



North Dakota 2011 S Corporation Income Tax

Cory Fong, Tax Commissioner

Form 60

Includes:

Schedule FACT
Schedule BG
Schedule K
Schedule KS
Schedule K-1

Need help?

Go to our web site:
www.nd.gov/tax

Download forms

Check our FAQs
(frequently asked
questions)

E-mail your
questions:
individualtax@nd.gov



Dear Taxpayer,

This is the third year the Tax Department is offering electronic filing for the Form 60 – S Corporation Income Tax Return through the Modernized E-File (MeF) platform. We encourage you to join the more than 40 percent of Form 60 filers that chose to e-file last year. To learn more about the MeF option, go to our web site at www.nd.gov/tax.

The 2011 Form 60 and its instructions contain changes resulting from legislation passed into law by the 2011 North Dakota Legislature. As you prepare to file your 2011 Form 60, please note the following highlights:

- The passthrough withholding and composite income tax rates have been reduced from 4.86% to 3.99%.
- A credit is available to an entity that invests in a North Dakota Angel Fund.
- A credit is available to an entity that contributes to a new housing incentive fund.
- A credit is available to a taxpayer for purchasing automated and robotic equipment for the purpose of automating a manufacturing process. (Please note the new automation and robotic tax credit does not take effect until the 2013 tax year.)

For more information on these legislative changes, see the “What’s new for 2011” section on page 1 in this booklet.

As you get ready to file your 2011 Form 60, please read the instructions in this booklet carefully. The instructions will help you prepare an accurate and complete return. I invite you to let us know what you think we can do to improve these forms and instructions so that we can serve you better.

If you have any questions, need assistance, or additional forms, visit our web site at www.nd.gov/tax or contact our office. You’ll find contact information on the inside front cover of this booklet if you need to contact us by phone, e-mail, or letter.

Thank you,

Cory Fong,
Tax Commissioner

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Required forms

The following forms are needed to complete Form 60:

| | |
|----------------------|--|
| Form 60 | S corporation return |
| Schedule FACT | Calculation of North Dakota apportionment factor |
| Schedule BG | Tax on excess net passive income and built-in gains |
| Schedule K | Total North Dakota adjustments, credits, and other items distributable to shareholders |
| Schedule KS | Shareholder information |
| Schedule K-1 | Shareholder's share of North Dakota income (loss), deductions, adjustments, credits, and other items |

The following forms may be needed:

| | |
|--------------------|--|
| Form 60-EXT | S corporation extension payment voucher |
| Form 101 | Application for extension of time to file a North Dakota income tax return |
| Form PWA | Passthrough entity withholding adjustment |

Download these forms from our web site at www.nd.gov/tax.

Need help?

You can download forms and find other information on our web site at:

www.nd.gov/tax

E-mail

Individual income tax—

individualltax@nd.gov

Call

Individual income tax—

Questions **701.328.1247**

Forms **701.328.1243**

S Corporation income tax—

Questions **701.328.1258**

Forms **701.328.1243**

Speech/hearing impaired

TDD **800.366.6888**

Write

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

Office

State Capitol, 16th Floor
Monday through Friday
8:00 a.m. to 5:00 p.m.
(except holidays)

Privacy Act Information

In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of a social security number or a federal employer identification number on this form is mandatory and is required under Subsections 1 and 7 of N.D.C.C. § 57-38-31. A social security number or federal employer identification number is used as an identification number by the Office of State Tax Commissioner for file control purposes, recordkeeping, and for cross-checking the taxpayer's files with the Internal Revenue Service.



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 by going to our web site at

www.nd.gov/tax

Form 60 Instructions

2011

North Dakota S Corporation Income Tax Return

"N.D.C.C." references are to the North Dakota Century Code, which contains North Dakota's statutes.

"N.D. Admin. Code" references are to the North Dakota Administrative Code, which contains North Dakota's rules.

What's new for 2011

Withholding and composite return tax rate reduction

Starting with the 2011 tax year, the tax rate for passthrough withholding and composite filing purposes was reduced to 3.99%. For more information, see "Withholding from nonresident individual shareholders" on page 2 and "Composite filing method" on page 3 of this booklet.

"New" angel fund tax credit

Under pre-2011 tax law, a tax credit was allowed for making an investment in a certified North Dakota angel fund. However, the credit was only available to an individual, estate, trust, or "C" corporation. Starting with the 2011 tax year, the angel fund investment tax credit is allowed to a partnership, "S" corporation, or a limited liability company treated like a partnership or "S" corporation.

The credit is equal to 45% of the amount invested, up to a maximum credit of \$45,000 per tax year. The credit is calculated at the passthrough entity level and passed through to the entity's owners based on their respective ownership interests. For credits based on investments made during the 2011 and subsequent tax years, no more than \$150,000 in credits is allowed to a taxpayer (including a passthrough entity) over the taxpayer's lifetime.

For the 2011 and 2012 tax years only, a taxpayer (including a passthrough entity) may make an irrevocable election to sell, assign, or otherwise transfer an angel fund tax credit to another taxpayer. There are conditions and reporting requirements that must be satisfied to make this election.

For more information on the angel fund tax credit, go to the Office of State Tax Commissioner's web site at www.nd.gov/tax.

Two new lines—lines 16a and 16b—have been added to Schedule K of Form 60 for this new tax credit.

New housing incentive fund tax credit

For the 2011 and 2012 tax years only, a new income tax credit is allowed to a taxpayer for contributing monies to a new housing incentive fund administered by the North Dakota Housing Finance Agency (Agency). The credit is equal to the amount contributed to the fund. Upon receipt of a contribution, the Agency will issue a credit certificate to the taxpayer showing the amount of the allowable credit. If the entire credit allowed for the tax year cannot be used, the unused portion may be carried over and used on subsequent years' returns for up to ten tax years. North Dakota taxable income must be increased by the amount of the contribution upon which the credit is based to the extent the contribution reduced federal taxable income.

In the case of a passthrough entity that makes a qualifying contribution, the total allowable credit is passed through to the entity's owners based on their respective ownership interests.

For more information on qualifying for the credit, contact the North Dakota Housing Finance Agency. For more information on how to claim the credit on the North Dakota income tax return, contact the Office of State Tax Commissioner.

A new line—line 17—has been added to Schedule K of Form 60 for this new tax credit.

New automation and robotic equipment tax credit

Note: This new tax credit does not take effect until the 2013 tax year.

For the 2013 through 2015 tax years only, a new income tax credit is allowed to a taxpayer for purchasing automation and robotic equipment for the purpose of automating a manufacturing process. To qualify, a taxpayer must be certified as a primary sector business by the North Dakota Commerce Department, and the equipment purchased must be approved as qualifying equipment by the Commerce Department. The credit is equal to 20% of the purchase cost of the approved equipment, and is allowed in the tax year in which the purchase is made. If the entire credit cannot be used in the tax year in which the purchase is made, the unused portion may be carried over and used on subsequent years' returns for up to five tax years. The total credits allowed to all taxpayers is limited to \$2 million per calendar year. For more information, see N.D.C.C. § 57-38-01.33.

Schedule K-1 (Form 60) changes

The following changes were made to the 2011 Schedule K-1 (Form 60):

- Lines 16a and 16b were added for the new angel fund tax credit.
- Line 17 was added for the new housing incentive fund tax credit.

Schedule FACT instructional change

The instructions to the 2011 Schedule FACT (Calculation of North Dakota Apportionment Factor) have been changed to incorporate new language that applies to an S corporation that receives a 2011 North Dakota Schedule K-1 (Form 58) showing amounts in Part 6 (Partnership or corporation partners only). For more information, see page 4 of this booklet.

General instructions

Who must file

A 2011 Form 60, *S Corporation Income Tax Return*, must be filed by a corporation that meets both of the following:

- It is required to file a 2011 Form 1120S, *U.S. Income Tax Return for an S Corporation*; and
- It carries on business, or derives gross income from sources, in North Dakota during its 2011 tax year.

Exception for financial institution. If an S corporation is a bank, trust company, bank holding company, or other financial institution defined under N.D.C.C. § 57-35.3-01(2), it is subject to the North Dakota financial institution tax and must file Form 35, *Financial Institution Tax Return*. Do not complete nor file Form 60 if required to file Form 35.

Nonfiler penalty. If an S corporation does not file Form 60 as required, a minimum \$500 penalty may be assessed if the failure continues after receiving a thirty-day notice to file from the Office of State Tax Commissioner.

When and where to file

The 2011 Form 60 must be filed no later than:

- April 15, 2012, if filing for the 2011 calendar year; or
- The 15th day of the 4th month following the end of the tax year, if filing for a fiscal year beginning in the 2011 calendar year.

Note: Use the 2010 Form 60 if the corporation's fiscal year began in the 2010 calendar year.

Mail Form 60 and all required attachments to:

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

Extension of time to file

The extension of time to file the North Dakota return is the same number of months as the extension of time to file the federal return.

An extension of time to file Form 60 may be obtained in one of the following ways:

- Obtain a federal extension.
- Separately apply for a North Dakota extension.

Federal extension. If an extension of time to file the federal corporation return is obtained, it is automatically accepted as an extension of time to file Form 60. If this applies, a separate North Dakota extension does not have to be applied for, nor does the Office of State Tax Commissioner have to be notified that a federal extension has been obtained prior to filing Form 60. The "Extension" circle on page 1 of Form 60 must be marked to indicate that an extension has been obtained.

North Dakota extension. If a federal extension is not obtained, but additional time is needed to complete and file Form 60, a separate North Dakota extension may be applied for by filing Form 101, *Application for Extension of Time to File a North Dakota Tax Return*. This is not an automatic extension—there must be good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of Form 60. Notification of whether the extension is accepted or rejected will be provided by the Office of State Tax Commissioner. The "Extension" circle on page 1 of Form 60 must be marked to indicate that an extension has been obtained.

Extension interest. If Form 60 is filed on or before the extended due date, and any tax due is paid with the return, no penalty will be charged. Interest on the tax due will be charged at the rate of 12% per year from the original due date of the return to the earlier of the date the return is filed or the extended due date.

Prepayment of tax due. If an extension of time to file Form 60 is obtained and it is expected that there will be a tax due, the expected tax due may be paid on or before the regular due date. To do so, send a check or money order along with a completed 2011 Form 60-EXT, *S Corporation Extension Payment Voucher*, on or before the regular due date of Form 60.

Alternatively, a payment may be sent with a letter containing the following: (1) Name of corporation; (2) Corporation's FEIN; (3) Corporation's address and phone number; and (4) Statement that the payment is a 2011 Form 60-EXT payment.

Penalty and interest

The tax due must be paid by the due date (without extension) of Form 60 to avoid penalty and interest charges. However, if an extension of time to file the return was obtained, the tax due may be paid by the

extended due date of the return without penalty, but extension interest will apply at the rate of 12% per year—see **Extension interest** and **Prepayment of tax due** on this page.

If Form 60 is filed on or before its due date (or extended due date), but the tax due is not fully paid with the return, a penalty equal to 5% of the unpaid tax or \$5.00, whichever is greater, must be paid.

If Form 60 is not filed on or before its due date, (or extended due date), a penalty equal to 5% of the tax due or \$5.00, whichever is greater, for the month in which the return was due plus 5% of the tax due for each additional month (or fraction of a month) during which the return remains delinquent must be paid. This penalty may not exceed 25% of the tax due.

In addition to any penalty, interest must be paid at the rate of 1% per month (or fraction of a month), except for the month in which the tax was due, on any tax due that remains unpaid after the due date (or extended due date) of the return.

