



NORTH DAKOTA 2014 FIDUCIARY INCOME TAX

RYAN RAUSCHENBERGER, TAX COMMISSIONER

FORM 38
INCLUDES:
FORM 38 (PAGES 1-3)
SCHEDULE K-1

Dear Taxpayer,

Inside this booklet you will find the paper forms and instructions you need to file your 2014 North Dakota fiduciary income tax.

This year's forms and instructions contain a number of changes resulting from legislation passed by the 2013 North Dakota Legislature. See page 1 of this booklet for more information on these and other changes affecting the forms and instructions in this booklet.

The instructions in this booklet are intended to help you prepare an accurate and complete return. I invite comments on where improvements may be made to these forms and instructions so that we can provide better service to North Dakota's taxpayers.

If you have any questions or need assistance, visit our web site at www.nd.gov/tax or contact our office. You'll find contact information on the inside front cover of this booklet.

Thank you,

A handwritten signature in cursive script that reads "Ryan Rauschenberger".

Ryan Rauschenberger,
Tax Commissioner

WWW.ND.GOV/TAX

- Download Tax Forms
- View and Print Guidelines
- Find Answers with our FAQs
- Email Additional Tax Questions to individualtax@nd.gov

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Required forms

The following forms are needed to complete Form 38:

Form 38	Fiduciary return (3 pages)
Schedule K-1	Beneficiary's share of North Dakota income (loss), deductions, adjustments, credits, and other items

The following forms may be needed:

Form 38-EXT	Fiduciary extension payment voucher
Schedule 38-UT	Calculation of interest on underpayment or late payment of estimated income tax
Form 101	Application for extension of time to file a North Dakota income tax return
Form PWA	Passthrough entity withholding adjustment
Form PWE	Nonresident passthrough entity member exemption and certification

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

Need help?

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

www.nd.gov/tax

E-mail

Individual, estate and trust income tax—

individualtax@nd.gov

Call

Questions (701) 328-1258

Forms (701) 328-1243

Speech/hearing impaired

TDD (800) 366-6888

Write

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

Office

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

Privacy Act Notification

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 57-01-15 and 57-38-31, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.



Taxpayer Bill of Rights

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

Changes affecting estates and trusts

Developments, updates, and items of interest relating to estate and trust income tax

Passthrough withholding and composite filing

Subject to a number of exceptions, a trust is required to withhold North Dakota income tax from the year-end distributive share of North Dakota income of its nonresident beneficiaries. Prior to 2014, this only applied to beneficiaries that are individuals. Starting with the 2014 tax year, the definition of a nonresident beneficiary was expanded to include nonresident trusts (including nonresident grantor trusts) and passthrough entities with a commercial domicile outside North Dakota. A beneficiary that is a nonresident trust or a passthrough entity with a commercial domicile outside North Dakota may elect to exempt its distributive share of North Dakota income from withholding by filing a new form, Form PWE, with the trust. In addition, these beneficiaries are eligible to include their distributive share of North Dakota income in a composite filing by the trust if they meet all of the composite filing conditions.

For more information, see “Withholding from nonresident beneficiaries” and “Composite filing” starting on page 3 of this booklet. Also see the instructions to Schedule BI, columns 5 through 7, and the instructions to Schedule K-1 in this booklet.

New online electronic payment provider

The electronic payment service provider that the North Dakota Office of State Tax Commissioner partners with to provide an online payment option has changed. The new service provider is Fidelity National Information Services, an authorized IRS tax payment processor. Through this service, fiduciaries may make a North Dakota income tax payment by credit or debit card, or by electronic check. The option to make an electronic payment by phone has been discontinued.

To access this service, go to www.nd.gov/tax/make-payment.html. Fidelity National Information Services charges a fee for this service, none of which goes to the State of North Dakota.

The types of income tax payments that may be made electronically include a balance due on Form 38, an estimated tax payment, and an extension payment.

Note: Making an electronic payment through an ACH credit transaction is still available—see page 9 of this booklet.

FEIN on paper check

Fiduciaries who submit income tax payments by paper check are asked to write the estate’s or trust’s federal employer identification number (FEIN) on the check. To help protect against identity theft, only the last four digits of the FEIN need to be written on the check. The fiduciary should continue to write the full FEIN on the payment voucher—Form 38-ES, 38-EXT, or 38-PV—which is retained and eventually disposed of by the Office of State Tax Commissioner.

