

Who must pay estimated tax?

A fiduciary for an estate or trust must pay estimated North Dakota income tax for the 2004 tax year if all four of the following conditions apply:

1. The fiduciary is required to pay estimated federal income tax for the 2004 tax year. This condition applies whether or not the fiduciary actually makes the required payment(s) of estimated tax to the Internal Revenue Service.

2. The fiduciary's net tax liability for the 2003 tax year was equal to or more than \$500.

Note: If the fiduciary was not required to file a North Dakota income tax return for the 2003 tax year, the fiduciary's net tax liability is zero for purposes of this condition.

3. The fiduciary expects to owe (after subtracting any estimated North Dakota income tax withholding) an amount equal to or more than \$500 for the 2004 tax year.
4. The fiduciary expects North Dakota income tax withholding for the 2004 tax year to be less than the smaller of:
 - a. 90% of the net tax liability for the 2004 tax year.
 - b. 100% of the net tax liability for the 2003 tax year.

Note: If the estate or trust was not in existence for the entire 2003 tax year, part b does not apply; the 90% threshold in part a must be applied.

How to determine the estimated tax

Complete the worksheet on page 2. The worksheet is set up only for fiduciaries who will use Schedule 1 of Form 38 for the 2004 tax year. See "**Schedule 2 (Optional method)**" below if Schedule 2 of Form 38 will be used to calculate the tax for the 2004 tax year.

For line 1 of the worksheet, estimate the federal taxable income using the 2004 Form 1041-ES, the federal estimated tax form for estates and trusts. See the instructions to Schedule 1 of the 2003 Form 38 for information on the adjustments on lines 2 and 4, and the credits on line 7, of the worksheet.

Schedule 2 (Optional method). If Schedule 2 of Form 38 will be used for the 2004 tax year, use a 2003 Form 38 to calculate an estimated North Dakota income tax (after credits but before subtracting any withholding). Enter this amount on line 8 of the worksheet on page 2, and complete lines 9 through 14 as instructed. Skip lines 15 through 19.

Payment amounts and due dates

In general, one-fourth (25%) of the total estimated tax required to be paid (from line 14 of the worksheet) for the 2004 tax year must be paid by each of the following due dates:

- 1st installment April 15, 2004
- 2nd installment June 15, 2004
- 3rd installment September 15, 2004
- 4th installment January 15, 2005

The above due dates apply if the fiduciary's tax year is a calendar year—January 1 through December 31, 2004. However, if the tax year is a fiscal year—i.e., the tax year starts on a day other than January 1—the installments are due on the 15th day of the 4th, 6th, and 9th months of the current tax year, and the 15th day of the 1st month of the following tax year. If any installment due date falls on a Saturday, Sunday, or legal holiday, the installment is not due until the next business day.

Farmer—If the fiduciary qualifies as a farmer for federal estimated income tax purposes for the 2004 tax year, the fiduciary may pay the estimated tax according to the general rules explained above, or the fiduciary may pay the full amount of the estimated tax due by January 15, 2005.

Note: Regardless of the option chosen, the fiduciary has until the regular due date to file the 2004 North Dakota fiduciary income tax return.

Part-year requirement—If a fiduciary for a nonresident estate or trust, or an estate or trust that was created during the tax year, does not receive income from North Dakota sources until after the first installment due date, the fiduciary must pay the required estimated tax in equal payments over the remaining installment due dates following the receipt of income from North Dakota sources.

How and where to pay

Complete the estimated tax payment voucher for the applicable installment due date and submit it along with a check or money order made payable to the "ND State Tax Commissioner." To ensure proper credit, please write the federal employer identification number and "2004 Form 401-ES" on the check or money order. Mail the payment and voucher to:

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

Underpayment or late payment interest

Interest may be charged if not enough estimated tax is paid, or if the payment is not made on time or in the required amount. This applies even if there is a refund on the North Dakota fiduciary income tax return for the 2004 tax year. Interest is calculated at the rate of 12% per year from the installment due date to the earlier of the date the estimated tax is paid or the regular due date of the return.

Need help?

If you have questions or need forms, see page 3 of this form for how to contact us.

Privacy Act information—In compliance with the Federal Privacy Act of 1974 (Public Law 93-579), the disclosure of the federal employer identification number on this form is mandatory and is required under subsections 1 and 7 of North Dakota Century Code § 57-38-31. A federal employer identification 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 the fiduciary's files with those of the Internal Revenue Service.