Estimated tax payment

An S corporation may, but is not required to, make estimated tax payments of income tax expected to be due on Form 60. To make an estimated payment for the 2012 tax year, send a check or money order along with a completed 2012 Form 60-ES, *S Corporation Estimated Tax Payment Voucher*.

Withholding from nonresident individual shareholders

An S corporation must withhold North Dakota income tax at the rate of 3.99% (.0399) from the distributive share of North Dakota income of its nonresident individual shareholders. This requirement does not apply to actual distributions made by the corporation to nonresident individual shareholders during the tax year; instead, the withholding amount is calculated on the shareholders' year-end distributive share and is reported on the Form 60 filed for the tax year. An amount less than 3.99% of the distributive share may be withheld if the shareholder meets certain conditions—see Form PWA for details. Withholding is not required if:

- The distributive share of North Dakota income is less than \$1,000; or

- The nonresident individual shareholder elects to have his or her distributive share of North Dakota income included in, and the tax on it calculated under, the composite filing method—see “Composite filing method” in the next section for more information.

The amount withheld for a shareholder is reported in Column 7, Schedule KS, Form 60. The corporation must submit a payment with Form 60 for the total withholding reported on Schedule KS. See the instructions to Schedule KS and Schedule K-1 (Form 60) for more information.

Composite filing method

A composite filing method is available to an S corporation with one or more eligible shareholders. Under this method, an S corporation files one return, called a “composite return,” on behalf of one or more eligible shareholders. The composite return and the S corporation’s payment of the income tax calculated on it satisfies the North Dakota income tax filing and payment obligations of the eligible shareholders included in it. Therefore, they do not have to file their own North Dakota individual income tax return to report or pay tax on their distributive share of North Dakota income.

The use of the composite filing method by an S corporation is optional, and is a choice that it may make on a year-to-year basis. The corporation does not have to obtain prior approval to use the composite filing method, and it may file a composite return regardless of whether it has income or a loss for the tax year.

Exception to withholding. An S corporation does not have to withhold North Dakota income tax from the distributive share of North Dakota income of an eligible shareholder who elects to be included in a composite return.

Eligible shareholder. An eligible shareholder is an individual who:

- Is a nonresident of North Dakota; and
- Does not have any North Dakota income from other than the S corporation or any other partnership, S corporation, trust, or limited liability company (filing as a partnership or S corporation).

An eligible shareholder may elect to be included in a composite return regardless of the amount of the shareholder’s distributive share of North Dakota income (or loss). In the case of a loss, the composite tax is zero.

Composite filing method procedure. The distributive share of North Dakota income of an electing shareholder is multiplied by the highest individual income tax rate (3.99% for the 2011 tax year) to determine the shareholder’s composite income tax. (If the North Dakota distributive share is a loss, the composite tax is zero.) No North Dakota adjustments, deductions, or tax credits are allowed in calculating the tax due under the composite filing method. The Form 60 serves as the composite return. The composite income tax calculated for a shareholder is reported in Column 8, Schedule KS, Form 60. The corporation must submit a payment with Form 60 for the total composite income tax reported on Schedule KS.

Election. If an eligible shareholder agrees to be included in a composite return, the corporation’s calculation and reporting of a composite income tax for the shareholder in Column 8 of Schedule KS of Form 60 constitutes the shareholder’s election to be included in the composite return.

Correcting a previously filed return

If a corporation needs to correct an error in Form 60 after it is filed, the corporation must file an amended return. There is no special form for this purpose. See “How to prepare an amended return” below.

If a corporation paid too much tax because of an error in its 2011 Form 60, the corporation generally has three years from the later of the due date (excluding extensions) of the return or the date the return was actually filed in which to file an amended return to correct the error and claim a refund of the overpayment. See N.D.C.C. § 57-38-40 for other time periods that may apply.

How to prepare an amended 2011 return

1. Obtain a blank 2011 Form 60.
2. Enter the corporation’s name, current address, FEIN, etc., in the top portion of page 1 of Form 60.
3. Mark the “Amended return” circle at the top of page 1 of Form 60.
4. Complete Schedules FACT, BG, K, and KS using the corrected information. Then complete lines 1 through 4 on page 1 of Form 60.

5. Complete line 5 on page 1 of Form 60 by entering the total taxes due from the previously filed 2011 Form 60, page 1, line 4.
6. Complete line 6 (overpayment) or line 9 (tax due), whichever applies. If there is an overpayment on line 6, enter the full amount on line 8 (refund). On an amended return, the amount credited to the next year’s estimated tax (line 7) may not be increased or decreased.
7. Attach a statement explaining the reason(s) for filing the amended return. If it is because of changes the corporation or the IRS made to the corporation’s 2011 Federal Form 1120S, attach a copy of the amended federal return or IRS notice.
8. Complete and provide a corrected North Dakota Schedule K-1 (Form 60) to the shareholders, as required.

Reporting federal changes

If the Internal Revenue Service (IRS) changes or audits the federal corporation return, or if a corporation files an amended federal corporation return, an amended North Dakota Form 60 must be filed within ninety days after the final determination of the IRS changes or the filing of the amended federal return. Enclose a copy of the IRS audit report or the amended federal corporation return with the amended North Dakota Form 60.

W-2/1099 reporting requirement

Every corporation doing business in North Dakota that is required to file Federal Form 1099 or W-2 must also file one with the Office of State Tax Commissioner. For more information, obtain the guideline *Income Tax Withholding: Information Returns*.

Use of information

All of the information on Form 60 and its attachments is confidential by law and cannot be given to others except as provided by state law. Information about the shareholders is required under state law so the Office of State Tax Commissioner can determine the shareholder’s correct North Dakota taxable income and verify if the shareholder has filed a return and paid the tax.

General instructions for completing Form 60

Complete Form 60 as follows:

1. Complete Federal Form 1120S in its entirety.
2. Complete Items A through H at the top of page 1 of Form 60—see page 4.
3. Complete Schedule FACT on page 2 of Form 60—see page 4.
4. Complete Schedule BG, if required, on page 2 of Form 60—see page 5.
5. Complete Schedule K on page 3 of Form 60—see page 5.
6. Complete Schedule KS on page 5 of Form 60—see page 7.
7. Complete lines 1 through 11 on page 1 of Form 60—see page 8.
8. Complete Schedule K-1, if required, for the shareholders—see page 9.

Rounding of numbers. Numbers may be entered on the return in dollars and cents, or they may be rounded to the nearest whole dollar. If rounding, 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.

Fiscal year filers. The tax year for North Dakota income tax purposes must be the same as the tax year used for federal income tax purposes. Use the 2011 Form 60 if the corporation's taxable year began in the 2011 calendar year. *Note: Use the 2010 Form 60 if the taxable year began in the 2010 calendar year.*

Specific line instructions for page 1 of Form 60, Items A-H

Complete Items A through H at the top of page 1 of Form 60. Then complete Schedule FACT, Schedule BG, Schedule K, and Schedule KS before completing lines 1 through 11 on page 1 of Form 60.

Item A Tax year

The same tax year used for federal income tax purposes (as indicated on the federal corporation return) must be used for North Dakota income tax purposes. Mark the applicable circle. If the corporation uses a fiscal year, enter the beginning and ending dates of the fiscal year. Use the 2011 Form 60 only if the corporation's tax year began in the 2011 calendar year.

Item B Name and address

Enter the legal name of the corporation on the first line of the name and address area. If the corporation publicly operates under a fictitious or assumed name (which, in most states, must be recorded or registered with the state), enter that name on the second line of the name and address area.

Item C Federal EIN

North Dakota uses the federal employer identification number (FEIN) for identification purposes. Enter the federal employer identification number from page 1 of Federal Form 1120S.

Item D Business code number

Enter the business code from the NAICS code list found on the Office of State Tax Commissioner's web site at www.nd.gov/tax. Enter the code that most closely describes the industry from which the corporation derives the majority of its income.

Item E Date incorporated

Enter the date the business incorporated from page 1 of Federal Form 1120S.

Item F Indicators

Mark all applicable circles, as follows:

Initial return. Mark this circle if this is the first return filed in North Dakota by the corporation.

Final return. Mark this circle if this is the last return to be filed in North Dakota by the S corporation.

Farming/ranching corporation. Mark this circle if the corporation is registered as a farming or ranching corporation with the North Dakota Secretary of State.

Composite return. Mark this circle if one or more nonresident individual shareholders has elected to be included in a composite return. See "Composite filing method" on page 3 for more information.

Amended return. Mark this circle if this return is being filed to correct a previously filed 2011 Form 60. See "Correcting a previously filed return" on page 3 for more information.

Extension. Mark this circle if a federal or state extension of time to file the return was obtained. See "Extension of time to file" on page 2 for more information.

Item G Number of shareholders

Enter the total number of shareholders. Also enter the number of each type of shareholder. For "Trust/estate shareholders," include trusts that are not tax-exempt organizations for federal income tax purposes.

Item H Qualified subchapter S subsidiary

If the corporation is a parent of one or more qualified subchapter S subsidiaries (QSub or QSSS), mark the "Yes" circle. Otherwise, mark "No." If the "Yes" circle is marked, attach a statement to Form 60 on which it lists the name and federal employer identification number of each qualified subchapter S subsidiary (QSub or QSSS).

Instructions for Schedule FACT (Form 60, page 2)

Did you receive a North Dakota Schedule K-1 from a passthrough entity?

If you received a North Dakota Schedule K-1 and are required to complete Schedule FACT, include the apportionment factor amounts from your North Dakota Schedule K-1, lines 40 and 41 in the corresponding columns.

All corporations must complete the applicable portions of Schedule FACT as follows:

- **100% North Dakota corporation**
If the corporation conducted all of its trade or business within North Dakota during the tax year, skip lines 1 through 13 and enter 1.000000 on line 14 of Schedule FACT.

• Multistate corporation

If the corporation conducted its trade or business both within and without North Dakota during the tax year, complete lines 1 through 14 of Schedule FACT. However, if all of the shareholders consist of only North Dakota resident individuals, estates, and trusts, skip lines 1 through 13, and enter 1.000000 on line 14 of Schedule FACT.

For guidance on completing Schedule FACT, see N.D.C.C. § 57-38.1 and N.D. Admin. Code § 81-03-09.

Instructions for Schedule BG (Form 60, page 2)

An S corporation that is subject to the federal income tax on excess net passive income or built-in gains is subject to North Dakota income tax on the same income and must complete Schedule BG.

Line 4 Apportionment factor

Enter the amount from Schedule FACT, Line 14.

Note: If all shareholders are residents of North Dakota in a multistate corporation and the corporation is required to complete Schedule BG, complete Schedule FACT and enter the amount from Schedule FACT, Line 14.

Line 6 North Dakota NOL deduction

If the corporation has always been an S corporation, enter zero on this line. However, if a corporation changed from a C corporation to an S corporation under an election first made on or after January 1, 1987, it may carry forward an unused North Dakota net operating loss incurred while a C corporation and deduct it from the apportioned built-in gain subject to North Dakota tax. Complete the **Line 6 Worksheet** on this page to calculate the amount to enter on Schedule BG, line 6. *Attach a copy of the worksheet to Form 60.*

Instructions for Schedule K (Form 60, page 3)

All corporations must complete Schedule K. The purpose of this schedule is to show the total amount of North Dakota adjustments, credits, and other items distributable to its shareholders. These items may be applicable to the preparation of the shareholders' North Dakota income tax returns.

