



North Dakota Office of State Tax Commissioner

2008 Individual Income Tax

Cory Fong, Tax Commissioner

Form ND-2

Are you using
the right
form?

If not, you may be
paying too much tax!

See page 2
for more
information.

Do you owe
Use tax?

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

See inside front
cover for more
information.

Dear Taxpayer,

Your choice of forms will affect the amount of tax you have to pay. You might be paying too much tax if you are not using the form that is best for you. It is important that you take a few moments to find out which form is to your advantage. Over 97% of North Dakota's individual income tax filers have found they have a lower tax when they use Form ND-1. If you are unsure which form is best for your situation, turn to page 2 and read **Which form to use**.

Last year, over 60 percent of the state individual income tax returns were filed electronically. Taxpayers have found e-file offers several benefits compared to filing a paper return. For instance, taxpayers who are anticipating a refund receive their refunds more quickly. E-file is more accurate than a paper return because the computer automatically checks e-filed returns for errors. This means fewer delays and faster processing, which is particularly helpful if you file during the last-minute filing rush.

If you would like to e-file, you need to file Form ND-1. If you have not used e-file yet, I hope you will give it try this year. E-file is simple and quick to use.

If you are expecting a refund, you can check its status on our web site under "Where's My Refund?" There you will learn if your return was received, if it is being processed, and the date your refund was issued.

To learn more about e-file, to track your refund, or for other tax-related information, please visit our web site at www.nd.gov/tax.

Please let us know what you think we are doing well and what we can do to improve our service to you. Our phone number, address, and e-mail information is found on the back of this booklet.

Thank you,

Cory Fong,
Tax Commissioner



See page 15 for details
on using your credit card
to pay your taxes.

Visit our web site for forms or to
learn about North Dakota's taxes:
www.nd.gov/tax.



This booklet contains the following forms—

● Form ND-2

● Schedule 2

● Schedule 3

● Schedule PT

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Taxpayer Bill of Rights

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

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

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

Beginning October 1, 2005, most city and county local tax ordinances contain a local sales tax maximum. If a customer exceeds that maximum, they may apply to the state Tax Department for a refund of the amount of local tax paid that exceeds that maximum. The local sales tax maximum varies between local taxing jurisdictions and ranges from \$25 to \$50. For example, you purchase \$4,000 of furniture in a city that has a one percent sales tax and allows for a \$25 local tax maximum. The retailer will collect \$200 in state sales tax and \$40 in local tax at the time of purchase. You may then apply to the Tax Commissioner for a refund of \$15 (\$40 local tax paid - \$25 local tax maximum). You can access the form, **Claim For Refund of City or County Sales and Use Tax Transmittal**, on our web site at www.nd.gov/tax or by calling (701) 328-1246 or e-mailing salestax@nd.gov.

Do you owe use tax?

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

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

If this applies to you, you must file a **North Dakota Use Tax Return**. You can access the form on our web site at www.nd.gov/tax or call the Sales Tax Compliance Section at (701) 328-1246.

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

Changes affecting you and your income tax

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

Property tax relief income tax credits for 2008

Eligible property taxes

The 2008 income tax year is the second year of the two-year property tax relief income tax credit program enacted by the 2007 North Dakota Legislature. For purposes of calculating the credits on the 2008 income tax return, the eligible property taxes are the 2007 real estate tax and the 2008 mobile home tax that became due in the 2008 calendar year. To be eligible to claim these property taxes in calculating a property tax relief credit, you must have owned the eligible property on the due date of these taxes. The 2007 real estate tax became due on January 1, 2008, and the 2008 mobile home tax became due on January 10, 2008.

Special situations

Following are special situations that generated some of the more common questions about the property tax credits.

Property classification—Many taxpayers did not know whether they had residential, agricultural, or commercial property. The classification is based on how the property is classified by the county for property tax purposes. If in doubt about your property's classification, contact your county assessor's office.

Leased (or rented) property—If eligible property is leased, the property's owner is entitled to the credit. This applies even if the lessee agrees to pay the property taxes.

Life estate—In the case where an individual transfers the deed to eligible property to another individual but retains a life estate in the property, the life estate interest holder is entitled to the credit.

Grantor-type trust—Generally, property placed in a trust is not eligible for the property tax relief credits. However, in the case of a trust that is a "grantor-type" trust, the credits may be claimed by the person considered to be the owner of the eligible property placed in the trust. In general, this is the person who has the power to revoke the trust or has control over the trust so that the grantor (and not the trust) is considered the owner of the property in the trust for federal income tax purposes.

For other special situations, go to the Office of State Tax Commissioner's website at www.nd.gov/tax and click on **Property Tax Relief** on the left-hand side of the page.

Mailing of estimated tax forms cut back for 2009

In past years, if an individual made one or more estimated North Dakota income tax payments for a tax year, an estimated tax form package—consisting of Form 400-ES, four payment envelopes, and instructions—was automatically mailed to the individual for the following tax year. However, most individuals do not use the vouchers mailed to them by the Tax Department. Instead, most individuals use a voucher that is downloaded and printed from the Tax Department's website or from tax software acquired by them or their tax preparers. For this reason, the Tax Department is cutting back the number of estimated tax form packages that will automatically be mailed to individuals who make estimated tax payments. Starting with the 2009 estimated tax form package to be mailed in early 2009, the automatic mailing will only go to those individuals who used the 2008 estimated tax payment voucher that was mailed to them by the Tax Department. An individual who does not receive the 2009 estimated tax payment package, but would like one, may contact the Tax Department to request one—see the back cover of this booklet.

National Guard or Reserve member deduction is clarified

The instructions to the deduction currently allowed to a member of the National Guard or the U.S. armed forces reserve who enters federal active duty were changed. The change clarifies that the deduction is allowed regardless of whether the member is involuntarily ordered to such duty or the member volunteers for such duty. In either case, though, the member will receive orders reflecting that the service is under Title 10 of the U.S. Code. The deduction is not allowed for service under Title 32 of the U.S. Code, which means service under the command of the governor and adjutant general. The deduction also is not allowed if the compensation is received for attending basic military training, annual training, or professional military training or developmental education.

New helpline phone numbers

The phone numbers for tax questions and forms have been changed as follows:

- Toll-free 1-877-328-7888
(in North Dakota)
- Bismarck-Mandan local calling area, or from outside North Dakota—
Questions (701) 328-1247
Forms (701) 328-1243

Individuals needing help due to speech or hearing impairment may continue to call Relay North Dakota at 1-800-366-6888, and then ask for one of the above numbers.

2008 Form ND-2 instructions

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



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

General instructions

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

Which form to use

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

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

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

So, which form should I use?

Generally, you should use Form ND-1. Over 98 percent of all filers will calculate a lower tax on Form ND-1 than on Form ND-2. If you used Form ND-2 last year, do not automatically use Form ND-2 for this year, but check out Form ND-1 to make sure you are paying the lowest tax.

Who should use Form ND-2?

Very few individuals will benefit from using Form ND-2. Form ND-2 should be used only if it produces a tax that is lower than the tax calculated on Form ND-1.

Although you calculate a North Dakota taxable income on both forms, do not base your choice on this number alone. You must also consider the tax rates which are much lower on Form ND-1.

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

Not necessarily. There are a number of special deductions, exclusions, and credits that may be claimed only if Form ND-2 is used. As a general rule, they are usually not enough to offset the higher tax rates on Form ND-2. Some taxpayers will benefit from using Form ND-2, but they make up less than 2 percent of all individual filers. If in doubt as to which form to use, use Form ND-1. If you find later that your tax would have been lower on Form ND-2, you have the option of filing an amended return (generally, 3 years) to change forms.

Who must file

Property tax relief

Even though you do not have to file a 2008 North Dakota income tax return, you may be eligible for property tax relief. Obtain the 2008 Form ND-3 for more information.

Full-year resident

If you were a full-year resident of North Dakota for the 2008 tax year and you are required to file a 2008 federal individual income tax return, you must file a 2008 North Dakota individual income tax return. This applies even though you may have worked outside North Dakota (including employment overseas) during the tax year, or you have other income

from sources outside North Dakota. You were a full-year resident of North Dakota if you were a resident of North Dakota for the entire tax year, or you meet the statutory 7-month rule.