Extension of preparer authorization period

If a fiduciary engages the services of a tax professional to prepare Form 38, the fiduciary may authorize the Office of State Tax Commissioner (Tax Department) to directly contact the preparer about the return. The authorization also allows the preparer to contact the Tax Department about the return. The authorization is limited in that it only applies to the return on which the authorization is made and it automatically expires on the due date of the following year’s return. A change was made to extend the authorization’s expiration date to the due date plus any extension(s) of the following year’s return.

Withholding from oil and gas royalties

Starting with the 2014 calendar year, oil and gas royalty payments to nonresident estates and trusts with a nonworking interest in North Dakota oil and gas production are subject to North Dakota income tax withholding. The person responsible for issuing the royalty payments must withhold 3.22% from the net royalty payment, which is the gross royalty amount less any related taxes (other than North Dakota income tax) and other deductions specified in the royalty agreement.

Some nonresident estate or trust royalty owners will not see any North Dakota income tax withheld from their royalty payments because either the person making the payment is exempt from the withholding requirement or the amount of the payment is below payment thresholds in the law.

Whether or not any North Dakota income tax is withheld from a nonresident estate’s or trust’s royalty payments, the fiduciary for the estate or trust is required to file a North Dakota income tax return (Form 38) to report the income. If North Dakota income tax is withheld from the royalty payments, the amount withheld must be reported on the withholding line on Form 38 to receive credit for it; the North Dakota income tax withheld is not passed through to the beneficiaries. Only North Dakota income tax withheld from the royalty payments may be claimed on the return. Other types of taxes withheld from the royalty payments, such as North Dakota oil or gas extraction and production taxes, may not be claimed on the return.

If Form 38 is filed on paper, a copy of the Federal Form 1099-MISC must be attached to support the withholding amount claimed. If Form 38 is filed electronically, a copy of the Form 1099-MISC does not have to be provided; however, the information from Form 1099-MISC must be provided as part of the electronic filing process.

Form 38 Instructions

2014

North Dakota Fiduciary Income Tax Return

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

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

General instructions

Who must file

Resident estate or trust

A fiduciary for a resident estate or trust must file a 2014 Form 38, *Fiduciary Income Tax Return*, if the fiduciary is required to file a 2014 Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

A fiduciary for a resident estate or trust is generally subject to the same law provisions that apply to a resident individual. The entire income (loss) of a resident estate or trust is reportable to North Dakota regardless of its source. An estate or trust is considered a resident if it has a relationship to North Dakota that is sufficient to create nexus for income tax purposes. See N.D. Admin. Code § 81-03-02.1-04 for more information.

Nonresident estate or trust

A fiduciary for a nonresident estate or trust must file a 2014 Form 38, *Fiduciary Income Tax Return*, if both of the following apply:

- The fiduciary is required to file a 2014 Form 1041, *U.S. Income Tax Return for Estates and Trusts*.
- The estate or trust derived any gross income from North Dakota sources during the 2014 tax year.

A fiduciary for a nonresident estate or trust is generally subject to the same law provisions that apply to a nonresident individual. Only the portion of the nonresident estate's or trust's gross income from North Dakota sources is reportable to North Dakota.

For a nonresident estate or trust, gross income from North Dakota sources includes the following:

- Compensation, including unemployment compensation, received by an estate based on services performed in North Dakota by a decedent.

- Rental income from real and tangible personal property located in North Dakota.
- Royalties, bonus or lease payments, and other income from an interest in oil, gas, coal, or other minerals located in North Dakota.
- Gain from the sale, exchange, or other disposition of real and tangible personal property located in North Dakota.
- Income from a sole proprietorship, partnership, S corporation, or other trade or business carried on in North Dakota. This includes farming and ranching operations.
- Income from gambling activity carried on in North Dakota.
- Income from another estate or trust consisting of the same kinds of income listed above.

For a nonresident estate or trust, gross income from North Dakota sources generally does not include interest, dividends, pensions, annuities, or income and gain from intangible property. However, interest, dividends, gains, and other income from intangible property are included in gross income from North Dakota sources if derived from a trade or business carried on in North Dakota.