If the corporation is a partner in a North Dakota partnership, include on the applicable lines of Schedule K similar adjustments, credits, etc., received from the partnership as shown on the North Dakota Schedule K-1 (Form 58) received from the partnership.

Line 1 Interest from U.S. obligations

Enter on this line interest income from U.S. obligations and from securities the interest of which is specifically exempted from state income tax by federal statute. Include the portion of dividend income from a mutual fund attributable to the fund's investment in the same kinds of securities.

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), or 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 the interest was derived.**

Line 2 Renaissance zone exemption

Enter on this line the amount from Schedule RZ, Part 1, line 16. **Attach Schedule RZ.**

Line 3 New or expanding business income exemption

If the corporation qualified for the new or expanding business income exemption under N.D.C.C. ch. 40-57.1, enter the exempt portion of the corporation's trade or business income. See N.D. Admin. Code § 81-03-01.1-06 for guidance on calculating the amount of the exempt income. **Attach a statement showing the calculation of the exempt income.**

Line 6 Worksheet (for Schedule BG) North Dakota net operating loss deduction

1. Net recognized built-in gain from Form 60, Schedule BG, line 2 **1** _____
2. Apportionment factor from Schedule BG, line 4 **2** _____
3. North Dakota apportioned built-in gain. Multiply line 1 by line 2 **3** _____
4. Accumulated North Dakota net operating loss as of the end of the last tax year as a C corporation. **Enter as a positive number** **4** _____
5. Portion of line 4 that was previously deducted for North Dakota income tax purposes by the corporation. **Enter as a positive number** **5** _____
6. Remaining North Dakota net operating loss. Subtract line 5 from line 4. If less than zero, enter -0- **6** _____
7. North Dakota net operating loss deduction. Enter smaller of line 3 or line 6. Enter result on Schedule BG, line 6 **7** _____

2011 Corporation Tax Rate Schedule

If the amount on Schedule BG, line 7 is: The tax is equal to:

| | | |
|--------|--------------|--|
| Over | But not over | |
| \$ 0 | \$ 25,000 | 1.68% of the amount on line 7 |
| 25,000 | 50,000 | \$ 420.00 + 4.23% of the amount over \$ 25,000 |
| 50,000 | | 1,477.50 + 5.15% of the amount over 50,000 |

Line 4a
Renaissance zone historic property preservation tax credit

Enter on this line the amount from Schedule RZ, Part 4, line 10. **Attach Schedule RZ.**

Line 4b
Renaissance fund organization investment tax credit

Enter on this line the amount from Schedule RZ, Part 5, line 7. **Attach Schedule RZ.**

Line 4c
Renaissance zone nonparticipating property owner credit

Enter on this line the amount from Schedule RZ, Part 6, line 9.

Line 5
Seed capital investment credit

If the corporation invested in a qualified business for purposes of the seed capital investment tax credit, multiply the total amount invested during the 2011 tax year by 45% and enter the result on this line.

Line 6
Ag commodity investment credit

If the corporation invested in a qualified business for purposes of the agricultural commodity processing facility investment tax credit, multiply the total amount invested during the 2011 tax year by 30% and enter the result on this line.

Line 7
Biodiesel or green diesel fuel supplier credit

If the corporation is a licensed supplier of biodiesel or green diesel fuel, it is allowed a credit equal to five cents per gallon for blending biodiesel or green diesel fuel having at least a 5% blend ("B5") that meets ASTM specifications. For this purpose, a "supplier" means a person who distributes the biodiesel or green diesel fuel from a terminal in North Dakota. Enter the credit on this line. **Attach a statement showing the calculation of the credit.**

Line 8
Biodiesel or green diesel fuel seller credit

If the corporation is a licensed seller of biodiesel or green diesel fuel, it is allowed a credit equal to 10% of the costs to adapt or add equipment to its facility to enable it to sell diesel fuel having at least a 2% biodiesel or green diesel blend ("B2") that meets ASTM specifications. For this purpose, a "seller" means a person who acquires the fuel from a wholesale supplier or distributor for resale

to a consumer at a retail location. Except for costs incurred before January 1, 2005, include eligible costs incurred before the tax year in which sales of the eligible biodiesel or green diesel fuel begin. The credit is allowed in each of five tax years, starting with the tax year in which sales of the eligible biodiesel or green diesel fuel begin. Enter the credit on this line. **Attach a statement showing the calculation of the credit.**

Line 9
Geothermal energy device tax credit

If the corporation installed a qualifying geothermal energy device *after December 31, 2008* on property it owns or leases in North Dakota, it is allowed a credit equal to 3% of the costs of acquisition and installation. The credit is allowed in each of five tax years, starting with the tax year in which the installation is completed. For more information, see N.D.C.C. § 57-38-01.8. Enter the credit on this line. **Attach a statement describing the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.**

Line 10
Employer internship program credit

If the corporation hired an eligible college student under a qualifying internship program set up in North Dakota, it is allowed a credit equal to 10% of the compensation paid to the intern. For details, see N.D.C.C. § 57-38-01.24. The corporation is allowed no more than \$3,000 of credits for all tax years.

Line 10a. Enter the allowable credit on this line.

Line 10b. Enter the number of eligible interns hired during the 2011 tax year. *Disregard this line if the credit is from a passthrough entity.*

Line 10c. Enter on this line the total compensation paid to eligible interns during the 2011 tax year (as shown on their 2011 Form W-2s). *Disregard this line if the credit is from a passthrough entity.*

Line 11
Microbusiness credit

If the corporation is certified as a microbusiness by the North Dakota Commerce Department, it is allowed a tax credit equal to 20% of the eligible cost of new investment in property and new employment. For details, see N.D.C.C. § 57-38-01.27. The corporation is allowed no more than \$10,000 of tax credits for all tax years.

Line 11a. Enter the allowable credit on this line.

Line 11b. Enter on this line the amount of qualifying new investment made during the 2011 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

Line 11c. Enter on this line the amount of compensation paid for qualifying new employment during the 2011 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

Line 12
Research expense credit

If the corporation conducted qualified research in North Dakota, it is allowed a tax credit on qualified research expenses in excess of base period research expenses. The credit is equal to 25% of the first \$100,000 of excess qualified expenses plus an additional credit on excess qualified expenses over \$100,000 at a credit rate that is dependent on the tax year in which it first conducted qualified research in North Dakota. For details, see N.D.C.C. § 57-38-30.5.

Line 12a. Enter the allowable credit on this line. *Do not include on this line any research credit obtained from another taxpayer through a sale, assignment, or transfer—report this amount on Line 12b.*

Line 12b. Enter on this line a research credit obtained from another taxpayer through a sale, assignment, or transfer. For details, see N.D.C.C. § 57-38-30.5.

Line 13
Endowment fund tax credit

If the corporation made a charitable contribution to a qualified endowment fund in North Dakota, it is allowed a tax credit equal to 40% of the contribution, up to a maximum credit of \$10,000. For details, see N.D.C.C. § 57-38-01.21.

Line 13a. Enter the allowable credit on this line.

Line 13b. Enter on this line the amount of charitable contribution made to a qualified endowment fund in North Dakota during the 2011 tax year on which the credit is based.

Line 14**Workforce recruitment tax credit**

If the corporation employs extraordinary recruitment methods to hire an employee to fill a hard-to-fill position in North Dakota, it is allowed a tax credit equal to 5% of the compensation paid during the first 12 months to the employee hired to fill that position. The credit may be claimed in the first taxable year beginning after the employee completes the first 12 consecutive months of employment. For details, see N.D.C.C. § 57-38-01.25.

Line 14a. Enter the allowable credit on this line.

Line 14b. Enter the number of eligible employees whose first 12 months of employment ended in 2010.

Line 14c. Enter the total compensation paid during the eligible employees' first 12 consecutive months of employment ending in 2010.

Line 15**Credit for wages paid to a mobilized employee**

Enter on this line the amount from Schedule ME, line 13. **Attach Schedule ME.**

Line 16a**Angel fund investment credit**

A credit is allowed for making a qualified investment in a North Dakota angel fund. The credit is equal to 45% of the total qualified investments made during the tax year, up to a maximum credit of \$45,000. Enter the allowable credit on this line. Please see the investment reporting form provided by the angel fund for additional instructions.

Do not include on this line a credit that the corporation elected to sell, assign, or transfer to another taxpayer. For the conditions and reporting requirements applicable to a transfer of the credit, see N.D.C.C. § 57-38-01.26.

Line 16b**Purchased angel fund investment credit**

Enter on this line an angel fund investment credit obtained from another taxpayer through a sale, assignment, or transfer. For details, see N.D.C.C. § 57-38-01.26.

Line 17**Housing incentive fund credit**

A credit is allowed for making a qualified contribution to the Housing Incentive Fund under N.D.C.C. § 57-38-01.32. Enter on this line the total credit amount shown on the credit certificate issued to the corporation by the North Dakota Housing Finance Agency.

Line 18**Allocable (nonbusiness) income**

Lines 18a and 18b apply only if the corporation:

- Is a multistate corporation, i.e., it carries on its business both within and without North Dakota;
- Has one or more nonresident individual, estate, or trust shareholders; and
- Has nonbusiness income as defined under N.D. Admin. Code § 81-03-09-03.

Nonbusiness income is not apportioned using the apportionment factor but is allocated within or without North Dakota as provided under N.D.C.C. §§ 57-38.1-04 through 57-38.1-08 and N.D. Admin. Code § 81-03-09-09. Expenses must be attributed to the nonbusiness income in a manner that fairly distributes all of the corporation's expenses to its business and nonbusiness income.

If the corporation has an item of nonbusiness income subject to allocation, the corporation must take this into account when calculating the North Dakota distributive share of income or loss reportable on Schedule KS and Schedule K-1 (Form 60) for a nonresident individual, estate, or trust shareholder. See the instructions to Schedule KS, Column 6, for more information. In addition to completing lines 18a and 18b, the corporation must attach the following to Form 60:

- A statement on which each item of nonbusiness income is shown along with its related expenses.
- A statement explaining the basis for treating the item of income as nonbusiness income subject to allocation.
- If an item of nonbusiness income is allocated to a state other than North Dakota, a copy of that other state's income tax return must be attached. If the corporation is not required to file an income tax return with the other state, the corporation must indicate this in the attached statement.

Line 18a. Enter the total allocable income (less related expenses) from all sources within and without North Dakota.

Line 18b. Enter the portion of the amount on line 18a that is allocable to North Dakota.

Line 19**Disposition of I.R.C. Section 179 property**

Lines 19a through 19d apply only if the corporation sold, exchanged, or disposed of property for which an I.R.C. Section 179 deduction was passed through to the shareholders. *Note: The corporation is required to report this same information on a separate statement attached to Federal Form 1120S, Schedule K, line 17d.*

For lines 19a through 19d, multiply the corresponding combined amount for all shareholders as reported on Federal Form 1120S, Schedule K, line 17d, by the North Dakota apportionment factor from Schedule FACT, line 14, and enter the result. However, if the property disposed of is treated as a nonbusiness asset the gain or loss from which is subject to allocation under N.D.C.C. §§ 57-38.1-04 through 57-38.1-08, subtract the amounts for that asset before multiplying by the apportionment factor. Include the nonbusiness gain or loss from the disposition on Schedule K, line 18.

Instructions for Schedule KS (Form 60, page 5)

Schedule KS must be completed to provide information about each shareholder. In the case of a nonresident individual shareholder only, the schedule must show the shareholder's distributive share of North Dakota income (loss) and the amount of North Dakota income tax withheld or the amount of composite income tax paid on the shareholder's distributive share of North Dakota income. If the corporation has more than seven shareholders, complete and attach additional schedules as needed to list all shareholders. If more than one Schedule KS is needed, complete lines 1 through 4 on only one of them, and include the combined amount for all of the schedules on that one schedule.