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

Statutory 7-month rule—Even though you were not a resident of North Dakota for any part of the tax year—that is, you were a full-year nonresident—you must file as a full-year resident of North Dakota if you maintained a permanent place of abode in North Dakota and spent in the aggregate more than 210 days of the tax year in North Dakota. A permanent place of abode means a house, apartment, or other dwelling containing cooking and bathroom facilities that is suitable for year-round living and is maintained on a permanent or indefinite basis. This 7-month rule does not apply if you were (1) a part-year resident of North Dakota, (2) a full-year nonresident serving in the U.S. armed forces, or (3) a full-year resident of Montana or Minnesota covered by reciprocity.

Residents in U.S. armed forces—If you were a resident of North Dakota serving in the U.S. armed forces in 2008 and you are required to file a 2008 federal individual income tax return, you must file a 2008 North Dakota individual income tax return as a full-year resident. This applies regardless of where you were stationed during the tax year.

Full-year nonresident

If you were a full-year nonresident of North Dakota for the 2008 tax year, you must file a 2008 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2008 federal individual income tax return.
- You derived gross income from North Dakota sources during the 2008 tax year. (See the box on this page for what is included in gross income from North Dakota sources while a nonresident.)

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

Nonresidents in U.S. armed forces—If you were a full-year nonresident of North Dakota serving in the U.S. armed forces in 2008 and your only gross income from North Dakota sources was your military compensation, you do not have to file a North Dakota income tax return. However, if you are married and are filing a joint 2008 federal income tax return, and either you or your spouse has other kinds of gross income from North Dakota sources, you must file a joint 2008 North Dakota income tax return.

Minnesota or Montana resident—If you were a Minnesota resident in 2008, you do not have to file a North Dakota individual income tax return if **both** of the following apply:

- Your only gross income from North Dakota sources was compensation for personal or professional services.

- You returned to your home in Minnesota at least once each month during the time you worked in North Dakota.

If you were a Montana resident in 2008, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages.

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

Nonresident alien—If you were a nonresident alien of the United States in 2008 and you received gross income from North Dakota sources during 2008, you must file a 2008 North Dakota individual income tax return. Except where an income tax treaty between the United States and a foreign country specifically exempts income from taxation by a U.S. state, income tax treaties between the U.S. and foreign countries do not apply for North Dakota income tax purposes. Therefore, you may have to pay North Dakota income tax on income derived from North Dakota sources even though the income is exempt from U.S. income tax because

of a treaty. For more information, including the instructions on how to complete the North Dakota return, obtain the *Income Tax Guideline: Taxation of Nonresident Aliens*.

Part-year resident

If you were a part-year resident of North Dakota in 2008, you must file a 2008 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2008 federal individual income tax return.
- During the 2008 tax year, you derived gross income from **any** source inside or outside North Dakota while you were a resident of North Dakota, or you derived gross income from North Dakota sources while you were a nonresident of North Dakota. (See the box on this page for what is included in gross income from North Dakota sources while a nonresident.)

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

Gross income from North Dakota sources (for nonresidents only)

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

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

Exceptions

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

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

Native Americans

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

- You are enrolled as a member of a federally-recognized Indian tribe.
- You live on **any** Indian reservation in North Dakota.
- You derive all of your income from sources on **any** Indian reservation in North Dakota.

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

Reciprocity

North Dakota has income tax reciprocity agreements with the states of Minnesota and Montana. If certain conditions in the agreements are met, a resident of North Dakota does not have to pay Minnesota or Montana income tax on compensation received for work performed in the other state, and a resident of Minnesota or Montana does not have to pay North Dakota income tax on compensation received for work performed in North Dakota.

Minnesota and Montana residents

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

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

If you received wages covered by reciprocity, and your employer withheld North Dakota income tax from them, you must file a North Dakota individual

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

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

North Dakota residents

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

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

If your wages are covered by reciprocity and you do not want your employer to withhold Minnesota or Montana tax from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2, whichever applies. For assistance and forms, contact:

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

Changed for 2008!

When and where to file

If you are filing on a calendar year basis, you must file your 2008 North Dakota individual income tax return on or before April 15, 2009. If you are filing on a fiscal year basis, you must file on or before the 15th day of the fourth month following the close of your fiscal tax year. If the due date falls on a Saturday, Sunday or holiday, you have until the next day that is not a Saturday, Sunday, or holiday to file your return.

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

Office of State Tax Commissioner
PO Box 5621
Bismarck, North Dakota 58506-5621

Extension of time to file

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

Federal extension

If you obtain an extension of time to file your federal return, it will be recognized for North Dakota purposes. This includes the automatic extension allowed for being outside the U.S. and Puerto Rico on April 15. You do not have to file a separate state extension form, nor do you have to notify the Office of State Tax Commissioner that you have obtained a federal extension prior to filing your North Dakota return.

Fill in the circle next to "Extension" at the top of Form ND-2 to indicate that an extension has been obtained.

North Dakota extension

If you do not obtain a federal extension, but need additional time to file your North Dakota return, you may apply for a North Dakota extension by completing and filing **Form 101**. This is not an

automatic extension—you must have good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of your return. You will be notified whether your extension request is approved or rejected. If approved, fill in the circle next to “Extension” at the top of Form ND-2.

Extension interest

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

Prepayment of tax due

If you are applying for an extension of time to file, you may prepay the tax that you expect to owe to avoid paying extension interest. To do so, submit your check or money order along with a completed **2008 Form 400-EXT** on or before the due date of your return (excluding extensions). Alternatively, you may submit your payment along with a letter containing the following:

- Your name.
- Your social security number.
- Your address and phone number.
- Statement that you are making a 2008 Form 400-EXT payment.

Penalty and interest

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

If you file your return on or before its due date (or extended due date), but you pay your tax due after the due date (or extended due date), a penalty equal to 5% of the tax due or \$5.00, whichever is greater, must be paid.

If you do not file your return 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 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, must be paid.

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.

Copy of federal return

You must attach a complete copy of your 2008 federal income tax return to your 2008 North Dakota return. A complete copy consists of Form 1040EZ, 1040A, or 1040 along with any supplemental forms and schedules. You do not have to include depreciation schedules or any other statements that you may have prepared as supporting documentation.

Changing your return

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

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

Penalty and interest apply to additional tax due on an amended return that is paid after the due date (or extended due date) of the original return.

Change to federal return

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

How to prepare an amended return

1. Obtain a blank North Dakota individual income tax return for the tax year affected by the changes.
2. Enter your name, address, social security number, and other information required in the top portion of the return. Be sure to use your current address on the amended return.
3. Fill in the circle next to “Amended” in the top right-hand corner of the return.
4. Using the revised information, complete the return through the net tax liability line.
5. Leave the line for income tax withholding blank unless you are claiming an additional amount not previously claimed.
6. On the “Total payments” line (line 10), enter the net tax liability shown on your original return or previously filed amended return.
7. Complete the remaining portion of the return according to the instructions. On an amended return, you may not adjust the amount of any voluntary contribution to the wildlife or trees funds, nor the amount of an overpayment applied to the next year’s estimated tax.
8. Attach a statement explaining why you are changing your return. If you are doing so because of changes you or the IRS made to your federal return, attach a copy of the amended federal return or IRS notice.

Estimated tax requirement (for 2009)

You must pay estimated North Dakota income tax for the 2009 tax year if *all* of the following conditions apply:

1. You are required to pay estimated federal income tax for 2009.
2. Your net tax liability for 2008 is \$500 or more. (*If you are not required to file a North Dakota return for 2008, you do not have to pay estimated tax for 2009.*)
3. You expect to owe (*after subtracting any estimated North Dakota income tax withholding*) at least \$500 in tax for 2009.
4. You expect your North Dakota income tax withholding for 2009 to be less than the smaller of the following:
 - (a) 90% of your 2009 net tax liability.
 - (b) 100% of your 2008 net tax liability. If you moved into North Dakota during 2008 and had no income from North Dakota prior to the move, this 100% threshold does not apply; you must satisfy the 90% threshold in part (a).

In general, one-fourth (25%) of the total estimated tax required to be paid for the 2009 tax year must be paid by April 15, June 15, and September 15, 2009, and January 15, 2010.

If you are required to pay estimated tax for 2009, obtain the **2009 Form 400-ES, Estimated income tax—individuals**.

How to file a return for a deceased taxpayer

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

manner as required for federal income tax purposes.

If there is a personal representative and no surviving spouse, a copy of the court document showing the appointment must be attached to the final return. If there is a surviving spouse and the final return will be filed on a joint basis, a refund will be mailed in both spouses' names.