Grantor trust

A grantor trust that, in lieu of filing Form 1041, elects to use an alternative filing method prescribed by the federal income tax regulations is deemed to have a requirement to file Form 1041 for purposes of the North Dakota filing requirements.

Tax-exempt trust

A fiduciary for a trust that is tax-exempt under Internal Revenue Code § 501(a) must file a 2014 Form 38 if (1) the fiduciary is required to file a 2014 Form 1041 to report the trust's unrelated business taxable income, (2) the federal income tax is calculated using the tax rates applicable to a trust, and (3) the unrelated business taxable income is reportable to North Dakota. The unrelated business taxable income is reportable to North Dakota if the trust is a North Dakota resident trust or, in the case of a nonresident trust, the unrelated business taxable income has a source in North Dakota.

Bankruptcy estate

A fiduciary that is required to file a 2014 Form 38 for a bankruptcy estate must file it in a manner similar to how the 2014 Form 1041 is filed. Use Form 38 only as a transmittal form for Form ND-1, *Individual Income Tax Return*. In the top margin of Form ND-1, write "Attachment to Form 38." Complete and attach Form ND-1 to Form 38. Complete Items A through H at the top of Form 38. Enter on Form 38, page 1, line 7, the net tax liability from Form ND-1, page 2, line 25. Then complete lines 8 through 17 on page 1 of Form 38 as required.

When and where to file

The 2014 Form 38 must be filed on or before (1) April 15, 2015, if filing for the 2014 calendar year, or (2) the 15th day of the 4th month following the end of the tax year, if filing for a fiscal year beginning in the 2014 calendar year. If the due date falls on a Saturday, Sunday, or holiday, the return may be filed on or before the next day that is not a Saturday, Sunday, or holiday.

Note: Use the 2013 Form 38 if filing for a fiscal year beginning in the 2013 calendar year.

Mail Form 38 and all required attachments to:

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

Extension of time to file

An extension of time to file Form 38 may be obtained in one of the following ways:

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

Federal extension. If an extension of time to file Federal Form 1041 is obtained, it is automatically accepted as an extension of time to file Form 38. The length of the extension for North Dakota purposes is the same number of months as the federal extension. A separate North Dakota extension does not have to be applied for, nor does the Office of State Tax Commissioner have to be notified that a federal extension has been obtained prior to filing Form 38.

North Dakota extension. If a federal extension is not obtained, but additional time is needed to complete and file Form 38, a separate North Dakota extension may be applied for by filing Form 101, *Application for Extension of Time to File a North Dakota Tax Return*. This is not an automatic extension—there must be good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of Form 38. Notification of whether the extension is accepted or rejected will be provided by the Office of State Tax Commissioner.

Extension interest. If Form 38 is filed on or before the extended due date, and any tax due is paid with the return, no penalty will be charged. Interest on the tax due will be charged at the rate of 12% per year from the original due date of the return to the earlier of the date the return is filed or the extended due date.

Prepayment of tax due. If an extension of time to file Form 38 is obtained, any tax expected to be due may be paid on or before the regular due date to avoid paying extension interest. For more information, including payment options, obtain the 2014 Form 38-EXT. Alternatively, a check or money order may be sent with a letter containing the following: (1) name of estate or trust; (2) last four digits of the estate's or trust's FEIN; (3) fiduciary's name, address and phone number; and (4) statement that the payment is a 2014 Form 38-EXT payment.

Penalty and interest

The tax due must be paid by the due date (without extension) of Form 38 to avoid penalty and interest charges. However, if an extension of time to file Form 38 was obtained, the tax due may be paid by the extended due date of the return without penalty, but extension interest will apply—see “Extension interest” and “Prepayment of tax due” on this page.

If Form 38 is filed on or before its due date (or extended due date), but the tax due is not paid with the return, a penalty equal to 5% of the tax due or \$5.00, whichever is greater, must be paid.

If Form 38 is not filed on or before its due date (or extended due date), a penalty equal to 5% of the tax due or \$5.00, whichever is greater, for the month the return was due plus 5% of the tax due for each additional month (or fraction of a month) during which the return remains delinquent must be paid. This penalty may not exceed 25% of the tax due.