All Shareholders (Columns 1 through 5)

Columns 1 and 2

Enter the full name, address, and federal identification number as shown on the shareholder's Federal Schedule K-1. In Column 1, enter the name on the first line, and the complete mailing address on the second line. If the shareholder is a single

member limited liability company (LLC) and is treated as a disregarded entity for federal income tax purposes, enter the owner's name, address, and identifying number.

Column 3

Identify the entity type of the shareholder by entering the applicable code letter as follows:

| Entity type | Code letter |
|--------------------------|-------------|
| Individual..... | I |
| Trust..... | T |
| Decedent's estate..... | D |
| Bankruptcy estate..... | B |
| Exempt organization..... | O |

If the shareholder is a limited liability company (LLC) that is disregarded as a separate entity for federal income tax purposes, enter the code letter for the type of entity of the LLC's owner.

Note: The "Trust" entity type only applies to a trust that files Federal Form 1041, or, in lieu of filing Federal Form 1041, elects an alternative reporting method under the federal income tax regulations.

Column 4

Enter the shareholder's stock ownership percentage as shown on the shareholder's Federal Schedule K-1.

Column 5

Enter the sum of the following items from the shareholder's Federal Schedule K-1 (Form 1120S), Part III:

- Box 1** Ordinary business income (loss)
- Box 2** Net rental real estate income (loss)
- Box 3** Other net rental income (loss)
- Box 4** Interest income
- Box 5a** Ordinary dividends
- Box 6** Royalties
- Box 7** Net short-term capital gain (loss)
- Box 8a** Net long-term capital gain (loss)
- Box 9** Net section 1231 gain (loss)
- Box 10** Other income (loss)
- Box 11** Section 179 deduction
- Box 12** Other deductions (*Only include the deductions allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.*)
- Box 17** Include the gain (loss) from I.R.C. Section 179 property disposition (*For purposes of calculating the gain or loss, include all of the Section 179 deduction passed through to the shareholder, regardless of whether or not the shareholder actually deducted all of it.*)

Column 6 Worksheet

For nonresident individual shareholders only—see instructions to Schedule KS, Column 6.

| | |
|--|----------------|
| 1. Shareholder's amount from Column 5 | 1 _____ |
| 2. Allocable income (less related expenses) included in the amount on line 1 | 2 _____ |
| 3. Interest from U.S. obligations included in the amount on line 1 | 3 _____ |
| 4. Add lines 2 and 3 | 4 _____ |
| 5. Apportionable income (loss). Subtract line 4 from line 1 | 5 _____ |
| 6. Apportionment factor from Schedule FACT, line 14 | 6 _____ |
| 7. Multiply line 5 by line 6 | 7 _____ |
| 8. Income (less related expenses) reportable to North Dakota | 8 _____ |
| 9. Add lines 7 and 8. Enter result in Column 6..... | 9 _____ |

Nonresident Individual Shareholders Only (Columns 6 through 8)

Column 6

Nonresident individual only

Complete Column 6 for each nonresident individual shareholder. Multiply the shareholder's amount in Column 5 by the apportionment factor from Schedule FACT, line 14, and enter the result in Column 6. However, complete the **Column 6 Worksheet** on this page to calculate the amount to enter in Column 6 if either or both of the following apply:

- The corporation has an item of nonbusiness income subject to allocation. See the instructions to North Dakota Schedule K, line 18, on page 7 for more information.
- The amount in Column 5 includes interest from U.S. obligations.

Column 7

Nonresident individual only

If the shareholder is a nonresident individual, and if the amount in Column 6 is \$1,000 or more, multiply the amount in Column 6 by 3.99% (.0399) and enter the result in Column 7. However, the following exceptions apply:

- If the nonresident individual shareholder completed a Form PWA, enter the amount from line 6 of Form PWA in Column 7, and mark the circle under "Form PWA."
- If the nonresident individual shareholder elected to be included in a composite return, leave Column 7 blank and see the instructions to Column 8.

See "Withholding from nonresident individual shareholders" on page 2 for more information.

Column 8

Nonresident individual only

Complete Column 8 for each nonresident individual shareholder who elected to be included in a composite return filed by the corporation. Multiply the nonresident individual shareholder's amount in Column 6 by 3.99% (.0399) and enter the result in Column 8. If the amount in Column 6 is zero or less, enter zero in Column 8. See "Composite filing method" on page 3 for more information.

Specific line instructions for page 1 of Form 60, lines 1-11

Complete Schedule FACT, Schedule BG, Schedule K, and Schedule KS before completing lines 1 through 11 on page 1 of Form 60.

Line 5

Estimated tax payments

Enter the amount paid with the 2011 Form 60-EXT and 2011 Form 60-ES plus any overpayment to apply from the 2010 return. However, if this is an amended return, do not enter the amount paid with the 2011 Form 60-EXT, 2011 Form 60-ES, or overpayment applied from the 2010 return; instead, enter the amount of the total taxes due from line 4 of the previously filed original or amended 2011 Form 60.

Line 7**Application of overpayment to 2012**

If there is an overpayment on line 6, the corporation may elect to apply part or all of it as an estimated payment toward its 2012 tax liability. To make the election, enter the portion of line 6 to be applied on line 7. If this election is made, the election and the amount applied may not be changed after the return is filed. If this is an amended return, do not make an entry on this line.

Line 9**Tax due**

The tax due must be paid in full with the return. A check or money order made payable to the "ND State Tax Commissioner" must be submitted with the return.

Line 10**Penalty and Interest**

The Office of State Tax Commissioner will notify the corporation of any penalty and interest payable on a tax due shown on Form 60. However, the corporation may calculate the penalty and interest amounts and include them in the balance due on Form 60.

Penalty. Calculate the penalty amount as follows:

- If Form 60 is filed on or before the due date (or extended due date), but the full amount of the tax due is not paid with the return, the penalty is equal to 5% of the unpaid tax or \$5.00, whichever is greater.
- If Form 60 is not filed on or before the due date (or extended due date), the penalty is equal to 5% of the tax due or \$5.00, whichever is greater, for the month in which the return was due plus 5% of the tax due for each additional month (or fraction of a month) during which the return remains delinquent, not to exceed 25% of the tax due.

Interest. Calculate the interest amount as follows:

- If an extension of time to file Form 60 was obtained, extension interest is calculated at the rate of 12% per year on any tax due from the due date of the return to the earlier of the extended due date or the date the return was filed.
- If any tax due is not paid by the due date (or extended due date) of the return, interest is calculated at the rate of 1% per month (or fraction of a month) on the unpaid tax, except for the month in which the return was due.

Instructions for Schedule K-1

With the exception of the taxes on excess net passive income and built-in gains, an S corporation is not subject to North Dakota income tax. Instead, the shareholders are responsible for reporting and paying any applicable North Dakota income tax on their shares of the corporation's income reportable to North Dakota.

North Dakota Schedule K-1 (Form 60) must be used by an S corporation to provide information that shareholders will need to complete a North Dakota income tax return. The information to be included in the schedule will depend on the type of shareholder.

North Dakota Schedule K-1 (Form 60) must be completed and given to:

- Each nonresident individual, estate, or trust shareholder.
- Each qualified subchapter S trust (QSST) and electing small business trust (ESBT) with a nonresident individual or estate beneficiary.
- Each North Dakota resident individual, estate, or trust shareholder having a North Dakota adjustment or tax credit as reported on Form 60, Schedule K, lines 1 through 17.

A North Dakota Schedule K-1 (Form 60) does not have to be completed nor given to a North Dakota resident individual, estate, or trust if there are no North Dakota adjustments or tax credits on Schedule K. All income of a North Dakota resident individual, estate, or trust is subject to North Dakota income tax, regardless of its source.

In addition to the North Dakota Schedule K-1 (Form 60), the corporation must provide the shareholder with a copy of the *Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)*.

A copy of all required North Dakota Schedule K-1s must be enclosed with Form 60 along with any required supplemental statements.

Amended schedule. If a corporation files an amended Federal Form 1120S, or if the IRS makes any changes to the Federal Form 1120S, the corporation must file an

amended Form 60 for the same tax year, and must issue amended North Dakota Schedule K-1s to its shareholders. Mark the "Amended" circle at the top of the North Dakota Schedule K-1 (Form 60).

Final schedule. Mark the "Final" circle at the top of the North Dakota Schedule K-1 if it is the last one to be issued by the corporation to the shareholder.

Part 1**Corporation information****Items A and B**

Enter the name, address, and federal employer identification number (FEIN) of the corporation as shown on the shareholder's Federal Schedule K-1.

Part 2**Shareholder information****Item C**

Enter the social security number or federal employer identification number (FEIN) of the shareholder as shown on the shareholder's Federal Schedule K-1. If the shareholder is a single member limited liability company (LLC) and is treated as a disregarded entity for federal income tax purposes, enter the owner's identifying number.

Item D

Enter the name and address of the shareholder as shown on the shareholder's Federal Schedule K-1. If the shareholder is a single member limited liability company (LLC) and is treated as a disregarded entity for federal income tax purposes, enter the owner's name and address.

Item E

Enter the same code letter shown in Column 3 of Schedule KS of Form 60.

Item F

If the shareholder is an individual, estate, or trust, mark the applicable circle to indicate the legal residency status of the shareholder for North Dakota income tax purposes. If an individual shareholder changed his or her legal residency to or from North Dakota during the tax year, check the part-year resident status. In the case of an estate or trust shareholder, only the full-year resident or full-year nonresident status will apply.

Item G

For only a nonresident individual shareholder, indicate whether the shareholder is included in a composite return filed by the corporation by marking the applicable circle.

Item H

Enter the shareholder's stock ownership percentage as shown on the shareholder's Federal Schedule K-1.

Part 3**All shareholders—
North Dakota adjustments
and tax credits**

If there are any North Dakota adjustments or tax credits on Form 60, Schedule K, lines 1 through 17, complete this part for all shareholders.

Lines 1 through 17

Enter the shareholder's share of each amount shown on Form 60, Schedule K, lines 1 through 17, on the corresponding lines of Part 3, lines 1 through 17.

Part 4**Nonresident individual,
estate, or trust shareholder
only—North Dakota income
(loss)**

Complete Part 4 for only a nonresident individual, estate, or trust shareholder.

Line 18**Corporation's apportionment factor**

Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 19 through 31**Income and loss items**

Except as explained under **Exception 1** and **Exception 2**, multiply the corresponding amount from the shareholder's Federal Schedule K-1, Part III, boxes 1 through 12, and any I.R.C. § 179 property disposition gain (loss) included in box 17 by the corporation's apportionment factor from Schedule FACT, line 14, and enter the result on the corresponding line of Part 4, lines 19 through 31.

For "Other deductions" from box 12 of Federal Schedule K-1, only include deductions that are allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.

For purposes of calculating the gain or loss for I.R.C. § 179 property dispositions included in box 17 of the Federal Schedule K-1, include all of the Section 179 deduction passed through to the shareholder, regardless of whether or not the shareholder actually deducted all of it.

Exception 1: Allocable (nonbusiness)

income. If the corporation treated any distributable item of income from the shareholder's Federal Schedule K-1 as nonbusiness income subject to allocation, calculate the amount to enter on the corresponding line of this part in the following steps:

1. Subtract the net nonbusiness income (gross amount less related expenses) from the applicable distributable amount shown on the Federal Schedule K-1.
2. Multiply the remaining distributive amount, if any, (from step 1) by the corporation's apportionment factor from Schedule FACT, line 14.
3. Add the result (from step 2) to the portion, if any, of the net nonbusiness income *allocable to North Dakota*, and enter the result on the corresponding line of Part 4.