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

General instructions for completing Form ND-2

Rounding of numbers

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

Part-year resident or full-year nonresident of North Dakota

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

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

How to complete Form ND-2

Step 1

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

Step 2

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

- If you were a full-year resident, you must complete Schedule 2 according to the instructions on page 7. This also applies if you are filing a joint return and both you and your spouse were full-year residents. Schedule 2 is on the reverse side of Form ND-2.
- If you were a full-year nonresident or a part-year resident, you must complete Schedule 3 according to the instructions on page 10. This also applies if you are filing a joint return and either you or your spouse was a nonresident for part or all of the tax year. Schedule 3 is a separate form included in this booklet.

Step 3

Complete the Tax Computation Schedule on the front of Form ND-2 according to the instructions on page 12.

Instructions for completing the top portion of Form ND-2

Name and address

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

If a taxpayer died during the 2008 tax year, fill in the circle for "Deceased" next to the taxpayer's name.

Social security number(s)

Enter your social security number (and your spouse's social security number, if married) in the spaces provided on the return.

Filing status

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

School district code

Select the code number from the list on page 18 for the school district in which you resided for most of the tax year and enter it in the spaces provided on the return.

Income source code

Select the code number corresponding to the area from which you derived the majority of your income for the tax year.

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

Fiscal year filer only

If you used a fiscal tax year for federal income tax purposes, enter the ending date of your fiscal tax year as shown on your federal return.

Federal estimated tax requirement

If you were required to pay estimated federal income tax for any part of the 2008 tax year, you must fill in the circle next to "Yes." This applies whether or not you actually made the required payment. Otherwise, fill in the circle next to "No."

Amended or extended return

Fill in the circle next to "Amended" *only if* you are completing this return for the purpose of changing a return you previously filed for the 2008 tax year. See **Changing your return** on page 5 for more information.

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

Specific line instructions for Schedule 2**Full-year resident only**

If you were a full-year resident of North Dakota for the 2008 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2. This also applies if you are filing a joint return and both you and your spouse were full-year residents of North Dakota.

Line 1 - Federal taxable income

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

Line 2 - Interest from state and local obligations

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

Line 3 - State and local income taxes

Enter the amount of state and local income taxes deducted on your federal income tax return. If a portion of your itemized deductions claimed on your federal return was disallowed because your federal adjusted gross income exceeded \$159,950 (\$79,975, if married filing separately), complete the worksheet on this page.

Changed for 2008!**Line 4 - Other additions**

The following items must be included on this line:

- Taxable portion of a lump-sum distribution from a qualified retirement plan reported on Federal Form 4972. Enter on this line the amount from Form 4972, line 6 plus line 10.
- Loss from a passthrough entity subject to North Dakota's financial institution tax. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Passthrough Entity Subject To N.D.C.C. ch. 57-35.3.*

Worksheet for Schedule 2, line 3

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

- Amount of charitable contribution deducted in calculating federal taxable income on which the North Dakota planned gift tax credit (Schedule PG) claimed for 2008 or any previous tax year is based. Also make this adjustment for a charitable contribution passed through to you by a passthrough entity relating to a North Dakota endowment fund tax credit it passed through to you by the same passthrough entity.

Line 7 - U.S. obligation interest

Enter the following on this line:

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

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

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

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

Line 8 - Military pay exclusion

Enter up to \$1,000 of your military pay received for active duty service in

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

Line 9 - Additional military pay exclusion for overseas duty

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

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

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

Line 10 - Military retirement pay exclusion

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

Line 11 - Other retirement pay exclusions

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

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

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

Lines 12, 13, and 14 - Beginning farmer deductions

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

- **Line 12 - Interest deduction**

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

- **Line 13 - Rental deduction**

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

- **Line 14 - Gain deduction**

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

Line 15- Interest from financial institution

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

Lines 16 - Beginning entrepreneur rental deduction

If you qualified for the beginning entrepreneur rental deduction under a lease contract entered into in a tax year beginning before January 1, 2007, and the lease term under that contract expires within or after your 2008 tax year, enter up to \$25,000 of the net rental income derived from that unexpired contract during the 2008 tax year.

Line 19 - Other subtract adjustments

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

- **Changed for 2008!** Compensation received by a National Guard or U.S. armed forces reserve member mobilized for federal active duty under Title 10, United States Code. Do not include compensation for attending annual training, basic military training or, professional military education. **Attach a copy of your Title 10 orders.**
- Exempt income of a Native American. See **Native Americans** on page 4.
- Retirement, unemployment, or sick pay benefits received from the U.S. Railroad Retirement Board.
- \$1,750 for adopting a child under the age of 21 who qualifies as a dependent on your federal return where the adoption was finalized in 2008. If married filing separately, only one spouse may claim this deduction.
- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally disabled, or is blind or disabled as determined under Title XVI of U.S. Social Security Act. The child must qualify as a dependent on your federal return and the adoption must have been finalized in 2008.

Worksheet for Schedule 2, line 22 (Form 1040 filers only)

A. Amount from Form 1040, line 56	A	_____
B. If applicable, enter amount from Form 1040, line 47	B	_____
C. If applicable, enter taxes from Form 5329, lines 4 and 8.....	C	_____
D. If applicable, enter the following taxes included on Form 1040, line 61	D	_____
• Form 4970 tax • Section 72(m)(5) excess benefits tax		
• Recapture taxes (if Form 37 or Form ND-2 was used in credit year)		
E. Add lines A, B, C, and D	E	_____
F. If applicable, enter amounts from Form 1040, lines 45, 64a, and 66.....	F	_____
G. Subtract line F from line E . If result is zero or less, enter -0-. Enter this amount on line 22 of Schedule 2	G	_____

- \$750 for each adopted child under the age of 21 who is mentally disabled, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, and qualifies as a dependent on your federal return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Amount of net income exempted under the new or expanding industry exemption (N.D.C.C. ch. 40-57.1).
- Amount of net income exempted under the renaissance zone provisions. **Attach Schedule RZ.**
- Amount of taxable gain from the sale of stock in a corporation that relocated to North Dakota—see N.D.C.C. § 57-38-01.18 for details.
- Amount of income from a passthrough entity subject to North Dakota's financial institution tax. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Passthrough Entity Subject To N.D.C.C. ch. 57-35.3.*
- Up to \$10,000 of lost wages not compensated for by sick pay and unreimbursed medical expenses incurred during the tax year that are attributable to a donation of a human organ by you or your dependent, provided that you do not deduct the medical expenses on your federal income tax return.
- State and local income tax refunds reported as income on the federal return, but only if (1) Form 37 or Form ND-2 was filed for the tax year in which the taxes were deducted on the federal return and (2) the taxes were added back into income on that previous year's state return.
- Amount contributed during the 2008 tax year to a North Dakota College SAVE account administered by the Bank of North Dakota, up to a maximum deduction of \$5,000 (\$10,000, if married filing jointly). The deduction is allowed regardless of whether you or someone else owns the account. A rollover of funds from another I.R.C. Section 529 college savings plan into a North Dakota College SAVE account does not qualify for the deduction.
- **NEW!** Taxable bonus, moving expense payment, or nontypical fringe benefit relating to the workforce recruitment tax credit, under N.D.C.C. § 57-38-01.2(1)(w). Attach copy of statement from employer.

Line 22 - Federal income tax

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

- If you used **Form 1040EZ**, enter the amount from line 11 less lines 8a and 9.
- If you used **Form 1040A**, enter the amount from line 35 less the alternative minimum tax (included on line 28) less lines 40a, 41 and 42.

- If you used **Federal Form 1040**, complete the worksheet on page 9 to determine the amount to enter here.

Line 24 - Total adjustments from income

Enter the total of lines 7 through 16 plus line 19; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 19.

Specific line instructions for Schedule 3

Full-year nonresident or part-year resident only

If you were a full-year nonresident or a part-year resident of North Dakota for the 2008 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2. This also applies if you are filing a joint return and *either* you or your spouse was a nonresident for part or all of the tax year.

Minnesota and Montana residents—

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

How to complete Schedule 3

Step 1

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

Step 2

Complete Part 1 (on page 1) of Schedule 3 to calculate your North Dakota taxable income. The instructions for Part 1 start on page 11.

