶ **9** _____
- 10** Total payments. Add lines 8 and 9 ----- ▶ **10** _____
- 11** **Overpayment.** If line 10 is MORE than line 7, subtract line 7 from line 10 and enter result; otherwise, go to line 14. If result is less than \$5.00, enter 0 ----- ▶ **11** _____
- 12** Amount of line 11 to be applied to 2007 estimated tax ----- ▶ **12** _____
- 13** **Refund.** Subtract line 12 from line 11. If result is less than \$5.00, enter -0- ----- ▶ **13** _____
- 14** **Tax due.** If line 10 is LESS than line 7, subtract line 10 from line 7. If result is less than \$5.00, enter 0 ----- ▶ **14** _____
- 15** Interest on underpaid estimated tax (from Form 401-UT) ----- ▶ **15** _____

- **Attach a complete copy of the 2006 Form 1041 (including Federal Schedule K-1s)**
- **Attach a copy of all North Dakota Schedule K-1s (Form 38)**

I declare that this return is correct and complete to the best of my knowledge and belief.			* Privacy Act - See inside front cover of booklet		
Signature of fiduciary		Date	<input type="checkbox"/> I authorize the ND Office of State Tax Commissioner to discuss this return with the preparer identified below. For Tax Department Use Only		
Print name of fiduciary		Phone			
Paid preparer signature		Date			
Print name of paid preparer	EIN/SSN/PTIN	Phone			

Mail to: Office of State Tax Commissioner, 600 E. Blvd. Ave., Dept. 127, Bismarck, ND 58505-0599



Schedule 1 MAIN METHOD- Income tax on fiduciary's taxable income

Part 1 - Calculation of tax

- 1 **Federal taxable income** from Federal Form 1041, page 1, line 22 ----- ► 1 _____
- 2 **Additions** (See instructions) (Attach supporting statement) ----- ► 2 _____
- 3 **Add lines 1 and 2** ----- ► 3 _____
- 4 **a** Interest from U.S. obligations ----- ► **4a** _____
- b** Net long-term capital gain exclusion (from worksheet in instructions) ----- ► **4b** _____
- c** Other subtractions (See instructions) (Attach supporting statement) ----- ► **4c** _____
- d** Total subtractions. Add lines 4a, 4b, and 4c ----- ► **4d** _____
- 5 **North Dakota taxable income of fiduciary.** Subtract line 4d from line 3 ----- ► 5 _____
- 6 **Tax on amount on line 5 using the 2006 Schedule 1 Tax Rate Schedule** below ----- ► 6 _____
 - If **resident** estate or trust, enter amount from line 6 on line 8. Do not complete lines 7a, 7b, and 7c.
 - If **nonresident** estate or trust, complete lines 7a, 7b, and 7c.
- 7 **a** Fiduciary's share of total income from Part 2, line 11, Column A
 less the amount from Part 1, line 4a ----- ► **7a** _____
- b** Income (loss) reportable to North Dakota from Part 2, line 11, Column B ----- ► **7b** _____
- c** Divide line 7b by line 7a. Round to the nearest four decimal places ----- ► **7c** _____
- 8 **Tax on fiduciary's North Dakota taxable income:** If resident estate or trust, enter amount from line 6.
 If nonresident estate or trust, multiply line 6 by line 7c. Enter result here and on Form 38, page 1, line 1 ----- ► 8 _____

**2006
 Schedule 1
 Tax Rate Schedule**

If the amount on line 5 is:		
Over	But not over	The tax is:
\$ 0	\$ 2,050	2.10% of amount on line 5
2,050	4,850	\$ 43.05 plus 3.92% of the amount over \$ 2,050
4,850	7,400	152.81 plus 4.34% of the amount over 4,850
7,400	10,050	263.48 plus 5.04% of the amount over 7,400
10,050		397.04 plus 5.54% of the amount over 10,050

Part 2 - Calculation of fiduciary's income

This part must be completed by all estates and trusts that use Schedule 1 (Main Method)

- **Resident estate or trust:** Complete Column A only.
- **Nonresident estate or trust:** Complete Columns A, B, and C. See instructions for how to complete Columns B and C.

Nonresident estates or trusts only

	Column A Federal return	Column B North Dakota	Column C Other States
1 Interest income -----	1 _____	_____	_____
2 Ordinary dividends -----	2 _____	_____	_____
3 Business income or (loss) -----	3 _____	_____	_____
4 Capital gain or (loss) -----	4 _____	_____	_____
5 Rents, royalties, partnerships, other estates and trusts, etc. --	5 _____	_____	_____
6 Farm income or (loss) -----	6 _____	_____	_____
7 Ordinary gain or (loss) -----	7 _____	_____	_____
8 Other income -----	8 _____	_____	_____
9 Total income. Add lines 1 through 8 -----	9 _____	_____	_____
10 Portion of amount on line 9 distributed to beneficiaries -----	10 _____	_____	_____
11 Fiduciary's share of total income. Subtract line 10 from line 9	11 _____	_____	_____



