

Schedule  
**ND-1FA**

North Dakota Office of State Tax Commissioner  
**Calculation of tax under 3-year averaging  
method for elected farm income**



**2006**

Attach to Form ND-1

Please type or print in black or blue ink. Enter one letter or number in each box.

Your name as shown on Form ND-1

Your social security number

▶ See instructions to this schedule to see if you are eligible to use it

US Dollars

- |  |   |
|--|---|
| <p>1. North Dakota taxable income from Form ND-1, line 16 -----</p> <p>2. Elected farm income from your 2006 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions. <b>Do not enter more than the amount on line 1</b> -----</p> <p>3. Subtract line 2 from line 1 -----</p> <p>4. Tax on the amount on line 3 from Tax Table on page 18 of 2006 Form ND-1 instructions -----</p> <p>5. If you used Schedule ND-1FA to figure your tax for:</p> <ul style="list-style-type: none"> <li>● 2005, enter amount from your 2005 Schedule ND-1FA, line 11.</li> <li>● 2004 but not 2005, enter amount from your 2004 Schedule ND-1FA, line 15.</li> <li>● 2003 but not 2004 nor 2005, enter amount from your 2003 Schedule ND-1FA, line 3.</li> </ul> <p>Otherwise, enter amount from 2003 Form ND-1, line 14, <b>OR</b> from 2003 Form ND-2, Tax Computation Schedule, line 1.</p> <p>6. Divide the amount on <b>line 2</b> by <b>3.0</b> -----</p> <p>7. Add lines 5 and 6. <i>If less than zero, enter zero</i> -----</p> <p>8. If you used Form ND-1 for 2003, figure the tax on the amount on line 7 using the 2003 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions -----</p> <p>9. If you used Schedule ND-1FA to figure your tax for:</p> <ul style="list-style-type: none"> <li>● 2005, enter amount from your 2005 Schedule ND-1FA, line 15.</li> <li>● 2004 but not 2005, enter amount from your 2004 Schedule ND-1FA, line 3.</li> </ul> <p>Otherwise, enter amount from 2004 Form ND-1, line 14, <b>OR</b> from 2004 Form ND-2, Tax Computation Schedule, line 1.</p> <p>10. Enter amount from line 6 -----</p> <p>11. Add lines 9 and 10. <i>If less than zero, enter negative number</i> -----</p> <p>12. If you used Form ND-1 for 2004, figure the tax on the amount on line 11 using the 2004 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions -----</p> <p>13. If you used Schedule ND-1FA to calculate your tax for 2005, enter the amount from 2005 Schedule ND-1FA, line 3. Otherwise, enter amount from 2005 Form ND-1, line 16, <b>OR</b> from 2005 Form ND-2, Tax Computation Schedule, line 1 -----</p> <p>14. Enter amount from line 6 -----</p> <p>15. Add lines 13 and 14. <i>If less than zero, enter negative number</i> -----</p> <p>16. If you used Form ND-1 for 2005, figure the tax on the amount on line 15 using the 2005 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions -----</p> <p>17. Add lines 4, 8, 12 and 16. Enter this amount on page 2, line 18, of this schedule -----</p> | <p>1 <input type="text"/></p> <p>2 <input type="text"/></p> <p>3 <input type="text"/></p> <p>4 <input type="text"/></p> <p>5 <input type="text"/></p> <p>6 <input type="text"/></p> <p>7 <input type="text"/></p> <p>8 <input type="text"/></p> <p>9 <input type="text"/></p> <p>10 <input type="text"/></p> <p>11 <input type="text"/></p> <p>12 <input type="text"/></p> <p>13 <input type="text"/></p> <p>14 <input type="text"/></p> <p>15 <input type="text"/></p> <p>16 <input type="text"/></p> <p>17 <input type="text"/></p> |
|--|---|

*If line 5 is zero or less,  
see instructions.*

*If line 9 is zero or less,  
see instructions.*

*If line 13 is zero or less,  
see instructions.*



18. Enter the amount from page 1, line 17 ----- 18

19. If you used Schedule ND-1FA to figure your tax for:

- 2005, enter amount from your 2005 Schedule ND-1FA, line 12.
- 2004 but not 2005, enter amount from your 2004 Schedule ND-1FA, line 16.
- 2003 but not 2004 nor 2005, enter amount from your 2003 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2003 Form ND-1, line 15 (if full-year resident) or Schedule ND-1NR, line 21 (if full-year nonresident or part-year resident) **OR** from 2003 Form ND-2, Tax Computation Schedule, line 2.