Note: If any portion of the net nonbusiness income removed from the distributable amount (in step 1 above) is allocable outside North Dakota, do not enter it anywhere on North Dakota Schedule K-1 (Form 60).

Exception 2: Interest from U.S. obligations.

Do not include interest from U.S. obligations in determining the amount to enter on Part 4, line 22.

If the calculation of any amount on lines 19 through 31 of Part 4 was affected by the removal or inclusion of net nonbusiness income, attach a statement to the shareholder's North Dakota Schedule K-1 (Form 60) identifying the net nonbusiness income and showing the calculation of the amount entered on the applicable line(s) of Part 4.

Part 5**Nonresident individual
shareholder only**

Complete Part 5 for a nonresident individual shareholder only.

Line 32**ND distributive share of income
(loss)**

Enter the shareholder's North Dakota distributive share of income (loss) from Form 60, Schedule KS, Column 6.

Line 33**ND income tax withheld**

Enter the amount of North Dakota income tax withheld from the shareholder's North Dakota distributive share of income from Form 60, Schedule KS, Column 7.

Line 34**ND composite income tax**

Enter the amount of North Dakota composite income tax on the shareholder's North Dakota distributive share of income from Form 60, Schedule KS, Column 8.

**Before you file
Form 60****Signatures**

The return must be signed and dated by a corporate officer or an authorized representative of the corporation.

If the corporation pays someone other than one of its employees to prepare the return, the paid preparer also must sign and date the return.

Preparer authorization check-off

The corporation may authorize the North Dakota Office of State Tax Commissioner (Tax Department) to discuss matters pertaining to its 2011 Form 60 with the preparer who signed it. To do so, mark the circle in the lower right-hand corner of page 1 of Form 60 next to the signature area. This authorization applies only to the individual whose signature and printed name appears in the paid preparer section of the signature area. It does not apply to the firm, if any, shown in that section.

By marking the circle, the corporation authorizes the Tax Department to contact the preparer to answer any questions that may arise during the processing of the corporation's return. It also authorizes the preparer to respond to questions and to provide any information missing from the return, to contact the Tax Department to inquire about the status of the return's processing and related refund or payment, and to respond to Tax Department notices that the corporation shares with the preparer pertaining to math errors or return preparation. *(Tax Department notices will not be sent directly to the preparer.)*

This authorization automatically expires on the due date (excluding extensions) for filing the **2012 Form 60**.

This authorization **does not** authorize the preparer to receive a refund check, to bind the corporation in any way (including any additional tax liability), or to represent the corporation before the Tax Department for any other purpose. To expand the preparer's authorization, the corporation must complete and file North Dakota Form 500, *Authorization to Disclose Tax Information and Designation of Representative*, with the Tax Department.

Assembling a paper return

Please assemble Form 60 and its required attachments in the following order:

1. Form 60.
2. Schedule FACT / Schedule BG.
2. Schedule K.
3. Schedule KS.
4. North Dakota Schedule K-1s.
5. Supporting statements required in instructions.
6. Complete copy of Form 1120S including Federal Schedule K-1s.

Staple all documents (except check or money order) together at the **top center** of Form 60. Enclose a check or money order made payable to: ND State Tax Commissioner. **Do not send cash.**



60 S corporation income tax return 2011

A This return is filed for: Calendar year 2011 (Jan. 1 - Dec. 31, 2011) or Fiscal year: Beginning ..., 2011, and ending ..., 20...

B Corporation's name (legal)
Doing business as name (if different from legal name)
Mailing address
City State Zip Code
Apt. or Suite No.
C Federal EIN *
D Business code no. (see instructions)
E Date incorporated month day year

F Check all that apply:
Initial return
Final return
Farming/ranching corporation
Composite return
Amended return
Extension
G TOTAL number of shareholders
Enter number of —
Resident individual shareholders
Nonresident individual shareholders
Trust/estate shareholders
Tax-exempt organization shareholders

H Does this return include a qualified subchapter S subsidiary (QSSS)? If "Yes," attach a statement listing the name(s) and federal employer identification number(s) of each entity Yes No

- Before completing lines 1 through 11 on this page, complete Schedule FACT, Schedule K, and Schedule KS.
After completing Form 60, complete North Dakota Schedule K-1 (Form 60) for the shareholders.

1 Tax on excess net passive income and built-in gains, if any (from page 2, Schedule BG, line 8)
2 Income tax withheld from nonresident individual shareholders (from page 5, Schedule KS, line 3)
3 Composite income tax for electing nonresident individual shareholders (from page 5, Schedule KS, line 4)
4 Total taxes due. Add lines 1, 2, and 3
5 Estimated tax paid on 2011 Forms 60-ES and 60-EXT plus any overpayment applied from 2010 return
6 Overpayment. If line 5 is more than line 4, subtract line 4 from line 5 and enter result; otherwise, go to line 9. If result is less than \$5.00, enter -0-
7 Amount of line 6 to be credited to 2012 estimated tax
8 Refund. Subtract line 7 from line 6. If result is less than \$5.00, enter -0- REFUND
9 Tax due. If line 4 is more than line 5, subtract line 5 from line 4. If result is less than \$5.00, enter -0-
10 Penalty Interest Enter total penalty and interest
11 Balance due. Add lines 9 and 10 BALANCE DUE

- Attach a complete copy of the 2011 Form 1120S (including Federal Schedule K-1s)
Attach a copy of all North Dakota Schedule K-1s (Form 60)

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

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



Enter name of corporation _____

FEIN _____

Schedule FACT Calculation of North Dakota apportionment factor

IMPORTANT: All corporations must complete the applicable portions of this schedule. See Schedule FACT instructions beginning on page 4 of the 2011 Form 60 Booklet.

| | Column 1 Total | Column 2 North Dakota | Column 3 Factor (Col. 2 ÷ Col. 1) Result must be carried to six decimal places |
|--|-------------------|--------------------------|---|
| Property factor | | | |
| Average value at original cost of real and tangible personal property used in the business. | | | |
| 1 Inventories ----- | 1 _____ | _____ | |
| 2 Buildings and other fixed depreciable assets ----- | 2 _____ | _____ | |
| 3 Depletable assets ----- | 3 _____ | _____ | |
| 4 Land ----- | 4 _____ | _____ | |
| 5 Other assets (<i>Attach schedule</i>) ----- | 5 _____ | _____ | |
| 6 Rented property (<i>Annual rental multiplied by 8</i>) ----- | 6 _____ | _____ | |
| 7 Total property (Add lines 1 through 6) ----- ▶ | 7 _____ | _____ ▶ | ▶ _____ |
| Payroll factor | | | |
| 8 Wages, salaries, commissions and other compensation of employees reported on Federal Form 1120S (<i>If the amount in Column 2 does not agree with the compensation reported for North Dakota unemployment insurance purposes, attach an explanation</i>) ----- ▶ | 8 _____ | _____ ▶ | ▶ _____ |
| Sales factor | | | |
| 9 Gross receipts or sales, less returns and allowances (<i>from Federal Form 1120S, page 1, line 1e</i>) ----- | 9 _____ | | |
| 10 Sales delivered or shipped to North Dakota destinations ----- | | 10 _____ | |
| 11 a Sales shipped from North Dakota to the U.S. Government ----- | | 11a _____ | |
| b Sales shipped from North Dakota to purchasers in a state or foreign country where the corporation does not have a filing requirement ----- | | 11b _____ | |
| 12 Total sales. Add lines 9 through 11b ----- ▶ | 12 _____ | _____ ▶ | ▶ _____ |
| 13 Sum of factors. Add lines 7, 8, and 12 in Column 3 ----- | | | 13 _____ |
| 14 Apportionment factor Divide line 13 by 3.0; however, if line 7, 8, or 12 of Column 1 is zero, divide line 13 by the number of factors (on lines 7, 8, and 12) showing an amount greater than zero in Column 1 ----- ▶ | | | ▶ 14 _____ |

Schedule BG Tax on excess passive income and built-in gains

| | |
|---|---------|
| 1 Excess net passive income subject to federal tax on Federal Form 1120S ----- ▶ | 1 _____ |
| 2 Built-in gains subject to federal tax on Federal Form 1120S, Schedule D ----- ▶ | 2 _____ |
| 3 Add lines 1 and 2 ----- | 3 _____ |
| 4 Apportionment factor from Schedule FACT, line 14 ----- ▶ | 4 _____ |
| 5 North Dakota apportioned income. Multiply line 3 by line 4 ----- | 5 _____ |
| 6 North Dakota NOL deduction from worksheet in instructions (<i>Attach worksheet</i>) ----- ▶ | 6 _____ |
| 7 North Dakota taxable income. Subtract line 6 from line 5 ----- ▶ | 7 _____ |
| 8 Tax from 2011 Corporation Tax Rate Schedule in instructions. Enter on Form 60, page 1, line 1 ----- ▶ | 8 _____ |



60 S corporation income tax return

2011

A This return is filed for: **Calendar year 2011** (Jan. 1 - Dec. 31, 2011)
 Fiscal year: Beginning _____, 2011, and ending _____, 20_____

| | | | |
|---|-------|-------------------|---|
| B Corporation's name (legal) | | | C Federal EIN * |
| Doing business as name (if different from legal name) | | | D Business code no. (see instructions) |
| Mailing address | | Apt. or Suite No. | |
| City | State | Zip Code | |

G TOTAL number of shareholders ----- ▶ _____

Enter number of —

| | |
|---|--|
| Resident individual shareholders ----- ▶ _____ | Trust/estate shareholders ----- ▶ _____ |
| Nonresident individual shareholders ----- ▶ _____ | Tax-exempt organization shareholders ----- ▶ _____ |

E Date incorporated _____ month _____ day _____ year

F Check all that apply:

Initial return

Final return

Farming/ranching corporation Amended return

Composite return Extension

H Does this return include a qualified subchapter S subsidiary (QSSS)? If "Yes," attach a statement listing the name(s) and federal employer identification number(s) of each entity ----- Yes No

- Before completing lines 1 through 11 on this page, complete Schedule FACT, Schedule K, and Schedule KS.
- After completing Form 60, complete North Dakota Schedule K-1 (Form 60) for the shareholders.

| | |
|--|----------|
| 1 Tax on excess net passive income and built-in gains, if any (from page 2, Schedule BG, line 8) ----- ▶ | 1 _____ |
| 2 Income tax withheld from nonresident individual shareholders (from page 5, Schedule KS, line 3) ----- ▶ | 2 _____ |
| 3 Composite income tax for electing nonresident individual shareholders (from page 5, Schedule KS, line 4) ----- ▶ | 3 _____ |
| 4 Total taxes due. Add lines 1, 2, and 3 ----- ▶ | 4 _____ |
| 5 Estimated tax paid on 2011 Forms 60-ES and 60-EXT plus any overpayment applied from 2010 return ----- ▶ | 5 _____ |
| 6 Overpayment. If line 5 is more than line 4, subtract line 4 from line 5 and enter result; otherwise, go to line 9. If result is less than \$5.00, enter -0- ----- ▶ | 6 _____ |
| 7 Amount of line 6 to be credited to 2012 estimated tax ----- ▶ | 7 _____ |
| 8 Refund. Subtract line 7 from line 6. If result is less than \$5.00, enter -0- ----- REFUND ▶ | 8 _____ |
| 9 Tax due. If line 4 is more than line 5, subtract line 5 from line 4. If result is less than \$5.00, enter -0- ----- ▶ | 9 _____ |
| 10 Penalty ▶ _____ Interest ▶ _____ Enter total penalty and interest --- | 10 _____ |
| 11 Balance due. Add lines 9 and 10 ----- BALANCE DUE | 11 _____ |