Instructions for Schedule 3, Part 2

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

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

Line 1, Column B

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

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

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

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

Line 2, Column B

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

Line 3, Column B

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

Minnesota resident—Do not include net income or loss from a personal or professional service business operated in North Dakota while a Minnesota resident if the income is exempted under the reciprocity agreement with Minnesota.

Line 4, Column B

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

Line 5, Column B

Include amounts received while a North Dakota resident.

Line 6, Column B

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

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

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

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

Line 7, Column B

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

Line 8, Column B

Include amounts received while a North Dakota resident, and amounts received from North Dakota sources while a nonresident. Do not include state and local income tax refunds, alimony, and social security benefits received while a nonresident. If a part year resident, determine the amount of taxable social security benefits to include on this line by multiplying the total gross social security benefits received while a resident by a percentage equal to the total taxable portion of your social security benefits divided by your total gross social security benefits.

Line 10, Column B

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

Line 11, Column B

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

Line 12, Column B

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

Line 13, Column B

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

Line 14, Column B

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

Include the amount of a penalty on early withdrawal only if the related interest income is included on line 2, Column B. Include the portion of the domestic production activities deduction based on North Dakota income. Include jury duty pay only if the related employer wages are included on line 1, Column B.

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

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

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

Instructions for Schedule 3, Part 1

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

Lines 2 through 5 - North Dakota subtractions

You may be eligible for certain deductions and exclusions from your North Dakota adjusted gross income on line 1B. See the instructions for lines 7 through 16, and line 19, of Schedule 2 (Form ND-2) starting on page 7 of this booklet for the deductions and exclusions that may apply.

Except for the adoption deductions, human organ donation deduction, and College SAVE deduction listed in the instructions for line 19 of Schedule 2, a deduction or exclusion is not allowed unless the related income is included in the amount on line 1B. If you are eligible for any of the adoption deductions listed in the instructions for line 19 of Schedule 2, multiply the deduction amount by a ratio equal to North Dakota adjusted gross income (on line 1B)

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

- | | |
|--|----------------|
| A. Amount from Form 1040, line 56 | A _____ |
| B. If a part-year resident, enter amount from Form 1040, line 47, but only to the extent the foreign income is included on Schedule 3, Part 1, line 1B | B _____ |
| C. If applicable, enter taxes from Form 5329, lines 4 and 8..... | C _____ |
| D. If applicable, enter the following taxes included on Form 1040, line 61..... | D _____ |
| • Form 4970 tax • Section 72(m)(5) excess benefits tax | |
| • Recapture taxes (if Form 37 or Form ND-2 was used in credit year) | |
| E. Add lines A , B , C , and D | E _____ |
| F. If applicable, enter amounts from Form 1040, lines 45, 64a, and 66..... | F _____ |
| G. Subtract line F from line E . If result is zero or less, enter -0-. Enter this amount on Schedule 3, Part 1, line 8 | G _____ |

divided by federal adjusted gross income (on line 1A). (Note: If line 1B is positive and line 1A is zero or negative, the ratio is 1.0000.) **Attach a supporting statement.**

Line 8 - Federal income tax

- Enter your federal income tax from your federal income tax return as follows:
- If you used **Form 1040EZ**, enter the amount from line 11 less lines 8a and 9.
 - If you used **Form 1040A**, enter the amount from line 35 less the alternative minimum tax (included on line 28) less lines 40a, 41 and 42.
 - If you used **Form 1040**, complete the worksheet on page 11 to determine the amount to enter on this line.

Changed for 2008!

Line 12 - North Dakota additions

- If you were a part-year resident of North Dakota during the tax year, enter the following if received while a resident of North Dakota:
- Interest income from state and local government obligations (other than North Dakota and its political subdivisions) that is exempt from federal income tax.
 - Taxable portion of a lump-sum distribution from a qualified retirement plan from Form 4972, line 6 plus line 10.

If you claimed the planned gift tax credit for 2008 or any previous tax year, and you deducted any part of the charitable contribution on which the credit is based in calculating your 2008 federal taxable income, an addition adjustment is required. Include a contribution passed through to you by a passthrough entity on which the entity calculated the North Dakota endowment tax credit. Multiply the amount of the charitable contribution on which the tax credit is based by a ratio equal to North Dakota adjusted gross income (on line 1B) divided by federal adjusted gross income (on line 1A), and enter the result on this line.

If your North Dakota adjusted gross income on line 1B includes a loss from a passthrough entity subject to North Dakota's financial institution tax, enter the loss on this line as a positive number. See instructions for line 4 of Schedule 2 for more information.

Line 17 - State and local income taxes

If a portion of your federal itemized deductions was disallowed because your federal adjusted gross income exceeded \$159,950 (\$79,975, if married filing separately), complete the worksheet on this page to determine the amount to enter on this line.

Line 19 - Standard deduction

- Enter your federal standard deduction from your federal income tax return as follows:
- If you used **Form 1040A**, enter amount from line 24.
 - If you used **Form 1040**, enter amount from line 40.
 - If you used **Form 1040EZ**, the amount to enter on this line depends on the box(es) you checked on line 5 of Form 1040EZ—
 - If you did not check either “You” or “Spouse,” enter \$5,450, if single, or \$10,900, if married filing jointly.
 - If you checked “You” or “Spouse,” enter the larger of: (1) \$900 or (2) the amount from Form 1040EZ, line 1, plus \$300; however, do not enter more than \$5,450, if single, or \$10,900, if married filing jointly.

Line 21 - Exemptions

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

- If you used **Form 1040A**, enter amount from line 26.
- If you used **Form 1040**, enter amount from line 42.
- If you used **Form 1040EZ**, the amount to enter on this line depends on the box(es) you checked on line 5 of Form 1040EZ—
 - If you did not check either “You” or “Spouse,” enter \$3,500, if single, or \$7,000, if married filing jointly.
 - If you are single and checked “You”, or you are married filing jointly and checked both boxes, enter \$0.
 - If you are married filing jointly and checked either “You” or “Spouse,” enter \$3,500.

Specific line instructions for Tax Computation Schedule

To be completed by all Form ND-2 filers

Line 3 - Commercial property tax credit

- You may be eligible for an income tax credit if either (or both) of the following apply:
- You owned commercial property located in North Dakota for which you were liable for the **2007 real estate tax** or the **2008 mobile home tax**.

Worksheet for Schedule 3, Part 1, line 17

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

- You were an owner of a passthrough entity, such as a partnership or S corporation, that owned commercial property located in North Dakota for which the entity was liable for the **2007 real estate tax** or the **2008 mobile home tax**.

See **Schedule PT** (in this booklet) for details. Enter the credit from Schedule PT, Section 2, line 9, on Form ND-2, Tax Computation Schedule, line 3. **Attach Schedule PT.**

Line 4 - Other tax credits

Following is a list of other income tax credits allowed on Form ND-2. Include on this line your share of any of these credits reported on a North Dakota Schedule K-1. Also include the allowable portion of an unused credit carried over to 2008 from a prior tax year, if applicable. *Except where an official schedule is required, attach a statement supporting any credit entered on this line.*

- If you were a full-year resident or part-year resident of North Dakota, and you paid income tax to another state on income also taxed by North Dakota, you may be eligible for an income tax credit. **Attach Schedule 4.**
- A tax credit is allowed for making a charitable contribution to a qualifying nonprofit private high school or college in North Dakota. The contribution must be made directly to, or must be specially designated for the exclusive use of, a qualifying school. A contribution to a fund that benefits both qualifying and nonqualifying schools is not eligible for the credit.

A contribution may be made up to the due date or extended due date of your 2008 return. See the box on page 14 for a list of the qualifying schools in each category of institution. The credit allowed for *each* category is equal to the lesser of (1) 50% of the contributions made to all schools in the category, (2) 40% of the tax on line 2 of the Tax Computation Schedule, or (3) \$250. Enter the credit on the applicable line.