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

Estimated tax requirement (for 2015)

A fiduciary for an estate or trust must pay estimated North Dakota income tax for the 2015 tax year if all four of the following conditions apply:

1. The fiduciary is required to pay estimated federal income tax for the 2015 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 North Dakota net income tax liability on the fiduciary's taxable income for the 2014 tax year (as shown on the 2014 Form 38, page 1, line 4) was equal to or more than \$1,000. **Note:** *If the fiduciary was not required to file a North Dakota income tax return for the 2014 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) North Dakota income tax equal to or more than \$1,000 for the 2015 tax year. **Note:** *Do not include income tax withholding from nonresident individual beneficiaries or composite income tax in this estimation.*
4. The fiduciary expects North Dakota income tax withholding (other than income tax withholding from nonresident individual beneficiaries) for the 2015 tax year to be less than the smaller of:
 - a. 90% of the North Dakota net income tax liability on the fiduciary's taxable income for the 2015 tax year. **Note:** *Substitute 66 2/3% if a qualified farmer. See instructions for 2015 Form 38-ES.*
 - b. 100% of the North Dakota net income tax liability on fiduciary's taxable income for the 2014 tax year (as shown on the 2014 Form 38, page 1, line 4). **Note:** *If the estate or trust was not in existence for the entire 2014 tax year, this part does not apply; the 90% threshold in part a must be applied.*

In general, one-fourth (25%) of the total estimated tax required to be paid for the 2015 tax year must be paid by April 15, June 15, and September 15, 2015, and January 15, 2016. For more information, including payment options, obtain the 2015 Form 38-ES.

Withholding from nonresident beneficiaries

A fiduciary for a trust must withhold North Dakota income tax at the rate of 3.22% from the year-end distributive share of North Dakota income of a nonresident beneficiary. Only a trust required to file Form 38 is subject to this requirement.

Nonresident beneficiary. For purposes of this withholding requirement, a nonresident beneficiary means:

- An individual who is not domiciled in North Dakota.
- A trust, including a grantor trust, that is not organized under North Dakota law. This only applies to trusts that are subject to income tax.
- A passthrough entity that has a commercial domicile outside North Dakota. A passthrough entity includes a partnership, S corporation, limited liability company treated like a partnership or S corporation, and any other similar entity.

Exemption from withholding. No withholding is required if any of the following apply:

- The distributive share of North Dakota income is less than \$1,000.
- The nonresident beneficiary elects to include the distributive share in a composite filing—see “Composite filing” on page 4.
- The nonresident beneficiary is a passthrough entity and elects exemption from withholding on its distributive share of North Dakota income. For more information, obtain Form PWE.

Withholding procedure. This withholding requirement applies to a nonresident beneficiary's year-end distributive share of North Dakota income, which is determined at the end of the trust's tax year and reported on Form 38, Schedule BI, Column 5. The requirement does not apply to actual distributions made to a nonresident beneficiary during the tax year. The withholding amount is calculated and reported on Schedule BI, Column 6. If a nonresident

beneficiary meets certain conditions, an amount less than the amount calculated at the 3.22% tax rate may be withheld. For the qualifying conditions, see Form PWA. A fiduciary must submit a payment for the total amount of withholding reported on Schedule BI, Column 6, with Form 38 when it is filed.

Composite filing

A composite filing method is available to a fiduciary for a trust with one or more eligible nonresident beneficiaries. Under this method, a fiduciary calculates the North Dakota income tax on an eligible nonresident beneficiary's year-end distributive share of North Dakota income and pays the tax with Form 38. The tax is calculated at the highest individual income tax rate (which is 3.22% for the 2014 tax year), and no adjustments, deductions, or tax credits are allowed in calculating the tax. A composite filing satisfies the North Dakota income tax filing and payment obligations of the eligible nonresident beneficiaries included in it, which means they do not have to separately file their own North Dakota income tax returns. The composite filing method is optional and does not require prior approval from the Office of State Tax Commissioner, and a choice to use it may be made on a year-to-year basis.