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20. If you used Schedule ND-1FA to figure your tax for:

- 2005, enter amount from your 2005 Schedule ND-1FA, line 16.
- 2004 but not 2005, enter amount from your 2004 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2004 Form ND-1, line 15 (if full-year resident) or Schedule ND-1NR, line 21 (if full-year nonresident or part-year resident) **OR** from 2004 Form ND-2, Tax Computation Schedule, line 2.

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21. If you used Schedule ND-1FA to figure your tax for 2005, enter amount from 2005 Schedule ND-1FA, line 4. Otherwise, enter amount from 2005 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 19 (if full-year nonresident or part-year resident) **OR** from 2005 Form ND-2, Tax Computation Schedule, line 2. ----- 21

22. Add lines 19, 20, and 21 ----- 22

23. Subtract line 22 from line 18. Enter result on your return as follows:

- If you (and your spouse, if filing jointly) were full-year residents, enter the amount from this line on Form ND-1, line 17.
- If you are required to use Schedule ND-1NR, enter the amount from this line on Schedule ND-1NR, line 20.

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► **Caution:** If you (and your spouse, if filing jointly) are full-year residents, the tax on line 23 above may be higher than the tax calculated without the use of this schedule. Attach this schedule to your Form ND-1 only if you are choosing to pay the tax calculated on it.

If you are required to use Schedule ND-1NR, the tax on line 23 above is not your actual tax liability. You must enter the tax from line 23 of this schedule on Schedule ND-1NR, line 20, and complete the remainder of Schedule ND-1NR to calculate your actual tax liability. Please note that the tax calculated based on the use of Schedule ND-1FA may be higher than the tax calculated without it. Attach this schedule to your Form ND-1 only if you are choosing to pay the tax based on its use.

## General instructions

### Eligibility

You are eligible to use Schedule ND-1FA to calculate your tax for 2006 if you used Schedule J (Form 1040) to calculate your 2006 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2006.

**IMPORTANT:** It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 *only if* you are electing to pay the tax that results from using Schedule ND-1FA.

### Copies of 2003, 2004, and 2005 returns

You will need copies of your 2003, 2004, and 2005 North Dakota income tax returns to complete the 2006 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2006 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return or our office made changes to your North Dakota income tax return for 2003, 2004, or 2005, you must use the corrected amounts when completing Schedule ND-1FA.

## Specific line instructions

### Line 2

Enter your elected farm income from the 2006 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 7 of your 2006 Form ND-1 attributable to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

### Lines 5, 9, and 13

For purposes of completing lines 5, 9, and 13 of the 2006 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If your North Dakota taxable income for a base year is mathematically less than zero, use the negative number for purposes of completing these lines.

### Correction made to Schedule ND-1FA for 2003 and 2004 tax years

There is an error in the Schedule ND-1FA for the 2003 and 2004 tax years. The error, which relates to the amount of tax previously paid for a base year, only affects full-year nonresidents and part-year residents having eligible farm income. The error is located on the following lines of each year's schedule:

- **2003** Schedule ND-1FA, lines 20 and 21.
- **2004** Schedule ND-1FA, lines 19, 20, and 21.

In the last sentence of the instructions for each of the lines identified above, the instructions should have stated that the tax previously paid for the base year should be taken from Schedule ND-1NR, line 21, in the case of a full-year nonresident or part-year resident using Form ND-1. If affected by this error, an amended return may be filed within three years after the original return was filed to claim a refund of an overpayment of tax attributable to the error.

### Form ND-2 Tax Rate Schedule

**If you used Form ND-2 for the 2003, 2004, or 2005 tax year, use this table to calculate the tax for that tax year.**

If revised taxable income for tax year is:

The revised tax is equal to:

Over	But not over				
\$ 0	\$ 3,000	.....	2.67%	of the revised taxable income	
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

**2003 Form ND-1 Tax Rate Schedules**

**If you used Form ND-1 for the 2003 tax year, use these tax rate schedules to calculate the tax to enter on line 8 . Use the schedule that corresponds to your filing status for the 2003 tax year.**

**Single**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 28,400	.....	2.1% of the revised taxable income
28,400	68,800	... \$	596.40 + 3.92% of amount over \$ 28,400
68,800	143,500	...	2,180.08 + 4.34% of amount over 68,800
143,500	311,950	...	5,422.06 + 5.04% of amount over 143,500
311,950		.....	13,911.94 + 5.54% of amount over 311,950

**Married filing jointly and Qualifying widow(er)**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 47,450	.....	2.1% of the revised taxable income
47,450	114,650	... \$	996.45 + 3.92% of amount over \$ 47,450
114,650	174,700	...	3,630.69 + 4.34% of amount over 114,650
174,700	311,950	...	6,236.86 + 5.04% of amount over 174,700
311,950		.....	13,154.26 + 5.54% of amount over 311,950