- A tax credit is allowed for the payment of premiums on a long-term care insurance policy covering yourself, your spouse, child, parent, or stepparent. The credit is equal to the lesser of (1) 25% of the premiums paid during the year or (2) \$100 multiplied by the number of qualifying persons covered by the policy.
- A tax credit is allowed for installing a qualifying biomass, geothermal, solar, or wind energy device on property you own or lease in North Dakota. For details, see N.D.C.C. § 57-38-01.8.
- A tax credit is allowed for paying wages to a developmentally disabled or chronically mentally ill employee. For details, see N.D.C.C. § 57-38-01.16.
- A tax credit is allowed for paying qualifying expenses for the care of a disabled or elderly family member. **Attach Schedule FC.**
- If you qualified for a tax credit under the ND Renaissance Zone Act, enter the amount from Schedule RZ, Part 6, line 6. **Attach Schedule RZ.**
- A tax credit is allowed for making a qualifying investment in a business certified as an agricultural commodity

processing facility under N.D.C.C. ch. 57-38-6. The credit is equal to 30% of the investment. No more than \$50,000 of the total credit may be used in any tax year. Also, no more than \$250,000 of tax credits are allowed to an investor for investments made in all tax years. An unused credit may be carried forward up to 10 years.

- A tax credit is allowed for making a qualifying investment in a business certified for purposes of the seed capital investment tax credit program under N.D.C.C. ch. 57-38.5. The credit is equal to 45% of the investment. No more than \$112,500 of the total credit may be used in any tax year. An unused credit may be carried forward up to 4 years.
- A tax credit is allowed for buying membership in, paying dues to, or contributing to a certified nonprofit development corporation under N.D.C.C. § 10-33-124. The credit is equal to the lesser of (1) 25% of the amount paid or (2) \$2,000. An unused credit may be carried forward up to 7 years.
- A tax credit is allowed to a licensed supplier (wholesaler) of biodiesel fuel for blending biodiesel fuel. For details, see N.D.C.C. § 57-38-01.22.
- A tax credit is allowed to a licensed seller (retailer) to adapt or add equipment to the seller's facility to enable it to sell biodiesel fuel. For details, see N.D.C.C. § 57-38-01.23.
- A tax credit is allowed for making a charitable contribution to a qualified nonprofit organization in North Dakota under a qualifying planned gift arrangement. **Attach Schedule PG.**
- A tax credit is allowed to an employer for hiring an eligible college student under a qualifying internship program in North Dakota. For details, see N.D.C.C. § 57-38-01.24.
- A tax credit is allowed to an eligible small business certified as a microbusiness by the North Dakota Commerce Department. For details, see N.D.C.C. § 57-38-01.27.

2008 Form ND-2 Tax Rate Schedule

If North Dakota taxable income is:

The tax is equal to:

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

- A tax credit is allowed for certain expenses of conducting qualifying research in North Dakota. For details, see N.D.C.C. § 57-38-30.5.
- A tax credit is allowed for making a qualifying investment in an angel fund incorporated in North Dakota. For details, see N.D.C.C. § 57-38-01.26.
- Enter on this line your share of the North Dakota endowment fund tax credit from a North Dakota Schedule K-1.
- **NEW!** A tax credit is allowed for using extraordinary methods to hire an employee. For details, see N.D.C.C. § 57-38-01.25.
- **NEW!** Enter on this line an unused 2007 residential and agricultural property income tax credit that you elected to use on your 2008 return. Also include on this line an unused 2007 commercial property income tax credit.

Lines 6a through 6c - Residential and agricultural property tax credit

Line 6a. You may be eligible for an income tax credit if both of the following apply:

- You either (1) maintained a primary residence in North Dakota for the entire 2007 tax year or (2) established a primary residence in North Dakota during the 2007 tax year that you maintained until the end of that year; *and*
- You owned residential or agricultural property located in North Dakota for which you were liable for the 2007 real estate tax or the 2008 mobile home tax.

See **Schedule PT** (in this booklet) for details. **Attach Schedule PT.**

Line 6c. If you have an unused residential and agricultural property tax credit (of at least \$5.00) on line 6b, you must elect one of the following:

- Carry over the unused credit and use it to reduce the income tax liability on your 2009 North Dakota income tax return.

- Request our office to send you a certificate for the amount of the unused credit, which you then redeem at the county treasurer's office for any county in which you have eligible property.

Fill in the applicable circle on line 6c to indicate your election.

Important: An election to receive a certificate for the amount of the unused credit must be made by the due date (or extended due date) of the original 2008 return. If you file your return late, an election to receive a certificate is not valid, and the amount of the unused credit must be carried over to your 2009 return.

Line 8 - Withholding

If you received a Form W-2, Form 1099, or North Dakota Schedule K-1 showing North Dakota income tax withholding for the 2008 tax year, enter the total of the North Dakota income tax withheld on this line. Be sure the state identified on the applicable form is North Dakota. **Attach a copy of the Form W-2, Form 1099, or North Dakota Schedule K-1.**

Line 12 - Application of overpayment to 2009

If you have an overpayment on line 11, you may elect to apply part or all of it as an estimated payment toward your 2009 income tax liability. If you make this election, you may not change the election or the amount you applied after you file your return.

Lines 13 and 14 - Voluntary contributions

If you have an overpayment on line 11, you may make a voluntary contribution of part or all of your overpayment to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will reduce your refund.

Line 17 - Penalty and interest

Our office will notify you of any penalty and interest owed for late filing or late payment, or for interest owed on an extension. However, you may calculate the amount of penalty, interest, or both, that you owe and pay it with your return. Enter the separate penalty and interest amounts, and their total, on line 17. For how to calculate the penalty and interest due, see page 5.

Qualifying nonprofit private high schools and colleges

(for charitable contribution tax credit - Tax Computation Schedule, Line 4)

High school category—

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

College category—

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

Lines 18 and 19 - Voluntary contributions

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

Line 20 - Balance due

The balance due (including the amount, if any, from line 21) must be paid in full with your return. Make your check or money order payable to "ND State Tax Commissioner." A late payment is subject to penalty and interest charges—see **Penalty and interest** on page 5.

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

Line 21 - Interest on underpaid estimated tax

If you were required to pay estimated North Dakota income tax for 2008, but you did not pay enough or you paid it late, interest is charged on the underpayment or late payment. To determine if you owe interest, obtain and complete the **2008 Form 400-UT**.

Sign your return

Sign and date your return. If you are filing a joint return, both spouses must sign. An unsigned return is not a valid return and will be sent back to you. This may result in penalty and interest charges if you refile it after the due date.

Disclosure authorization. You may authorize the Office of State Tax Commissioner (Tax Department) to directly contact your tax return preparer to discuss your 2008 return by checking the box to the right of the signature area on the return. This allows the Tax Department to ask questions and request missing information needed to process your return. It also allows your preparer to respond to the questions and provide the requested information, to check on the status of your return's processing (including a related refund or payment), and to respond to notices that you share with your preparer about math errors and return preparation. *(Note: The Tax Department will only send notices directly to you.)*

This authorization only applies to the individual whose printed name and signature appear in the preparer's signature area (and not to any firm). The authorization only applies to the return on which it is made, and it automatically expires on the due date (excluding extensions) for filing the 2009 return. The authorization does not allow your preparer to receive your refund check, to bind you in any way (including any additional tax liability), or to otherwise represent you before the Tax Department.

Tips for trouble-free filing

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

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

Before you file, check the following—

- Write legibly**
Our inability to read your information may result in errors.
- Enter your correct social security number**
If married, include your spouse's social security number.
- Check your math**
This is a common problem.
- Include all W-2s, 1099s, and ND Schedule K-1s**
These are required to verify your withholding.
- Use the right address**
Amazingly, thousands of North Dakota returns are mailed to the Internal Revenue Service by mistake each year. Use the preprinted envelope.
- Use the right postage**
Insufficient postage means the U.S. Postal Service will send your return back to you.
- Sign the return**
An unsigned return means you will get your return back from our office. It is not complete without your signature(s).
- Include a copy of your federal return**
It's required by law and is part of a complete return. If missing, we will send your return back to you.

Instructions for Schedule PT

General instructions

Purpose of schedule

Use the 2008 Schedule PT to calculate your property tax relief income tax credits that are available for the 2008 tax year.

Eligible property taxes

Both of the credits allowed for the 2008 income tax year are calculated on the **2007 real estate tax** or **2008 mobile home tax**. You must have your 2007 real estate tax statement or your 2008 mobile home tax statement available to complete Schedule PT.

Classification of property

The classification of your property as residential, agricultural, or commercial is based on how it is classified for property tax purposes, as determined by the county in which it is located. The classification is not necessarily based on the location or use of the property. *If unsure of your property's classification, contact your county assessor's office.*

Leased property

If you own eligible property that you lease to another person, only you may claim a credit for the property. This applies even if your tenant (lessee) agrees as part of your lease agreement to pay the property taxes. You may not claim a credit on property that you lease from another person, even if you agree to pay the property taxes for the owner.