Eligible nonresident beneficiary. For purposes of this composite filing method, a nonresident beneficiary has the same meaning as that used for withholding income tax from nonresident beneficiaries—see “Withholding from nonresident beneficiaries” on page 3. A nonresident beneficiary is eligible to be included in a composite filing if both of the following apply:

- The nonresident beneficiary's only source of income within North Dakota is one or more passthrough entities. A passthrough entity includes a trust, partnership, S corporation, limited liability company treated like a partnership or S corporation, and any other similar entity.
- The nonresident beneficiary elects to be included in a composite filing. An election is indicated by the fiduciary's calculation and reporting of a tax amount for the nonresident beneficiary on Form 38, Schedule BI, Column 7. (If the distributive share is a loss, the tax is zero.

An eligible nonresident beneficiary's distributive share of North Dakota income may be taxed under the composite filing method regardless of the amount.

Composite filing method procedure.

The tax under the composite filing method is calculated and reported on Form 38, Schedule BI, Column 7. A fiduciary must submit a payment for the total tax amount reported on Schedule BI, Column 7, with Form 38 when it is filed.

Correcting a previously filed return

If a fiduciary needs to correct an error on Form 38 after it is filed, the fiduciary must file an amended return. There is no special form for this purpose. See “How to prepare an amended 2014 return” below.

If a fiduciary paid too much tax because of an error on the 2014 Form 38, the fiduciary generally has three years from the due date (excluding extensions) of the return or the date the return was actually filed, whichever is later, in which to file an amended return to correct the error and claim a refund of the overpayment.

See N.D.C.C. § 57-38-40 for other time periods that may apply.

How to prepare an amended 2014 return

1. Obtain a blank 2014 Form 38.
2. Enter the name of the estate or trust, and the fiduciary's name, current address, FEIN, etc., in the top portion of page 1 of Form 38.
3. Fill in the “Amended return” circle at the top of page 1 of Form 38.
4. Complete the Tax Computation Schedule and Schedule BI using the corrected information. Also complete Schedule CR, if applicable. Then complete lines 1 through 7 on page 1 of Form 38.
5. Leave line 8 on page 1 of Form 38 blank unless claiming an additional amount not previously claimed.
6. On line 9 of page 1 of Form 38, enter the total taxes due from the previously filed 2014 Form 38, page 1, line 7. If the total taxes due have not been fully paid, only enter the amount paid.
7. Complete lines 10 through 16 of page 1 of Form 38. If there is an overpayment on line 11, enter the full amount on line 13. On an amended return, the amount credited to the next year's estimated tax (line 12) may not be increased or decreased.

8. Attach a statement explaining the reason(s) for filing the amended return. If it is because of changes the fiduciary or the Internal Revenue Service (IRS) made to the 2014 Federal Form 1041, attach a copy of the amended federal return or IRS notice.
9. Complete and provide a corrected North Dakota Schedule K-1 to the beneficiaries, as required.

Reporting federal changes

If the Internal Revenue Service (IRS) changes Federal Form 1041, or if a fiduciary files an amended Federal Form 1041, an amended North Dakota Form 38 must be filed within ninety days after the final determination of the IRS changes or the filing of the amended federal return. Enclose a copy of the IRS audit report or the amended federal return with the amended North Dakota Form 38.

W-2/1099 reporting requirement

Every fiduciary that is required to file Federal Form 1099 or W-2 may also have to file one with the Office of State Tax Commissioner. For more information, obtain the document *Income Tax Guideline: Information Returns*.

Use of information

All of the information on Form 38 and its attachments is confidential by law and cannot be given to others except as provided by state law. Information about the beneficiaries is required under state law so the Office of State Tax Commissioner can determine the beneficiary's correct North Dakota taxable income and verify if the beneficiary has filed a return and paid the tax.

General instructions for completing Form 38

Complete Form 38 as follows:

1. Complete Federal Form 1041 in its entirety.
2. Complete Items A through H at the top of page 1 of Form 38—see page 5 of these instructions.
3. Complete the Tax Computation Schedule on page 2 of Form 38—see page 5 of these instructions.

4. Complete Schedule BI on page 3 of Form 38—see page 7 of these instructions.
5. Complete lines 1 through 17 on page 1 of Form 38—see page 9 of these instructions.
6. Complete Schedule K-1, if required, for the beneficiaries—see page 10 of these instructions.