- Attach a complete copy of the 2011 Form 1120S (including Federal Schedule K-1s)
- Attach a copy of all North Dakota Schedule K-1s (Form 60)

| | | | | | |
|--|--------------|-------|--|--|--|
| 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 officer | | Date | <input type="radio"/> I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer. | | |
| Print name of officer | | 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



Enter name of corporation _____

FEIN _____

Schedule FACT Calculation of North Dakota apportionment factor

IMPORTANT: All corporations must complete the applicable portions of this schedule. See Schedule FACT instructions beginning on page 4 of the 2011 Form 60 Booklet.

| Property factor | Column 1 Total | Column 2 North Dakota | Column 3 Factor (Col. 2 ÷ Col. 1) |
|---|---------------------------|----------------------------------|---|
| Average value at original cost of real and tangible personal property used in the business. | | | Result must be carried to six decimal places |
| 1 Inventories ----- | 1 _____ | _____ | |
| 2 Buildings and other fixed depreciable assets ----- | 2 _____ | _____ | |
| 3 Depletable assets ----- | 3 _____ | _____ | |
| 4 Land ----- | 4 _____ | _____ | |
| 5 Other assets (<i>Attach schedule</i>) ----- | 5 _____ | _____ | |
| 6 Rented property (<i>Annual rental multiplied by 8</i>) ----- | 6 _____ | _____ | |
| 7 Total property (Add lines 1 through 6) ----- ▶ | 7 _____ ▶ | _____ ▶ | _____ |
| Payroll factor | | | |
| 8 Wages, salaries, commissions and other compensation of employees reported on Federal Form 1120S (<i>If the amount in Column 2 does not agree with the compensation reported for North Dakota unemployment insurance purposes, attach an explanation</i>) ----- ▶ | 8 _____ ▶ | _____ ▶ | _____ |
| Sales factor | | | |
| 9 Gross receipts or sales, less returns and allowances (<i>from Federal Form 1120S, page 1, line 1e</i>) ----- | 9 _____ | | |
| 10 Sales delivered or shipped to North Dakota destinations ----- | | 10 _____ | |
| 11 a Sales shipped from North Dakota to the U.S. Government ----- | | 11a _____ | |
| b Sales shipped from North Dakota to purchasers in a state or foreign country where the corporation does not have a filing requirement ----- | | 11b _____ | |
| 12 Total sales. Add lines 9 through 11b ----- ▶ | 12 _____ ▶ | _____ ▶ | _____ |
| 13 Sum of factors. Add lines 7, 8, and 12 in Column 3 ----- | | | 13 _____ |
| 14 Apportionment factor Divide line 13 by 3.0; however, if line 7, 8, or 12 of Column 1 is zero, divide line 13 by the number of factors (on lines 7, 8, and 12) showing an amount greater than zero in Column 1 ----- ▶ | | | 14 _____ |

Schedule BG Tax on excess passive income and built-in gains

| | |
|--|----------------|
| 1 Excess net passive income subject to federal tax on Federal Form 1120S ----- ▶ | 1 _____ |
| 2 Built-in gains subject to federal tax on Federal Form 1120S, Schedule D ----- ▶ | 2 _____ |
| 3 Add lines 1 and 2 ----- | 3 _____ |
| 4 Apportionment factor from Schedule FACT, line 14 ----- ▶ | 4 _____ |
| 5 North Dakota apportioned income. Multiply line 3 by line 4 ----- | 5 _____ |
| 6 North Dakota NOL deduction from worksheet in instructions (<i>Attach worksheet</i>) ----- ▶ | 6 _____ |
| 7 North Dakota taxable income. Subtract line 6 from line 5 ----- ▶ | 7 _____ |
| 8 Tax from 2011 Corporation Tax Rate Schedule in instructions. Enter on Form 60, page 1, line 1 ----- ▶ | 8 _____ |



Enter name of corporation _____

FEIN _____

**Schedule K Total North Dakota adjustments, credits, and other items
distributable to shareholders (All corporations must complete this schedule)**

North Dakota subtraction adjustments

- 1 Interest from U.S. obligations 1 _____
- 2 Renaissance zone business or investment income exemption 2 _____
- 3 New or expanding business income exemption 3 _____

North Dakota tax credits

- 4 Renaissance zone credit:
 - a Renaissance zone: Historic property preservation or renovation tax credit 4a _____
 - b Renaissance zone: Renaissance fund organization investment tax credit 4b _____
 - c Renaissance zone: Nonparticipating property owner credit 4c _____
- 5 Seed capital investment tax credit 5 _____
- 6 Agricultural commodity processing facility investment tax credit 6 _____
- 7 Supplier (wholesaler) biodiesel or green diesel fuel tax credit 7 _____
- 8 Seller (retailer) biodiesel or green diesel fuel tax credit 8 _____
- 9 Geothermal energy device tax credit - devices installed *after December 31, 2008* 9 _____
- 10 a Employer internship program tax credit 10a _____
 - b Number of eligible interns hired in 2011 10b _____
 - c Total compensation paid to eligible interns in 2011 10c _____
- 11 a Microbusiness tax credit 11a _____
 - b Qualifying new investment 11b _____
 - c Qualifying new employment 11c _____
- 12 a Research expense tax credit 12a _____
 - b Research expense tax credit purchased from another taxpayer 12b _____
- 13 a Endowment fund tax credit 13a _____
 - b Contribution amount on which the credit was based 13b _____
- 14 a Workforce recruitment credit 14a _____
 - b Number of eligible employees whose 12th month of employment ended in 2010 14b _____
 - c Total compensation paid during the eligible employees' first 12 months of employment ending in 2010 14c _____
- 15 Credit for wages paid to a mobilized employee 15 _____



Enter name of corporation _____

FEIN _____

Schedule K *continued . . .*

- 16 a Angel fund investment credit ----- 16a _____
- b Angel fund investment credit purchased from another taxpayer in 2011 ----- 16b _____
- 17 Housing incentive fund credit ----- 17 _____

Other items

Line 18 applies only to a multistate corporation— see instructions

- 18 a Total allocable income from all sources (net of related expenses) ----- 18a _____
- b Portion of line 18a that is allocable to North Dakota ----- 18b _____

Lines 19 applies to all corporations— see instructions

- 19 For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts— see instructions:
 - a Gross sales price or amount realized ----- 19a _____
 - b Cost or other basis plus expense of sale ----- 19b _____
 - c Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) ----- 19c _____
 - d I.R.C. Section 179 deduction related to property that was passed through to shareholders ----- 19d _____



Enter name of corporation _____

FEIN _____

**Schedule K Total North Dakota adjustments, credits, and other items
distributable to shareholders (All corporations must complete this schedule)**

North Dakota subtraction adjustments

- 1 Interest from U.S. obligations 1 _____
- 2 Renaissance zone business or investment income exemption 2 _____
- 3 New or expanding business income exemption 3 _____

North Dakota tax credits

- 4 Renaissance zone credit:
 - a Renaissance zone: Historic property preservation or renovation tax credit 4a _____
 - b Renaissance zone: Renaissance fund organization investment tax credit 4b _____
 - c Renaissance zone: Nonparticipating property owner credit 4c _____
- 5 Seed capital investment tax credit 5 _____
- 6 Agricultural commodity processing facility investment tax credit 6 _____
- 7 Supplier (wholesaler) biodiesel or green diesel fuel tax credit 7 _____
- 8 Seller (retailer) biodiesel or green diesel fuel tax credit 8 _____
- 9 Geothermal energy device tax credit - devices installed *after December 31, 2008* 9 _____
- 10 a Employer internship program tax credit 10a _____
 - b Number of eligible interns hired in 2011 10b _____
 - c Total compensation paid to eligible interns in 2011 10c _____
- 11 a Microbusiness tax credit 11a _____
 - b Qualifying new investment 11b _____
 - c Qualifying new employment 11c _____
- 12 a Research expense tax credit 12a _____
 - b Research expense tax credit purchased from another taxpayer 12b _____
- 13 a Endowment fund tax credit 13a _____
 - b Contribution amount on which the credit was based 13b _____
- 14 a Workforce recruitment credit 14a _____
 - b Number of eligible employees whose 12th month of employment ended in 2010 14b _____
 - c Total compensation paid during the eligible employees' first 12 months of employment ending in 2010 14c _____
- 15 Credit for wages paid to a mobilized employee 15 _____



Enter name of corporation _____

FEIN _____

Schedule K *continued . . .*

- 16 a Angel fund investment credit ----- 16a _____
- b Angel fund investment credit purchased from another taxpayer in 2011 ----- 16b _____
- 17 Housing incentive fund credit ----- 17 _____

Other items

Line 18 applies only to a multistate corporation— see instructions

- 18 a Total allocable income from all sources (net of related expenses) ----- 18a _____
- b Portion of line 18a that is allocable to North Dakota ----- 18b _____

Lines 19 applies to all corporations— see instructions

- 19 For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts— see instructions:
 - a Gross sales price or amount realized ----- 19a _____
 - b Cost or other basis plus expense of sale ----- 19b _____
 - c Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) ----- 19c _____
 - d I.R.C. Section 179 deduction related to property that was passed through to shareholders ----- 19d _____



Enter name of corporation _____

FEIN _____

Schedule KS Shareholder information

All corporations must complete this schedule

- Complete Columns 1 through 5 for EVERY shareholder
- Complete Column 6 if shareholder is a nonresident individual
- If applicable, complete Column 7 or Column 8 for nonresident individual shareholder only

| Shareholder | All Shareholders | | | | Social Security Number/FEIN | Type of entity (See pg. 8 of instr.) | Ownership % |
|-------------|---|--|--|----------|-----------------------------|---|-------------|
| | Column 1 | | | Column 2 | | | |
| | Name and address of shareholder <i>If additional lines are needed, attach additional pages</i> | | | | | | |
| A | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| B | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| C | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| D | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| E | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| F | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |
| G | Name _____ Address _____ State _____ Zip Code _____ | | | | | | |

| Shareholder | All Shareholders <i>Complete this column for ALL shareholders</i> | Nonresident Individual Shareholders Only <i>Important: Columns 6 through 8 are for nonresident individual shareholders only.</i> | | |
|--|--|---|--|---|
| | Column 5 Federal distributive share of income (loss) | Column 6 North Dakota distributive share of income (loss) | Column 7 North Dakota income tax withheld (3.99%) | Column 8 Form PWA North Dakota composite income tax (3.99%) |
| A | | | | <input type="radio"/> |
| B | | | | <input type="radio"/> |
| C | | | | <input type="radio"/> |
| D | | | | <input type="radio"/> |
| E | | | | <input type="radio"/> |
| F | | | | <input type="radio"/> |
| G | | | | <input type="radio"/> |
| 1 Total for Column 5 1 | | | | |
| 2 Total for Column 6 2 | | | | |
| 3 Total for Column 7 . Enter this amount on Form 60, page 1, line 2 3 | | | | |
| 4 Total for Column 8 . Enter this amount on Form 60, page 1, line 3 4 | | | | |