Life estate holder

If you transfer the deed to your home to another person, but retain a life estate interest in the home that gives you all rights of ownership until your death, you are the owner of the property for purposes of these credits.

Grantor-type trust

If you are considered the owner of property held by a trust that is a "grantor-type" trust under federal income tax law, you may claim the applicable property tax credit on the property. This generally applies if you are the grantor of a trust over which you retained the power to revoke the trust or to receive property or income from the trust.

Contract for deed

If you sold or purchased eligible property under a contract for deed, whether or not you may claim these credits will depend on

the terms of the contract and who paid the property taxes on the property.

Unpaid property taxes

The eligible property taxes must be paid in full before claiming the credit. If the property taxes are paid in installments, a credit may not be claimed until the final installment is paid.

Confidentiality waiver

Your completion and attachment of Schedule PT to your North Dakota return constitutes your consent that the Office of State Tax Commissioner may divulge to a co-owner information from your Schedule PT pertaining to a jointly owned parcel of property for purposes of administering the tax credit.

Section 1

Residential and agricultural property income tax credit

Eligibility requirements

To qualify for the residential and agricultural property income tax credit, you must meet all of the following:

- You either (1) maintained a primary residence in North Dakota for the entire 2007 tax year or (2) established a primary residence in North Dakota during the 2007 tax year that you maintained until the end of that year;
- and*
- You owned residential or agricultural property located in North Dakota for which you were liable for the **2007 real estate tax** or **2008 mobile home tax**. See the instructions to line 2 of this Section 1 for more details.

Primary residence. A primary residence generally means a dwelling that you own or rent that, except for temporary absences, is the place where you reside most of the time during the year. Generally, it also constitutes your legal residence for state income tax purposes. If you are a member in the U.S. armed forces, you meet this primary residence requirement if:

- You were a **resident** of North Dakota during the 2007 tax year. This applies regardless of where you were stationed during 2007 tax year; *or*
- You were a **nonresident** of North Dakota and you lived in a home, apartment, or on-base housing in North Dakota that was your primary residence for most of the 2007 tax year while stationed in North Dakota.

Specific line instructions for Section 1

Line 2

In Columns A through E, enter the information for each parcel of eligible residential and agricultural property. List each parcel on a separate line. A county will issue a separate property tax statement for each parcel of property. You may enter a parcel of property in Section 1, line 2, only if all of the following apply:

- The property is classified as residential or agricultural for property tax purposes.
- The property is located in North Dakota.
- You owned the property on the due date of the 2007 real estate tax or 2008 mobile home tax. The 2007 real estate tax became due on January 1, 2008. The 2008 mobile home tax became due on January 10, 2008; however, if you purchased the mobile home or moved it into North Dakota during the 2008 calendar year, the mobile home tax became due on the 10th day after its purchase or move.
- The 2007 real estate tax or 2008 mobile home tax due on the property has been fully paid. For jointly owned property, this condition is met regardless of which co-owner(s) paid the tax.

If you need to enter more than four parcels, obtain Schedule PTC and complete Continuation Schedule 1.

Column A. Enter the property (or parcel) number from your real estate tax statement or mobile home tax statement. *Do not enter the property's address or legal description.*

Column B. Using the County Number Table on page 17, enter the number for the county in which the parcel is located.

Column C. Enter the **consolidated tax** from your statement. This is the total amount of the property taxes shown on your statement *before* any special assessments are added and *before* any discount is subtracted. Enter the total consolidated tax even though you may jointly own the property with one or more other taxpayers.

Column D. If you own 100% of the parcel, enter 100%. If you own less than 100%, enter your ownership share as a percentage. If only you and your spouse jointly own the parcel, and you are filing a joint return with your spouse, enter 100%.

Section 2

Commercial property income tax credit

Eligibility requirements

To qualify for the commercial property income tax credit, you must meet one or both of the following:

- You owned commercial property located in North Dakota for which you were liable for the **2007 real estate tax** or **2008 mobile home tax**. See the instructions to line 1 of this Section 2.
- You owned an interest in a partnership, S corporation, or limited liability company (treated like a passthrough entity) that owned commercial property located in North Dakota for which the entity was liable for the **2007 real estate tax** or **2008 mobile home tax**. See the instructions to line 3 of this Section 2.

Specific line instructions for Section 2

Line 1

In Columns A through E, enter the information for each parcel of eligible commercial property. List each parcel on a separate line. A county will issue a separate property tax statement for each parcel of property. You may enter a parcel only if all of the following apply:

- The property is classified as commercial for property tax purposes.
- The property is located in North Dakota.
- You owned the property on the due date of the 2007 real estate tax or the 2008 mobile home tax. The 2007 real estate tax became due on January 1, 2008. The 2008 mobile home tax became due

on January 10, 2008; however, if you purchased the mobile home or moved it into North Dakota during the 2008 calendar year, the mobile home tax became due on the 10th day after its purchase or move.

- The 2007 real estate tax or 2008 mobile home tax due on the property has been fully paid. For jointly owned property, this condition is met regardless of which co-owner(s) paid the tax.

If you need to enter more than three parcels, obtain Schedule PTC and complete Continuation Schedule 2.

Column A. Enter the property (or parcel) number from your real estate tax statement or mobile home tax statement. **Do not enter the property's address or legal description.**

Column B. Using the County Number Table on this page, enter the number for the county in which the parcel is located.

Column C. Enter the **consolidated tax** from your statement. This is the total amount of the property taxes shown on your statement **before** any special assessments are added and **before** any discount is subtracted. Enter the total consolidated tax even though you may jointly own the property with one or more other taxpayers.

Column D. If you own 100% of the parcel, enter 100%. If you own less than 100%, enter your ownership share as a percentage. If only you and your spouse jointly own the parcel, and you are filing a joint return with your spouse, enter 100%.

Line 3

In Columns A through E, enter the information for each partnership, S corporation, or limited liability company (treated like a passthrough entity) for which the following apply:

- The entity owned property classified as commercial for property tax purposes.
- The property is located in North Dakota.
- The entity was liable for the 2007 real estate tax or 2008 mobile home tax due on the property.
- You owned an interest in the entity on the date the real estate tax or mobile home tax became due. See the instructions to line 1 of this Section 2 for when the eligible property taxes became due.

In most cases, the passthrough entity will provide you with a statement containing the required information. However, in some cases, you may have to contact the entity to obtain it.

If you need to enter more than three entities, obtain Schedule PTC and complete Continuation Schedule 3.

Column A. Enter the name of the eligible passthrough entity.

Column B. Enter the entity's federal employer identification number (FEIN).

Column C. Enter the total eligible property taxes on all of the entity's North Dakota commercial properties. This is the **consolidated tax** from the entity's 2007 real estate tax statement(s) and 2008 mobile home tax statement(s). Do not include special assessments and do not subtract any discount.

Column D. Enter as a percentage your share of the property taxes as of the due date of the property taxes.

Line 9

Enter the amount of the commercial property tax credit shown on line 8 that you are using to reduce your tax for 2008.

County Number Table

Adams.....	001	Cavalier.....	019	Grant.....	037	McLean.....	055	Ransom.....	073	Steele.....	091
Barnes.....	003	Dickey.....	021	Griggs.....	039	Mercer.....	057	Renville.....	075	Stutsman.....	093
Benson.....	005	Divide.....	023	Hettinger.....	041	Morton.....	059	Richland.....	077	Towner.....	095
Billings.....	007	Dunn.....	025	Kidder.....	043	Mountrail.....	061	Rolette.....	079	Traill.....	097
Bottineau.....	009	Eddy.....	027	LaMoure.....	045	Nelson.....	063	Sargent.....	081	Walsh.....	099
Bowman.....	011	Emmons.....	029	Logan.....	047	Oliver.....	065	Sheridan.....	083	Ward.....	101
Burke.....	013	Foster.....	031	McHenry.....	049	Pembina.....	067	Sioux.....	085	Wells.....	103
Burleigh.....	015	Golden Valley.....	033	McIntosh.....	051	Pierce.....	069	Slope.....	087	Williams.....	105
Cass.....	017	Grand Forks.....	035	McKenzie.....	053	Ramsey.....	071	Stark.....	089		

School district codes

If you were a resident of North Dakota for part or all of the tax year, find the code number for the school district in which you resided for most of 2008. If you are married and filing a joint return, and only one spouse was a resident of North Dakota for part or all of the tax year, find the code number for the school district in which that spouse resided for most of the year. If you (and your spouse, if married filing jointly) were nonresidents of North Dakota for the entire tax year, the code number is 54-000. Enter the number on the lines for the School District Code at the top of Form ND-2, page 1.