Rounding of numbers. Numbers may be entered on the return in dollars and cents, or they may be rounded to the nearest whole dollar. If rounding, drop the cents if less than 50 cents and round up to the next whole dollar amount if 50 cents or higher. For example, \$25.36 becomes \$25.00, and \$25.50 becomes \$26.00.

Fiscal year filers. The tax year for North Dakota income tax purposes must be the same as the tax year used for federal income tax purposes. Use the 2014 Form 38 if the estate's or trust's taxable year began in the 2014 calendar year. *Note: Use the 2013 Form 38 if the taxable year began in the 2013 calendar year.*

Specific line instructions for page 1 of Form 38, Items A-H

Complete Items A through H at the top of page 1 of Form 38. Then complete the Tax Computation Schedule and Schedule BI before completing lines 1 through 17 on page 1 of Form 38.

Item A Tax year

The same tax year used for federal income tax purposes (as indicated on the federal return) must be used for North Dakota income tax purposes. Fill in the applicable circle. If the estate or trust has a fiscal year, enter the beginning and ending dates of the fiscal year. Use the 2014 Form 38 only if the estate's or trust's tax year began in the 2014 calendar year.

Item B Name and address

Enter the legal name of the estate or trust, the name and title of the fiduciary, and the fiduciary's mailing address on the applicable lines.

Item C Federal EIN

North Dakota uses the federal employer identification number (FEIN or federal EIN) for identification purposes. Enter the federal employer identification number from page 1 of Federal Form 1041.

Important: Do not enter the fiduciary's own federal employer identification number. A fiduciary for an estate or trust must obtain a separate federal employer identification number for the estate or trust.

Item D Date created

Enter the date the estate or trust was created from page 1 of Federal Form 1041.

Item E Number of beneficiaries

Enter the total number of beneficiaries and the number of each type of beneficiary.

Item F Residency status

Fill in the applicable circle to indicate the residency status of the estate or trust. See "Resident estate or trust" under "Who must file" on page 2 for more information.

Item G Entity type

If Federal Form 1041 was used, fill in the circle next to the same entity type (Items 1-9) checked on page 1 of Form 1041. Fill in the circle next to "Other" (Item 10) if the fiduciary filed:

- Form 1041-QFT (Write "Qualified funeral trust" on the line.)
- Form 990-T for a tax-exempt trust with unrelated business taxable income (Write "Tax-exempt trust with UBTI" on the line.)

Item H Check off items

Fill in all applicable circles.

Initial return. Fill in this circle if this is the first return filed in North Dakota for this estate or trust.

Final return. Fill in this circle if this is the last return to be filed in North Dakota for this estate or trust.

Composite return. Fill in this circle if the return is filed for a trust and one or more nonresident beneficiaries have elected to include their distributive shares of North Dakota source income in a composite filing.

See "Composite filing" on page 4 for more information.

Amended return. Fill in this circle if this return is being filed to correct a previously filed 2014 Form 38. See "Correcting a previously filed return" on page 4 for more information.

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

Instructions for completing Tax Computation Schedule (Form 38, page 2)

Instructions for Part 1

Line 2 Additions

The following items must be entered on this line if taxable to the fiduciary:

- Taxable portion of a lump-sum distribution from Federal Form 4972, line 6 plus line 10. This adjustment does not apply to a fiduciary for a nonresident estate or trust.
- Loss adjustment reported to the fiduciary by an S corporation that elected taxation under N.D.C.C. § 57-38-01.35. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From An S Corporation electing to be taxed as a C corporation. Attach a copy of the statement received from the entity.*
- For an electing small business trust (ESBT), the separate S corporation items of income, gain, loss, etc., that would have been included had they not been removed for purposes of the separate tax calculation on Federal Form 1041.
- Amount of contribution on which the fiduciary claims a North Dakota endowment fund tax credit under N.D.C.C. § 57-38-01.21 or a housing incentive fund tax credit under N.D.C.C. § 57-38-01.32, but only to the extent the contribution reduced the fiduciary's federal taxable income. If a fiduciary receives either or both credits from a passthrough entity, include on this line the fiduciary's share of the related contribution from the passthrough entity to the extent it reduced the fiduciary's federal taxable income.