Enter name of corporation _____

FEIN _____

Schedule KS Shareholder information

All corporations must complete this schedule

- Complete Columns 1 through 5 for EVERY shareholder
- Complete Column 6 if shareholder is a nonresident individual
- If applicable, complete Column 7 or Column 8 for nonresident individual shareholder only

| Shareholder | All Shareholders | | | |
|-------------|---|-----------------------------|--|-------------|
| | Column 1 | Column 2 | Column 3 | Column 4 |
| | Name and address of shareholder <i>If additional lines are needed, attach additional pages</i> | Social Security Number/FEIN | Type of entity <i>(See pg. 8 of instr.)</i> | Ownership % |
| A | Name _____ Address _____ State _____ Zip Code _____ | | | |
| B | Name _____ Address _____ State _____ Zip Code _____ | | | |
| C | Name _____ Address _____ State _____ Zip Code _____ | | | |
| D | Name _____ Address _____ State _____ Zip Code _____ | | | |
| E | Name _____ Address _____ State _____ Zip Code _____ | | | |
| F | Name _____ Address _____ State _____ Zip Code _____ | | | |
| G | Name _____ Address _____ State _____ Zip Code _____ | | | |

| Shareholder | All Shareholders <i>Complete this column for ALL shareholders</i> | Nonresident Individual Shareholders Only <i>Important: Columns 6 through 8 are for nonresident individual shareholders only.</i> | | |
|--|--|---|--|---|
| | Column 5 | Column 6 | Column 7 | Column 8 |
| | Federal distributive share of income (loss) | North Dakota distributive share of income (loss) | North Dakota income tax withheld (3.99%) | Form PWA North Dakota composite income tax (3.99%) |
| A | | | | <input type="radio"/> |
| B | | | | <input type="radio"/> |
| C | | | | <input type="radio"/> |
| D | | | | <input type="radio"/> |
| E | | | | <input type="radio"/> |
| F | | | | <input type="radio"/> |
| G | | | | <input type="radio"/> |
| 1 Total for Column 5 1 | | | | |
| 2 Total for Column 6 2 | | | | |
| 3 Total for Column 7 . Enter this amount on Form 60, page 1, line 2 3 | | | | |
| 4 Total for Column 8 . Enter this amount on Form 60, page 1, line 3 4 | | | | |



North Dakota Schedule K-1 (Form 60)

2011

Final Amended

Corporation's tax year: Calendar year 2011 (Jan. 1 - Dec. 31, 2011) Fiscal year: Beginning Ending, 20

Shareholder's Share of North Dakota Income (Loss), Deductions, Adjustments, Credits, and Other Items

See separate instructions

Part 1 Corporation information

A Corporation's federal EIN

B Corporation's name, address, city, state, and ZIP code

Part 2 Shareholder information

C Shareholder's SSN or FEIN (from Federal Schedule K-1)

D Shareholder's name, address, city, state, and ZIP code (from Federal Schedule K-1)

E What type of entity is this shareholder?

F If shareholder is an individual, estate, or trust, shareholder is a:

- Full-year resident of North Dakota Part-year resident of North Dakota Full-year nonresident of North Dakota

G Is shareholder included in a composite return? Yes No

H Shareholder's stock ownership percentage: %

Part 3 All shareholders - North Dakota adjustments and tax credits

- 1 Interest from U.S. obligations
2 Renaissance zone income exemption
3 New or expanding business exemption
4 a Renaissance zone: Historic property preservation/renovation tax credit
b Renaissance zone: Renaissance fund organization investment tax credit
c Renaissance zone: Nonparticipating property owner credit
5 Seed capital investment tax credit
6 Agricultural commodity processing facility investment tax credit
7 Supplier biodiesel or green diesel fuel tax credit
8 Seller biodiesel or green diesel fuel tax credit

Part 3 continued . . .

- 9 Geothermal credit - after 12/31/08
10 Employer internship program tax credit
11 Microbusiness tax credit
12 Research expense tax credit
13 a Endowment fund tax credit
b Endowment fund contribution adjustment
14 Workforce recruitment credit
15 Credit for wages paid to mobilized employee
16 a Angel fund investment credit
b Angel fund investment credit purchased
17 Housing incentive fund credit

Part 4 Nonresident individual, estate or trust shareholder only - North Dakota income (loss)

- 18 Corporation's apportionment factor
19 Ordinary income (loss)
20 Net rental real estate income (loss)
21 Other net rental income (loss)
22 Interest income
23 Ordinary dividends
24 Royalties
25 Net short-term capital gain (loss)
26 Net long-term capital gain (loss)
27 Net section 1231 gain (loss)
28 Other income (loss)
29 Section 179 deduction
30 Other deductions
31 I.R.C. Section 179 property disposition gain (loss)

Part 5 Nonresident individual shareholder only

- 32 North Dakota distributive share of income (loss)
33 North Dakota income tax withheld
34 North Dakota composite income tax



North Dakota Schedule K-1 (Form 60)

2011

Final Amended

Corporation's tax year: Calendar year 2011 (Jan. 1 - Dec. 31, 2011) Fiscal year: Beginning Ending, 20

Shareholder's Share of North Dakota Income (Loss), Deductions, Adjustments, Credits, and Other Items

See separate instructions

Part 1 Corporation information

A Corporation's federal EIN

B Corporation's name, address, city, state, and ZIP code

Part 2 Shareholder information

C Shareholder's SSN or FEIN (from Federal Schedule K-1)

D Shareholder's name, address, city, state, and ZIP code (from Federal Schedule K-1)

E What type of entity is this shareholder?

F If shareholder is an individual, estate, or trust, shareholder is a:

- Full-year resident of North Dakota Part-year resident of North Dakota Full-year nonresident of North Dakota

G Is shareholder included in a composite return? Yes No

H Shareholder's stock ownership percentage: %

Part 3 All shareholders - North Dakota adjustments and tax credits

- 1 Interest from U.S. obligations
2 Renaissance zone income exemption
3 New or expanding business exemption
4 a Renaissance zone: Historic property preservation/renovation tax credit
b Renaissance zone: Renaissance fund organization investment tax credit
c Renaissance zone: Nonparticipating property owner credit
5 Seed capital investment tax credit
6 Agricultural commodity processing facility investment tax credit
7 Supplier biodiesel or green diesel fuel tax credit
8 Seller biodiesel or green diesel fuel tax credit

Part 3 continued . . .

- 9 Geothermal credit - after 12/31/08
10 Employer internship program tax credit
11 Microbusiness tax credit
12 Research expense tax credit
13 a Endowment fund tax credit
b Endowment fund contribution adjustment
14 Workforce recruitment credit
15 Credit for wages paid to mobilized employee
16 a Angel fund investment credit
b Angel fund investment credit purchased
17 Housing incentive fund credit

Part 4 Nonresident individual, estate or trust shareholder only - North Dakota income (loss)

- 18 Corporation's apportionment factor
19 Ordinary income (loss)
20 Net rental real estate income (loss)
21 Other net rental income (loss)
22 Interest income
23 Ordinary dividends
24 Royalties
25 Net short-term capital gain (loss)
26 Net long-term capital gain (loss)
27 Net section 1231 gain (loss)
28 Other income (loss)
29 Section 179 deduction
30 Other deductions
31 I.R.C. Section 179 property disposition gain (loss)

Part 5 Nonresident individual shareholder only

- 32 North Dakota distributive share of income (loss)
33 North Dakota income tax withheld
34 North Dakota composite income tax

2011

Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)

Purpose of schedule

North Dakota Schedule K-1 (Form 60) is provided to you by the corporation to show your share of the income, gains, losses, deductions, and other items from the corporation that you need to complete your North Dakota income tax return. These instructions will assist you in transferring the amounts from the schedule to your North Dakota income tax return.

Resident individual, estate, or trust shareholder.

If you are a North Dakota resident individual, estate, or trust, you must report to North Dakota your entire share of the corporation's income, gains, losses, and deductions included in your federal taxable income. You have received North Dakota Schedule K-1 only to show your share of the corporation's North Dakota statutory adjustments or tax credits that may affect the preparation of your North Dakota income tax return. See the instructions to Part 3.

Nonresident individual, estate, or trust shareholder.

If you are a nonresident individual, estate, or trust, you must report to North Dakota your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota based on the corporation's activity in North Dakota. These items are shown in Part 4 of North Dakota Schedule K-1. Unless you are a nonresident individual who elected to include your share of these items in a composite return filed on your behalf by the corporation, you must file a North Dakota income tax return to report and pay the required income tax on them.

Composite return election. If you are a nonresident individual who elected to include your share of the corporation's North Dakota income, gains, losses, and deductions in a composite return filed by the corporation, you are not required to file a North Dakota individual income tax return. If this applies to you, you received North Dakota Schedule K-1 to show your share of these items and the composite income tax paid on them. If you later choose to file your own North Dakota individual income tax return, follow the instructions below to transfer the amounts from North Dakota Schedule K-1 to your return.

Amended Schedule K-1 (Form 60). If you received an amended North Dakota Schedule K-1 (Form 60) from the corporation, and you previously filed a North Dakota income tax return to report your share of income, etc., from the corporation, you must file an amended North Dakota income tax return to report the changes in income, gains, losses, and deductions. You also must attach a copy of the amended North Dakota Schedule K-1 (Form 60) to your amended North Dakota income tax return.

Note: Any reference to another North Dakota form and line number contained in these instructions is a reference to the form to be used for the 2011 tax year. Therefore, report the amounts from the 2011 North Dakota Schedule K-1 on your 2011 North Dakota return. However, if you and the S corporation do not have the same tax year, enter the amounts on the North Dakota return that you file for the tax year in which the S corporation's tax year ends. For example, if you file on a calendar year basis, and the S corporation's year ends in February 2012, report the amounts on your 2012 return.

Part 3

All shareholders—North Dakota adjustments and tax credits

Note: Wherever you see "Not applicable" in the right-hand column of the following lists, it means that the item does not apply to the return being completed; do not enter the item on the return.

Lines 1–17

Form ND-1 filer:

| | |
|--|--------------------------|
| Include the amount from this schedule: | On: |
| Line 1 | Form ND-1, line 7 |
| Line 2 | Sch. RZ, Part 1, line 14 |
| Line 3 | Form ND-1SA, line 2 |
| Line 4a | Sch. RZ, Part 4, line 7 |
| Line 4b | Sch. RZ, Part 5, line 4 |
| Line 4c | Sch. RZ, Part 6, line 6 |
| Line 5 | Sch. ND-1TC, line 4 |
| Line 6 | Sch. ND-1TC, line 3 |
| Line 7 | Sch. ND-1TC, line 6 |
| Line 8 | Sch. ND-1TC, line 7 |
| Line 9 | Sch. ND-1TC, line 14b |
| Line 10 | Sch. ND-1TC, line 8a |
| Line 11 | Sch. ND-1TC, line 9a |
| Line 12 | Sch. ND-1TC, line 10a |
| Line 13a | Sch. ND-1TC, line 12 |

| | |
|----------|-----------------------------------|
| Line 13b | See instructions to ND-1, line 4a |
| Line 14 | Sch. ND-1TC, line 13a |
| Line 15 | Sch. ND-1TC, line 15 |
| Line 16a | Sch. ND-1TC, line 11a |
| Line 16b | Sch. ND-1TC, line 11b |
| Line 17 | Sch. ND-1TC, line 19 |

Form 38 filer:

| | |
|--|---|
| Include the amount from this schedule: | On: |
| Line 1 | Form 38, page 2, Part 1, line 4a |
| Line 2 | Sch. RZ, Part 1, line 14 |
| Line 3 | Form 38, page 2, Part 1, line 4d |
| Line 4a | Sch. RZ, Part 4, line 7 |
| Line 4b | Sch. RZ, Part 5, line 4 |
| Line 4c | Sch. RZ, Part 6, line 6 |
| Lines 5-8 | Form 38, page 1, line 3 |
| Line 9 | Not applicable |
| Lines 10-12 | Form 38, page 1, line 3 |
| Line 13a | Form 38, page 1, line 3 |
| Line 13b | See instructions to Form 38, Part 1, line 2 |
| Lines 14-15 | Form 38, page 1, line 3 |
| Line 16a | Form 38, page 1, line 3 |
| Line 16b | Form 38, page 1, line 3 |
| Line 17 | Form 38, page 1, line 3 |

Part 4

Nonresident individual, estate, or trust shareholders only—North Dakota income (loss)

Line 18

Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 19-31

If you are a nonresident individual, estate, or trust, lines 19 through 31 of Part 4 show your share of the corporation's North Dakota income, gains, losses, and deductions that you must report on your North Dakota income tax return. Transfer these amounts to your North Dakota income tax return as instructed below based on the type of return you are filing.

