

January 7, 2004

Notice to nonresident U.S. armed forces members: Change to 2003 Form ND-1

Purpose of notice

On December 19, 2003, President Bush signed into law the Servicemembers Civil Relief Act (H.R. 100; Public Law No. 108-189). This federal legislation updated and expanded what has been known as the Soldiers' and Sailors' Civil Relief Act of 1940.

One of the new provisions in the Act provides that a state may not use the active duty military compensation of a nonresident servicemember to calculate the tax on other income of the nonresident servicemember or the servicemember's nonresident spouse that is sourced in the state if it causes an increase in the tax. For North Dakota individual income tax purposes, this provision in the Act affects the calculation of the tax on North Dakota Form ND-1 (Main Method). **Note: The Act does not affect the calculation of the tax on Form ND-2, the Optional Method.**

Adjustment to 2003 Form ND-1

Because the 2003 North Dakota Form ND-1 was already finalized and printed before the federal legislation was passed and signed into law, it does not take into account the change in the Act for nonresident servicemembers or their nonresident spouses. For purposes of completing the 2003 Form ND-1 only, the following special instructions apply:

- Write "Servicemembers Civil Relief Act" at the top of the 2003 Form ND-1.
- Enter active duty military compensation on line 5 of the 2003 Form ND-1 and write "nonresident military pay" on the dashed line to the left of the amount.

Note: This line is normally reserved for interest from U.S. obligations. Therefore, if the individual also has interest from U.S. obligations, add the active duty military compensation to the interest from U.S. obligations and enter the total on line 5.

- If Schedule SF (Schedule for joint filers with different states of residence) is required to be completed, also enter the active duty military compensation on Schedule SF, Part 2, line 5, Column C.

Have questions or need assistance?

If you have any questions about this notice or need assistance with preparing your 2003 North Dakota individual income tax return, contact the Individual Income Tax Section, North Dakota Office of State Tax Commissioner in any of the following ways:



E-mail us at individualtax@state.nd.us.



Call (701) 328-1032. If speech or hearing impaired, call 1-800-366-6888 (Relay North Dakota) and ask for 701-328-1032.



Write to Individual Income Tax Section, Office of State Tax Commissioner, 600 East Boulevard Avenue, Dept. 127, Bismarck, ND 58505-0599.