Line 4a
Interest from U.S. obligations

Enter the following on this line if included in the amount on line 1:

- Interest income from U.S. obligations.
- Interest income from other securities that is specifically exempted from state income tax by federal statute.
- The portion of dividend income from a mutual fund attributable to the fund's investment in the same kinds of securities listed above.

Common sources of interest income that may be entered on this line include U.S. savings bonds, Treasury bills and notes, and securities issued by the 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, and 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), and Government National Mortgage Association (Ginnie Mae), nor from a federal income tax refund or repurchase agreement. **Attach a statement specifically identifying the securities and the interest income from them. For a mutual fund, identify**

the fund, the qualifying securities, and the percentage of income from qualifying securities.

Line 4b
Net long-term capital gain exclusion

If the amount on line 1 includes a net long-term capital gain, 40 percent of the gain is excludable from North Dakota taxable income. For a nonresident estate or trust, the exclusion is allowed only for a net long-term capital gain based on the capital gains and losses reportable to North Dakota. A net long-term capital gain included in an amount entered on line 4d (Other subtractions) is not eligible for the exclusion. Complete the worksheet on this page to calculate the amount to enter on this line.

Line 4c
Qualified dividend exclusion

Resident estate or trust— A fiduciary for a resident estate or trust may enter on this line 40 percent of the qualified dividends allocated to the estate or trust and reported on Form 1041, line 2b(2). **Do not** include qualified dividends that were allocated to the beneficiaries.

Nonresident estate or trust. A fiduciary for a nonresident estate or trust may enter on this line 40 percent of the portion of the qualified dividends allocated to the estate or trust and reported on Form 1041, line 2b(2), **that are reportable to North Dakota.** Qualified dividends allocated to the estate or trust that are reportable to North Dakota

must be included in the fiduciary's share of total income reported on Form 38, Tax Computation Schedule, Part 2, Column B, line 11.

Line 4d
Other subtractions

The following items may be entered on this line, but only to the extent the income is included in the amount on line 1:

- Income earned or received by a Native American while living and working on any Indian reservation in North Dakota.
- Taxable part of a retirement, sick pay, or unemployment payment from the U.S. Railroad Retirement Board. **Attach a copy of Form RRB-1099 or RRB-1099-R (or both, if applicable).**
- Income adjustment reported to the fiduciary by an S corporation that elected taxation under N.D.C.C. § 57-38-01.35. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From An S Corporation electing to be taxed as a C corporation.* **Attach a copy of the statement received from the entity.**
- Income exempted under N.D.C.C. ch. 40-63 (Renaissance Zone Act). **Attach Schedule RZ.**
- Income exempted under N.D.C.C. ch. 40-57.1 (new or expanding business income exemption). **Attach statement showing calculation of exempt income.**

Worksheet for calculating net long-term capital gain exclusion

(for Form 38, Tax Computation Schedule, Part 1, line 4b)

- Enter amount from 2014 Schedule D (Form 1041), line 18a, column (2).
If zero or less, stop here; no exclusion is allowed **1** _____
- Enter amount from 2014 Schedule D (Form 1041), line 19, column (2).
If zero or less, stop here; no exclusion is allowed **2** _____
- Enter the smaller of line 1 or line 2. This is the fiduciary's federal net long-term capital gain **3** _____
 - If a **resident estate or trust**, enter the amount from line 3 on line 5 and go to line 6.
 - If a **nonresident estate or trust**, go to line 4.
- Complete lines 4a through 4d using only the capital gains and losses reportable to North Dakota by the fiduciary:
 - North Dakota net short-term capital gain (loss) included on 2014 Schedule D (Form 1041), line 17, column (2) **4a** _____
 - North Dakota net long-term capital gain (loss) included on 2014 Schedule D (Form 1041), line 18a, column (2). If zero or less, stop here; no exclusion is allowed **4b** _____
 - Combine lines 4a and 4b. If zero or less, stop here; no exclusion is allowed **4c** _____
 - Enter the smaller of line 4b or line 4c. This is the North Dakota net long-term capital gain **4d** _____
- If resident estate or trust, enter amount from line 3. Otherwise, enter smaller of line 3 or line 4d **5** _____
- Portion of line 5, if any, included in an amount that will be entered on Form 38, Tax Computation Schedule, Part 1, line 4d. ... **6** _____
- Subtract line 6 from line 5. **7** _____
- Multiply line 7 by 40% (.40). Enter this amount on Form 38, Tax Computation Schedule, Part 1, line 4b **8** _____

- Compensation received by a National Guard or U.S. armed forces member activated for federal active duty service under Title 10 of United States Code. Compensation received for annual training, basic military training, or professional military education is not eligible. **Attach a copy of the mobilization orders.**
- Compensation received by a nonresident individual for active duty in the U.S. armed forces.
- Contributions made during the tax year to a College SAVE account administered by the Bank of North Dakota. The maximum deduction allowed is \$5,000.