If the full amount of any item is not included in your adjusted gross income on your federal income tax return because of limitations on the deductibility of a passive activity loss, capital loss, section 179 deduction, or for any other reason, enter on your North Dakota return only that portion of the item included in your federal adjusted gross income.

Attach a statement to your North Dakota income tax return explaining any difference between an amount shown on North Dakota Schedule K-1 (Form 60) and the amount reported on your North Dakota income tax return.

Form ND-1 filer (nonresident only):

Include the amount from this schedule: On Schedule ND-1NR, Column B:

| | |
|-------------|--------|
| Lines 19-21 | Line 6 |
| Lines 22-23 | Line 2 |
| Line 24 | Line 6 |
| Lines 25-27 | Line 4 |
| Line 28 | Line 8 |
| Lines 29-30 | Line 6 |
| Line 31 | Line 4 |

Form 38 filer (nonresident only):

Include the amount from this schedule: On Tax Computation Schedule, Part 2, Column B:

| | |
|-------------|-------------|
| Lines 19-21 | Line 5 |
| Line 22 | Line 1 |
| Line 23 | Line 2 |
| Line 24 | Line 5 |
| Lines 25-26 | Line 4 |
| Line 27 | Line 4 or 7 |
| Line 28 | Line 8 |
| Lines 29-30 | Line 5 |
| Line 31 | Line 4 or 7 |

**Part 5
Nonresident individual shareholders only**

Lines 32 through 34 apply to a nonresident individual shareholder only.

Line 32

This is the net amount of your North Dakota distributive share of income (loss) from the corporation. Do not enter the amount from this line anywhere on your return. ***It is for your information only.***

If you have a North Dakota distributive share of income of \$1,000 or more, the corporation was required to withhold North Dakota income tax from it at the rate of 3.99% unless you elected to include it in a composite return filed by the corporation.

Line 33

The amount shown on this line is the amount of North Dakota income tax withheld by the corporation from your North Dakota distributive share of income. Include this amount on Form ND-1, line 28. **Attach a copy of North Dakota Schedule K-1 (Form 60) to your return.**

Line 34

If you elected to include your North Dakota distributive share of income (loss) in a composite return, the amount shown on this line is the amount of North Dakota composite income tax paid on your behalf by the corporation. If you made this election, you are not required to file your own North Dakota individual income tax return. ***This is for your information only.***

Note: *If you later choose to file your own North Dakota individual income tax return, you may claim this amount as a tax payment on Form ND-1, line 28. Attach a copy of the North Dakota Schedule K-1 (Form 60) to your return to support the amount claimed.*

2011**Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)****Purpose of schedule**

North Dakota Schedule K-1 (Form 60) is provided to you by the corporation to show your share of the income, gains, losses, deductions, and other items from the corporation that you need to complete your North Dakota income tax return. These instructions will assist you in transferring the amounts from the schedule to your North Dakota income tax return.

Resident individual, estate, or trust shareholder.

If you are a North Dakota resident individual, estate, or trust, you must report to North Dakota your entire share of the corporation's income, gains, losses, and deductions included in your federal taxable income. You have received North Dakota Schedule K-1 only to show your share of the corporation's North Dakota statutory adjustments or tax credits that may affect the preparation of your North Dakota income tax return. See the instructions to Part 3.

Nonresident individual, estate, or trust shareholder.

If you are a nonresident individual, estate, or trust, you must report to North Dakota your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota based on the corporation's activity in North Dakota. These items are shown in Part 4 of North Dakota Schedule K-1. Unless you are a nonresident individual who elected to include your share of these items in a composite return filed on your behalf by the corporation, you must file a North Dakota income tax return to report and pay the required income tax on them.

Composite return election. If you are a nonresident individual who elected to include your share of the corporation's North Dakota income, gains, losses, and deductions in a composite return filed by the corporation, you are not required to file a North Dakota individual income tax return. If this applies to you, you received North Dakota Schedule K-1 to show your share of these items and the composite income tax paid on them. If you later choose to file your own North Dakota individual income tax return, follow the instructions below to transfer the amounts from North Dakota Schedule K-1 to your return.

Amended Schedule K-1 (Form 60). If you received an amended North Dakota Schedule K-1 (Form 60) from the corporation, and you previously filed a North Dakota income tax return to report your share of income, etc., from the corporation, you must file an amended North Dakota income tax return to report the changes in income, gains, losses, and deductions. You also must attach a copy of the amended North Dakota Schedule K-1 (Form 60) to your amended North Dakota income tax return.

Note: Any reference to another North Dakota form and line number contained in these instructions is a reference to the form to be used for the 2011 tax year.

Therefore, report the amounts from the 2011 North Dakota Schedule K-1 on your 2011 North Dakota return. However, if you and the S corporation do not have the same tax year, enter the amounts on the North Dakota return that you file for the tax year in which the S corporation's tax year ends. For example, if you file on a calendar year basis, and the S corporation's year ends in February 2012, report the amounts on your 2012 return.

Part 3**All shareholders—North Dakota adjustments and tax credits**

Note: Wherever you see "Not applicable" in the right-hand column of the following lists, it means that the item does not apply to the return being completed; do not enter the item on the return.

Lines 1–17

Form ND-1 filer:

| | |
|--|--------------------------|
| Include the amount from this schedule: | On: |
| Line 1 | Form ND-1, line 7 |
| Line 2 | Sch. RZ, Part 1, line 14 |
| Line 3 | Form ND-1SA, line 2 |
| Line 4a | Sch. RZ, Part 4, line 7 |
| Line 4b | Sch. RZ, Part 5, line 4 |
| Line 4c | Sch. RZ, Part 6, line 6 |
| Line 5 | Sch. ND-1TC, line 4 |
| Line 6 | Sch. ND-1TC, line 3 |
| Line 7 | Sch. ND-1TC, line 6 |
| Line 8 | Sch. ND-1TC, line 7 |
| Line 9 | Sch. ND-1TC, line 14b |
| Line 10 | Sch. ND-1TC, line 8a |
| Line 11 | Sch. ND-1TC, line 9a |
| Line 12 | Sch. ND-1TC, line 10a |
| Line 13a | Sch. ND-1TC, line 12 |

| | |
|----------|-----------------------------------|
| Line 13b | See instructions to ND-1, line 4a |
| Line 14 | Sch. ND-1TC, line 13a |
| Line 15 | Sch. ND-1TC, line 15 |
| Line 16a | Sch. ND-1TC, line 11a |
| Line 16b | Sch. ND-1TC, line 11b |
| Line 17 | Sch. ND-1TC, line 19 |

Form 38 filer:

| | |
|--|---|
| Include the amount from this schedule: | On: |
| Line 1 | Form 38, page 2, Part 1, line 4a |
| Line 2 | Sch. RZ, Part 1, line 14 |
| Line 3 | Form 38, page 2, Part 1, line 4d |
| Line 4a | Sch. RZ, Part 4, line 7 |
| Line 4b | Sch. RZ, Part 5, line 4 |
| Line 4c | Sch. RZ, Part 6, line 6 |
| Lines 5-8 | Form 38, page 1, line 3 |
| Line 9 | Not applicable |
| Lines 10-12 | Form 38, page 1, line 3 |
| Line 13a | Form 38, page 1, line 3 |
| Line 13b | See instructions to Form 38, Part 1, line 2 |
| Lines 14-15 | Form 38, page 1, line 3 |
| Line 16a | Form 38, page 1, line 3 |
| Line 16b | Form 38, page 1, line 3 |
| Line 17 | Form 38, page 1, line 3 |

Part 4**Nonresident individual, estate, or trust shareholders only—North Dakota income (loss)****Line 18**

Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 19-31

If you are a nonresident individual, estate, or trust, lines 19 through 31 of Part 4 show your share of the corporation's North Dakota income, gains, losses, and deductions that you must report on your North Dakota income tax return. Transfer these amounts to your North Dakota income tax return as instructed below based on the type of return you are filing.

If the full amount of any item is not included in your adjusted gross income on your federal income tax return because of limitations on the deductibility of a passive activity loss, capital loss, section 179 deduction, or for any other reason, enter on your North Dakota return only that portion of the item included in your federal adjusted gross income.

Attach a statement to your North Dakota income tax return explaining any difference between an amount shown on North Dakota Schedule K-1 (Form 60) and the amount reported on your North Dakota income tax return.

Form ND-1 filer (nonresident only):

| | |
|--|----------------------------------|
| Include the amount from this schedule: | On Schedule ND-1NR, Column B: |
| Lines 19-21 | Line 6 |
| Lines 22-23 | Line 2 |
| Line 24 | Line 6 |
| Lines 25-27 | Line 4 |
| Line 28 | Line 8 |
| Lines 29-30 | Line 6 |
| Line 31 | Line 4 |

Form 38 filer (nonresident only):

| | |
|--|--|
| Include the amount from this schedule: | On Tax Computation Schedule, Part 2, Column B: |
| Lines 19-21 | Line 5 |
| Line 22 | Line 1 |
| Line 23 | Line 2 |
| Line 24 | Line 5 |
| Lines 25-26 | Line 4 |
| Line 27 | Line 4 or 7 |
| Line 28 | Line 8 |
| Lines 29-30 | Line 5 |
| Line 31 | Line 4 or 7 |

**Part 5
Nonresident individual
shareholders only**

Lines 32 through 34 apply to a nonresident individual shareholder only.

Line 32

This is the net amount of your North Dakota distributive share of income (loss) from the corporation. Do not enter the amount from this line anywhere on your return. ***It is for your information only.***

If you have a North Dakota distributive share of income of \$1,000 or more, the corporation was required to withhold North Dakota income tax from it at the rate of 3.99% unless you elected to include it in a composite return filed by the corporation.

Line 33

The amount shown on this line is the amount of North Dakota income tax withheld by the corporation from your North Dakota distributive share of income. Include this amount on Form ND-1, line 28. **Attach a copy of North Dakota Schedule K-1 (Form 60) to your return.**

Line 34

If you elected to include your North Dakota distributive share of income (loss) in a composite return, the amount shown on this line is the amount of North Dakota composite income tax paid on your behalf by the corporation. If you made this election, you are not required to file your own North Dakota individual income tax return. ***This is for your information only.***

Note: *If you later choose to file your own North Dakota individual income tax return, you may claim this amount as a tax payment on Form ND-1, line 28. Attach a copy of the North Dakota Schedule K-1 (Form 60) to your return to support the amount claimed.*