School District Address	School District	Code No.	School District Address	School District	Code No.	School District Address	School District	Code No.			
Adams	ND	Adams 128	50-128	Grand Forks	ND	Grand Forks 1	18-001	New England	ND	New England 9	21-009
Alexander	ND	Alexander 2	27-002			Air Force Base 140	18-140	New Rockford	ND	New Rockford	
Almont	ND	Sims 8	30-008	Grenora	ND	Grenora 99	53-099	-Sheyenne 2			14-002
Amidon	ND	Central Elem. 32	44-032	Gwinner	ND	N Sargent 3	41-003	New Salem	ND	New Salem 7	30-007
Anamoose	ND	Anamoose 14	25-014	Hague	ND	Bakker 10	15-010	New Town	ND	New Town 1	31-001
Ashley	ND	Ashley 9	26-009	Halliday	ND	Halliday 19	13-019	Newburg	ND	Newburg-United 54	05-054
Baldwin	ND	Baldwin 29	08-029			Twin Buttes 37	13-037	Northwood	ND	Northwood 129	18-129
Beach	ND	Beach 3	17-003	Hankinson	ND	Hankinson 8	39-008	Oakes	ND	Oakes 41	11-041
Belcourt	ND	Belcourt 7	40-007	Harvey	ND	Harvey 38	52-038	Oberon	ND	Oberon 16	03-016
Belfield	ND	Belfield 13	45-013	Hatton	ND	Hatton 7	49-007	Page	ND	Page 80	09-080
Berthold	ND	Lewis and Clark 161	51-161	Hazelton	ND	Haz-Mof-Brad 6	15-006	Park River	ND	Park River 78	50-078
Beulah	ND	Beulah 27	29-027	Hazen	ND	Hazen 3	29-003	Parshall	ND	Parshall 3	31-003
Binford	ND	Midkota 7	20-007	Hebron	ND	Hebron 13	30-013	Pembina	ND	North Border 100	34-100
Bismarck	ND	Bismarck 1	08-001	Hettinger	ND	Hettinger 13	01-013	Petersburg	ND	Dakota Prairie 1	32-001
		Naughton 25	08-025	Hillsboro	ND	Hillsboro 9	49-009	Pingree	ND	Pingree-Buchanan 10	47-010
		Apple Creek 39	08-039	Hoople	ND	Valley 12	34-012	Powers Lake	ND	Powers Lake 27	07-027
		Manning 45	08-045	Hope	ND	Hope 10	46-010	Ray	ND	Nesson 2	53-002
Bottineau	ND	Bottineau 1	05-001	Hunter	ND	Northern Cass 97	09-097	Richardton	ND	Richardton-Taylor 34	45-034
Bowbells	ND	Bowbells 14	07-014	Hurdsfield	ND	Pleasant Valley 35	52-035	Robinson	ND	Robinson 14	22-014
Bowman	ND	Bowman Co 1	06-001	Inkster	ND	Midway 128	18-128	Rock Lake	ND	N Central 28	48-028
Buxton	ND	Central Valley 3	49-003	Jamestown	ND	Jamestown 1	47-001	Rogers	ND	Barnes Co. North 7	02-007
Cando	ND	Northern Star 10	48-010	Kenmare	ND	Kenmare 28	51-028	Rolette	ND	Rolette 29	40-029
Carrington	ND	Carrington 49	16-049	Kenal	ND	Kenal 19	47-019	Rolla	ND	Mt. Pleasant 4	40-004
Carson	ND	Roosevelt 18	19-018	Killdeer	ND	Killdeer 16	13-016	Roseglen	ND	White Shield 85	28-085
Cartwright	ND	Horse Creek 32	27-032	Kindred	ND	Kindred 2	09-002	Rugby	ND	Rugby 5	35-005
Casselton	ND	Central Cass 17	09-017	Kulm	ND	Kulm 7	23-007	Sawyer	ND	Sawyer 16	51-016
Cavalier	ND	Cavalier 6	34-006	Lakota	ND	Lakota 66	32-066	Scranton	ND	Scranton 33	06-033
Center	ND	Center-Stanton 1	33-001	LaMoure	ND	LaMoure 8	23-008	Selfridge	ND	Selfridge 8	43-008
Colfax	ND	Richland 44	39-044	Langdon	ND	Langdon Area 23	10-023	Sidney	MT	Earl 18	27-018
Cooperstown	ND	Griggs County		Larimore	ND	Larimore 44	18-044	Solen	ND	Solen 3	43-003
		Central 18	20-018	Leeds	ND	Leeds 6	03-006	South Heart	ND	South Heart 9	45-009
Crosby	ND	Divide County 1	12-001	Lidgerwood	ND	Lidgerwood 28	39-028	St. Anthony	ND	Little Heart 4	30-004
Des Lacs	ND	United 7	51-007	Lignite	ND	Burke Central 36	07-036	St. John	ND	St. John 3	40-003
Devils Lake	ND	Devils Lake 1	36-001	Linton	ND	Linton 36	15-036	St. Thomas	ND	St. Thomas 43	34-043
Dickinson	ND	Dickinson 1	45-001	Lisbon	ND	Lisbon 19	37-019	Stanley	ND	Stanley 2	31-002
Drake	ND	Drake 57	25-057			Ft. Ransom 6	37-006	Starkweather	ND	Starkweather 44	36-044
Drayton	ND	Drayton 19	34-019	Maddock	ND	Maddock 9	03-009	Steele	ND	Kidder Co. 1	22-001
Dunseith	ND	Dunseith 1	40-001	Mandan	ND	Mandan 1	30-001	Sterling	ND	Sterling 35	08-035
Edgeley	ND	Edgeley 3	23-003			Sweet Briar 17	30-017	Strasburg	ND	Strasburg 15	15-015
Edinburg	ND	Edinburg 106	50-106	Mandaree	ND	Mandaree 36	27-036	Surrey	ND	Surrey 41	51-041
Edmore	ND	Edmore 2	36-002	Manvel	ND	Manvel 125	18-125	Thompson	ND	Thompson 61	18-061
Elgin	ND	Elgin-New Leipzig 49	19-049	Mapleton	ND	Mapleton 7	09-007	Tioga	ND	Tioga 15	53-015
Ellendale	ND	Ellendale 40	11-040	Marion	ND	Litchville-Marion 46	02-046	Tower City	ND	Maple Valley 4	09-004
Emerado	ND	Emerado 127	18-127	Marmarth	ND	Marmarth 12	44-012	Towner	ND	TGU 60	25-060
Enderlin	ND	Enderlin Area 24	37-024	Max	ND	Max 50	28-050	Trenton	ND	Eight Mile 6	53-006
Fairmount	ND	Fairmount 18	39-018	Mayville	ND	May-Port CG 14	49-014	Turtle Lake	ND	Turtle Lake-	
Fairview	MT	Yellowstone 14	27-014	McClusky	ND	McClusky 19	42-019	Mercer 72			28-072
Fargo	ND	Fargo 1	09-001	Medina	ND	Medina 3	47-003	Underwood	ND	Underwood 8	28-008
Fessenden	ND	Fessenden-Bowdon 25	52-025	Medora	ND	Billings Co. 1	04-001	Valley City	ND	Valley City 2	02-002
Finley	ND	Finley-Sharon 19	46-019	Menoken	ND	Menoken 33	08-033	Velva	ND	Velva 1	25-001
Flasher	ND	Flasher 39	30-039	Milnor	ND	Milnor 2	41-002	Wahpeton	ND	Wahpeton 37	39-037
Fordville	ND	Fordville-Lankin 5	50-005	Minnewaukan	ND	Minnewaukan 5	03-005	Warwick	ND	Warwick 29	03-029
Forman	ND	Sargent Central 6	41-006	Minot	ND	Minot 1	51-001	Washburn	ND	Washburn 4	28-004
Ft. Totten	ND	Ft. Totten 30	03-030			Nedrose 4	51-004	Watford City	ND	McKenzie Co 1	27-001
Ft. Yates	ND	Ft. Yates 4	43-004			Eureka 19	51-019	West Fargo	ND	West Fargo 6	09-006
Gackle	ND	Gackle-Streeter 56	24-056			S Prairie 70	51-070	Westhope	ND	Westhope 17	05-017
Garrison	ND	Garrison 51	28-051			Air Force Base 160	51-160	Williston	ND	Williston 1	53-001
Glen Ullin	ND	Glen Ullin 48	30-048	Minto	ND	Minto 20	50-020			New 8	53-008
Glenburn	ND	Glenburn 26	38-026	Mohall	ND	Mohall-Lansford		Wilton	ND	Montefiore 1	28-001
Golva	ND	Lone Tree 6	17-006			-Sherwood 1	38-001	Wing	ND	Wing 28	08-028
Goodrich	ND	Goodrich 16	42-016	Montpelier	ND	Montpelier 14	47-014	Wishek	ND	Wishek 19	26-019
Grafton	ND	Grafton 3	50-003	Mott	ND	Mott-Regent 1	21-001	Wolford	ND	Wolford 1	35-001
		Nash 51	50-051	Munich	ND	Munich 19	10-019	Wyndmere	ND	Wyndmere 42	39-042
				Napoleon	ND	Napoleon 2	24-002	Zeeland	ND	Zeeland 4	26-004