2004 estimated income tax worksheet—estate or trust

1. Estimated federal taxable income for the 2004 tax year (from worksheet in 2004 Federal Form 1041-ES) 1 _____
2. Addition adjustments—see the instructions to Schedule 1 of the 2003 Form 38 for required adjustments 2 _____
3. Balance (Add lines 1 and 2) 3 _____
4. Subtraction adjustments—see the instructions to Schedule 1 of the 2003 Form 38 for allowable adjustments 4 _____
5. North Dakota taxable income (Subtract line 4 from line 3) 5 _____
6. North Dakota income tax—calculate the tax for the amount on line 5 as follows 6 _____
 - If a resident estate or trust, calculate the tax using the 2004 Schedule 1 (Form 38) Tax Rate Schedule below.
 - If a nonresident estate or trust, complete lines 15 through 19 below.
7. Credits—see the instructions to Schedule 1 of the 2003 Form 38 for allowable credits 7 _____
8. Net tax liability (Subtract line 7 from line 6) 8 _____
9. Estimated North Dakota income tax withholding for the 2004 tax year 9 _____
10. Balance due (Subtract line 9 from line 8) If the amount on this line is less than \$500, stop here; no estimated tax is due 10 _____
11. Multiply line 8 by 90% (.90) 11 _____
12. Net tax liability from 2003 Form 38. If no return was required for 2003, enter 0. If the amount on this line is less than \$500, stop here; no estimated tax is due 12 _____
13. Enter the smaller of line 11 or line 12. However, if the estate or trust was not in existence for the entire 2003 tax year, enter the amount from line 11. If line 9 is equal to or greater than the amount on this line, stop here; no estimated tax is due 13 _____
14. Minimum annual payment. (Subtract line 9 from line 13) Divide this amount by four to determine the amount to pay on each installment due date. See **Payment amounts and due dates** in the instructions on page 1 for the due dates and for exceptions to paying in four installments 14 _____

Nonresident estate or trust tax calculation only (lines 15 through 19)

15. Calculate the tax for the amount on line 5 using the 2004 Schedule 1 (Form 38) Tax Rate Schedule below 15 _____
16. Income from North Dakota sources. Enter the portion of the fiduciary's income that is reportable to North Dakota (except U.S. obligation interest) 16 _____
17. Estimated total income of fiduciary (reduced by U.S. obligation interest) 17 _____
18. North Dakota income ratio (Divide line 16 by line 17. Round to nearest two decimal places.) 18 _____
19. Multiply line 15 by line 18. Enter this amount on line 6 above 19 _____

2004 Schedule 1 (Form 38) Tax Rate Schedule

Estate or Trust

If North Dakota taxable income is:		Your tax is equal to:
Over	But not over	
\$ 0	\$ 1,950	2.1% of North Dakota taxable income
1,950	4,600	40.95 + 3.92% of amount over \$ 1,950
4,600	7,000	144.83 + 4.34% of amount over 4,600
7,000	9,550	248.99 + 5.04% of amount over 7,000
9,550		377.51 + 5.54% of amount over 9,550



Form North Dakota Office of State Tax Commissioner
**401-ES Estimated tax payment voucher —
 estate or trust**

2004
1st Installment
 Due April 15, 2004

Name of estate or trust

Federal employer identification number

Name and title of fiduciary

Mailing address of fiduciary

City, State and Zip Code

Amount of Payment \$

401-ES
 For Tax
 Department
 use only

- Make check or money order payable to "ND State Tax Commissioner."
- Write FEIN and "2004 Form 401-ES" on check or money order.
- Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599



Form North Dakota Office of State Tax Commissioner
**401-ES Estimated tax payment voucher —
 estate or trust**

2004
2nd Installment
 Due June 15, 2004

Name of estate or trust

Federal employer identification number

Name and title of fiduciary

Mailing address of fiduciary

City, State and Zip Code

Amount of Payment \$

401-ES
 For Tax
 Department
 use only

- Make check or money order payable to "ND State Tax Commissioner."
- Write FEIN and "2004 Form 401-ES" on check or money order.
- Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599



Form North Dakota Office of State Tax Commissioner
**401-ES Estimated tax payment voucher —
 estate or trust**

2004
3rd Installment
 Due September 15, 2004

Name of estate or trust

Federal employer identification number

Name and title of fiduciary

Mailing address of fiduciary

City, State and Zip Code

Amount of Payment \$

401-ES
 For Tax
 Department
 use only

- Make check or money order payable to "ND State Tax Commissioner."
- Write FEIN and "2004 Form 401-ES" on check or money order.
- Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599