Schedule 2 OPTIONAL METHOD-Income tax on fiduciary's taxable income

Part 1 - Calculation of tax

- 1 **Federal taxable income** from Federal Form 1041, page 1, line 22 ----- ▶ 1 _____
- 2 Additions (*See instructions*) (*Attach supporting statement*) ----- ▶ 2 _____
- 3 Add lines 1 and 2 ----- 3 _____
- 4 **a** Subtractions (*See instructions*) (*Attach supporting statement*) ----- ▶ 4a _____
- b** Nonresident only: Other states' income (loss) from Part 2, line 14, Column C ----- ▶ 4b _____
- 5 Line 3 less lines 4a and 4b ----- ▶ 5 _____
- 6 **a** Federal income tax: See instructions for amount to enter on this line ----- ▶ 6a _____
- b** Enter amount from Part 2, line 11, Column A ----- ▶ 6b _____
- c** If **resident** estate or trust, enter the amount from line 4a, then go to line 6e ----- ▶ 6c _____
- d** If **nonresident** estate or trust, enter amount from line 4a plus amount from Part 2, line 11, Column C ----- ▶ 6d _____
- e** Subtract line 6c or line 6d, whichever applies, from line 6b ----- 6e _____
- f** North Dakota income ratio. If line 6b and line 6e are equal, enter 1.0000. Otherwise, divide line 6e by line 6b and round to the nearest four decimal places ----- 6f _____
- g** Federal income tax deduction. Multiply line 6a by line 6f ----- ▶ 6g _____
- 7 North Dakota taxable income of fiduciary. Subtract line 6g from line 5 ----- ▶ 7 _____
- 8 Tax from **2006 Schedule 2 Tax Rate Schedule** below. Enter on page 1, line 1 ----- ▶ 8 _____

2006 Schedule 2 Tax Rate Schedule

If the amount on line 7 is:		If amount on line 7 is:		The tax is:	
Over	But not over	Over	But not over	The tax is:	
\$ 0	\$ 3,000	\$ 8,000	\$ 15,000	\$ 320.00 plus 6.67%	of amount over \$ 8,000
3,000	5,000	15,000	25,000	786.90 plus 8.00%	of amount over 15,000
5,000	8,000	25,000	35,000	1,586.90 plus 9.33%	of amount over 25,000
		35,000	50,000	2,519.90 plus 10.67%	of amount over 35,000
		50,000		4,120.40 plus 12.00%	of amount over 50,000

Part 2 - Calculation of fiduciary's income

This part must be completed by all estates and trusts that use Schedule 2 (Optional Method)

- **Resident estate or trust:** Complete Column A, lines 1 through 11 only.
- **Nonresident estate or trust:** Complete Columns A, B, and C (lines 1 through 14). See instructions for how to complete Columns B and C.

Nonresident estates or trusts only

		Column A Federal return	Column B North Dakota	Column C Other States
1 Interest income -----	1	_____	_____	_____
2 Ordinary dividends -----	2	_____	_____	_____
3 Business income or (loss) -----	3	_____	_____	_____
4 Capital gain or (loss) -----	4	_____	_____	_____
5 Rents, royalties, partnerships, other estates and trusts, etc. --	5	_____	_____	_____
6 Farm income or (loss) -----	6	_____	_____	_____
7 Ordinary gain or (loss) -----	7	_____	_____	_____
8 Other income -----	8	_____	_____	_____
9 Total income. Add lines 1 through 8 -----	9	_____	_____	_____
10 Portion of amount on line 9 distributed to beneficiaries -----	10	_____	_____	_____
11 Fiduciary's share of total income. Subtract line 10 from line 9	11	_____	_____	_____
Lines 12-14: Nonresident estate or trust only				
12 Divide Columns B and C of line 11 by Column A of line 11	12	_____	_____	_____
13 Fiduciary's share of deductions. See instructions -----	13	_____	_____	_____
14 Fiduciary's net income (loss). Subtract line 13 from line 11	14	_____	_____	_____



Schedule 3 Beneficiary information

All estates and trusts must complete this schedule

- Complete Columns 1 through 4 for EVERY beneficiary
- Complete Column 5 if beneficiary is a nonresident individual, estate, or trust
- If applicable, complete Column 6 or Column 7 for nonresident individual beneficiary only

All Beneficiaries			
Beneficiary	Column 1	Column 2	Column 3
	Name and address of beneficiary <i>If additional lines are needed, attach additional pages</i>	Social Security Number/FEIN	Type of entity <i>(See pg. 9 of instr.)</i>
A	Name ----- Address -----		
B	Name ----- Address -----		
C	Name ----- Address -----		
D	Name ----- Address -----		

Beneficiary	All Beneficiaries Column 4 Federal distributive share of income (loss)	Nonresident Beneficiaries Only		
		Individuals, estates, and trusts	Individuals only	
		Column 5 North Dakota distributive share of income (loss)	Column 6 North Dakota income tax withheld (5.54%)	Column 7 North Dakota composite income tax (5.54%)
A				
B				
C				
D				
1 Total for Column 4 1				
2 Total for Column 5 2				
3 Total for Column 6 . Enter this amount on Form 38, page 1, line 5 3				
4 Total for Column 7 . Enter this amount on Form 38, page 1, line 6 4				

Schedule 4 Credit for income tax paid to another state (resident estate or trust only)

- Fiduciary's share of total income. Enter amount from Part 2, line 11, Column A (of Schedule 1 or Schedule 2) . . . ▶ **1** _____
- Portion of amount on line 1 that has its source in the other state *(See instructions)* ▶ **2** _____
- Credit ratio. Divide line 2 by line 1 and round to the nearest four decimal places **3** _____
- Tax on fiduciary's North Dakota taxable income from Form 38, page 1, line 1 **4** _____
- Multiply line 3 by line 4 ▶ **5** _____
- Amount of income tax paid to the other state *(See instructions)* ▶ **6** _____
- Credit for income tax paid to another state. Enter lesser of line 5 or line 6. Enter result here and on page 1, line 2 . . . **7** _____

Important: Attach a copy of the income tax return filed with the other state