The *Trees for North Dakota* Income Tax Check-Off **Stand Up for Trees (S↑4T)**

North Dakota's tree and forest resources face many challenges every year. Factors like tornadoes, wildfires, insects and diseases, community sprawl, agricultural pressures and even old age have harmful affects on trees. Fortunately, there is a way to "stand up for trees" (S↑4T) and help care for, protect and preserve them for present and future generations to enjoy.



Our collective efforts can make incredible contributions to the quality of life in North Dakota for all who live and visit here. Each of us has the ability to play an important role in the overall health and well-being of our forest resources. Please consider making a donation to the **Trees for North Dakota Trust Fund** and joining the very special people who **S↑4T**.



To contribute to the **Trees for North Dakota Trust Fund**, consult your tax preparer or enter a voluntary contribution on the 2008 North Dakota Individual Income Tax Return.

Form ND-1: Refund return (Line 31)/Tax due (Line 35)

Form ND-2: Refund return (Line 14)/Tax due (Line 19)

**Larry A. Kotchman, State Forester
NORTH DAKOTA FOREST SERVICE
307 First Street East
Bottineau ND 58318-1100**

**Telephone: (701) 228-5422
www.nd.gov/forest
forest@nd.gov**

HELP PROMOTE AND DEVELOP WATCHABLE WILDLIFE OPPORTUNITIES IN NORTH DAKOTA

Contribute to the Watchable Wildlife Fund

*To contribute, see information on your North Dakota Tax Form
and check off for Watchable Wildlife*

Your contributions have helped fund projects including:

- *Conservation education projects to Schools and Communities*
- *Species of concern habitat projects*
- *Grants to civic organizations for wildlife projects*
- *Watchable Wildlife recruitment and education programs*

For more information contact:
North Dakota Game and Fish Department
100 N. Bismarck Expressway
Bismarck, ND 58501-5095
Web: gf.nd.gov
Email: ndgf@nd.gov



How to assemble your return

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

1. Form ND-2.
2. Schedule 3, if required.
3. Schedule 4, if required.
4. Schedule PT, if required.
5. Schedule PTC, if required.
6. All other official North Dakota schedules and forms required to be attached.
7. Form W-2s, Form 1099s, and North Dakota Schedule K-1s showing North Dakota withholding.
8. Copy of federal tax return.
9. Supporting statements required in instructions.

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

Before mailing . . .

- Make sure that you entered your name, correct mailing address, and social security number on the return. If married, include your spouse's social security number.
- Double-check your math.
- Make sure you included all of your Form W-2s, Form 1099s, and North Dakota Schedule K-1s showing North Dakota income tax withheld.
- Check to see that all required schedules and supporting statements are included.
- Enclose a complete copy of your federal tax return.
- Sign your return. If filing a joint return, your spouse also must sign.
- Use adequate postage.
- Make a copy of the return for your records.



Important:

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

Need help with your federal return?

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

Telephone assistance (toll free)

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

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

- **Ordering forms and publications** **1-800-829-3676**
Call this number to order federal tax forms and informational publications.

- **Recorded tax and refund information**..... **1-800-829-4477**
Call this number to listen to pre-recorded information on a wide variety of federal tax topics or to check the status of your federal income tax refund. Please allow at least 6 weeks after you file your return (3 weeks if you filed electronically) before calling about the status of your refund, and be sure to have your social security number, filing status, and exact whole-dollar amount of your refund available when you call.

Web site

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

Walk-in service

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

Bismarck (*closed 11 a.m.-12 noon*)
Kirkwood Bank & Trust Building
2911 N 14th Street (3rd Floor)
(*next to Space Aliens restaurant*)

Fargo (*closed 11 a.m.-12 noon*)
Federal Building
Room 470
657 2nd Avenue North

Grand Forks (*closed 11 a.m.-12 noon*)
Federal Building
Room 137
102 North 4th Street

Minot (*closed 11 a.m.-12 noon*)
305 17th Avenue SW
(*behind Hollywood Video store*)

Do you need any forms?

Download and print the forms you need from our web site at—
www.nd.gov/tax

Or use this form to order any forms you need. Check the box for the form you need. You will receive two copies of each item you order.

- Form ND-2**, Individual income tax form (Optional method) [Includes Schedule 2]
- Schedule 3**, Schedule for full-year nonresident or part-year resident using Form ND-2
- Schedule 4**, Calculation of credit for income tax paid to another state
- Schedule FC**, Family member care income tax credit
- Schedule PG**, Planned gift tax credit
- Schedule PT**, Property tax relief income tax credits for individuals
- Schedule PTC**, Continuation schedules for property tax relief income tax credits
- Schedule RZ**, Renaissance Zone Act exemptions and tax credits
- Form 400-EXT**, Individual extension payment
- Form 400-UT**, Calculation of interest on underpayment or late payment of estimated income tax for individuals
- Form 101**, Extension of time to file a North Dakota tax return
- Form ND-1 booklet**, Individual income tax form (Main method) and instructions
- Form ND-3**, Request for residential and agricultural property tax credit certificate
- 2009 Form 400-ES**, Estimated income tax—individuals [Use for 2009 tax year estimated tax]
- One time (use tax) remittance form** [For individuals who buy goods from out-of-state retailers and pay less sales tax than North Dakota charges]
- Claim for refund of city or county sales and use tax transmittal form** [For individuals who paid local sales or use tax in excess of the maximum due]

Complete and mail to:

Attn: 2008 Forms Order
ND Office of State Tax Commissioner
600 E. Boulevard Ave. Dept. 127
Bismarck, ND 58505-0599

Do not use the envelope in this booklet.

Type or print carefully. This is your mailing label.

Name

Address

City

State

ZIP code

Need forms or assistance?

Web site

Obtain tax forms and instructions on our web site at—
www.nd.gov/tax

E-mail

Submit your questions or comments to us at—
individualtax@nd.gov

Phone

Call us toll free (within North Dakota) at **1-877-328-7088**, Monday-Friday, 8 a.m. to 5 p.m. In the local Bismarck-Mandan area, or from outside North Dakota, call us as follows—

Questions: **(701) 328-1247**

Form requests: **(701) 328-1243**

If speech or hearing impaired, call Relay North Dakota at—
1-800-366-6888 (and ask for 1-877-328-7088)

Or write to us at—

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

Check the status of your refund

You may check the status of your refund on our web site at www.nd.gov/tax. Find and click on the link [Where's My Refund?](#).

This will take you to a secure web page where you will find instructions on how to make your inquiry. Have a copy of your return handy because you will be asked for certain information from it.

You may also send an e-mail to taxpayerservices@nd.gov or call **(701) 328-1242**. If you direct deposited your refund, first check with your bank to see if it has been deposited into your account. However you contact us, you must provide the following information:

- Your name (and spouse's name, if joint return).
- Your social security number (and spouse's social security number, if joint return).
- Tax year for which return was filed.
- Your filing status from your return.
- The *exact* amount of your refund.

A refund on an electronically filed return generally is issued within 7 business days, and a refund on a paper return can take up to 6 weeks to process.

Request a copy of your return or other information

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

- Your name and current address.
- Your social security number.
- Tax year.
- Description of information requested.
- Your signature.
- Daytime telephone number.