**Married filing separately**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 23,725	.....	2.1% of the revised taxable income
23,725	57,325	... \$	498.23 + 3.92% of amount over \$ 23,725
57,325	87,350	...	1,815.35 + 4.34% of amount over 57,325
87,350	155,975	...	3,118.43 + 5.04% of amount over 87,350
155,975		.....	6,577.13 + 5.54% of amount over 155,975

**Head of Household**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 38,050	.....	2.1% of the revised taxable income
38,050	98,250	... \$	799.05 + 3.92% of amount over \$ 38,050
98,250	159,100	...	3,158.89 + 4.34% of amount over 98,250
159,100	311,950	...	5,799.78 + 5.04% of amount over 159,100
311,950		.....	13,503.42 + 5.54% of amount over 311,950

**2004 Form ND-1 Tax Rate Schedules**

**If you used Form ND-1 for the 2004 tax year, use these tax rate schedules to calculate the tax to enter on line 12 . Use the schedule that corresponds to your filing status for the 2004 tax year.**

**Single**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 29,050	.....	2.1% of the revised taxable income
29,050	70,350	... \$	610.05 + 3.92% of amount over \$ 29,050
70,350	146,750	...	2,229.01 + 4.34% of amount over 70,350
146,750	319,100	...	5,544.77 + 5.04% of amount over 146,750
319,100		.....	14,231.21 + 5.54% of amount over 319,100

**Married filing jointly and Qualifying widow(er)**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 48,500	.....	2.1% of the revised taxable income
48,500	117,250	... \$	1,018.50 + 3.92% of amount over \$ 48,500
117,250	178,650	...	3,713.50 + 4.34% of amount over 117,250
178,650	319,100	...	6,378.26 + 5.04% of amount over 178,650
319,100		.....	13,456.94 + 5.54% of amount over 319,100

**Married filing separately**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 24,250	.....	2.1% of the revised taxable income
24,250	58,625	... \$	509.25 + 3.92% of amount over \$ 24,250
58,625	89,325	...	1,856.75 + 4.34% of amount over 58,625
89,325	159,550	...	3,189.13 + 5.04% of amount over 89,325
159,550		.....	6,728.47 + 5.54% of amount over 159,550

**Head of Household**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 38,900	.....	2.1% of the revised taxable income
38,900	100,500	... \$	816.90 + 3.92% of amount over \$ 38,900
100,500	162,700	...	3,231.62 + 4.34% of amount over 100,500
162,700	319,100	...	5,931.10 + 5.04% of amount over 162,700
319,100		.....	13,813.66 + 5.54% of amount over 319,100

**2005 Form ND-1 Tax Rate Schedules**

**If you used Form ND-1 for the 2005 tax year, use these tax rate schedules to calculate the tax to enter on line 16 . Use the schedule that corresponds to your filing status for the 2004 tax year.**

**Single**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 29,700	.....	2.1% of the revised taxable income
29,700	71,950	... \$	623.70 + 3.92% of amount over \$ 29,700
71,950	150,150	...	2,279.90 + 4.34% of amount over 71,950
150,150	326,450	...	5,673.78 + 5.04% of amount over 150,150
326,450		.....	14,559.30 + 5.54% of amount over 326,450

**Married filing jointly and Qualifying widow(er)**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 49,600	.....	2.1% of the revised taxable income
49,600	119,950	... \$	1,041.60 + 3.92% of amount over \$ 49,600
119,950	182,800	...	3,799.32 + 4.34% of amount over 119,950
182,800	326,450	...	6,527.01 + 5.04% of amount over 182,800
326,450		.....	13,766.97 + 5.54% of amount over 326,450

**Married filing separately**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 24,800	.....	2.1% of the revised taxable income
24,800	59,975	... \$	520.80 + 3.92% of amount over \$ 24,800
59,975	91,400	...	1,899.66 + 4.34% of amount over 59,975
91,400	163,225	...	3,263.51 + 5.04% of amount over 91,400
163,225		.....	6,883.49 + 5.54% of amount over 163,225

**Head of Household**

If revised taxable income		The revised tax is equal to:	
for tax year is:			
Over	But not over		
\$ 0	\$ 39,800	.....	2.1% of the revised taxable income
39,800	102,800	... \$	835.80 + 3.92% of amount over \$ 39,800
102,800	166,450	...	3,305.40 + 4.34% of amount over 102,800
166,450	326,450	...	6,067.81 + 5.04% of amount over 166,450
326,450		.....	14,131.81 + 5.54% of amount over 326,450