Instructions for Part 2

All estates and trusts—Enter the amounts from the 2014 Federal Form 1041, page 1, lines 1 through 8, on the corresponding lines in Column A. Then complete lines 9 through 11 in Column A.

Nonresident estate or trust only— Enter in Column B (North Dakota) the portion of the amount in Column A that is reportable to North Dakota. See below for the instructions to lines 1 through 8 of Column B. Then complete lines 9 through 11 in Column B. Complete lines 1 through 11 in Column C by entering the difference between Column A and Column B.

Instructions for Column B only— North Dakota portion

If part or all of a North Dakota income amount reportable in Column B was entered in Part 1, line 4a and line 4d because it is exempt from North Dakota income tax, only enter the taxable portion in Column B.

Line 1, Column B

Interest income

Enter the fiduciary's share of interest received from a partnership, S corporation, or limited liability company doing business in North Dakota, to the extent the interest is apportioned or allocated to North Dakota by that entity. Do not include any interest from U.S. obligations.

Line 2, Column B

Ordinary dividends

Enter the fiduciary's share of dividend income received from a partnership, S corporation, or limited liability company doing business in North Dakota, to the extent the dividend income is apportioned or allocated to North Dakota by that entity.

Line 3, Column B

Business income or (loss)

Enter the net income or loss from a sole proprietorship doing business in North Dakota as reported on Federal Schedule C (Form 1040), to the extent the net income or loss is apportioned and allocated to North Dakota.

Line 4, Column B

Capital gain (loss)

Enter net capital gains and losses from the sale or exchange of real and tangible personal property located in North Dakota. Also enter the fiduciary's share of net capital gains and losses from a partnership, S corporation, or limited liability company doing business in North Dakota, to the extent they are apportioned or allocated to North Dakota by that entity.

Line 5, Column B

Rents, royalties, partnerships, other estates and trusts, etc.

Enter the net income or loss from real and tangible personal property located in North Dakota. This includes net income or loss from leasing the property, and royalties and other income from interests in oil, coal, or other mineral property located in North Dakota.

Enter the fiduciary's share of income or loss from a partnership, S corporation, or limited liability company doing business in North Dakota (that is not reported on the other lines of Part 2), to the extent the income is apportioned and allocated to North Dakota by that entity.

Enter the fiduciary's share of North Dakota source income and losses from another estate or trust.

Line 6, Column B

Farm income or (loss)

Enter the net income or loss from a farm or ranch operation doing business in North Dakota as reported on Federal Schedule F (Form 1040), to the extent the net income or loss is apportioned and allocated to North Dakota.

Line 7, Column B

Ordinary gain or (loss)

Enter the ordinary gain or loss from the sale or exchange of real and tangible personal property located in North Dakota.

Line 8, Column B

Other income

Enter the amount of any other income having its source in North Dakota that is not included on lines 1 through 7 of Part 2.

Instructions for completing Schedule BI (Form 38, page 3)

Schedule BI must be completed to provide information about each beneficiary. If the estate or trust has more than four beneficiaries, complete and attach as many Schedules BI needed to list all beneficiaries. If more than one Schedule BI is needed, complete lines 1 through 4 on only one of them, and include the combined amount for all of the schedules on that one schedule.

All Beneficiaries (Columns 1 through 4)

Columns 1 and 2

Enter the name, mailing address, and federal identification number as shown on the beneficiary's Federal Schedule K-1.

Column 3

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

Entity type	Code letter
Individual	I
Estate.....	E
Trust	T
Other	O

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

If the beneficiary is a single-member limited liability company (LLC) that is a disregarded entity for federal income tax purposes, enter the code letter for the type of entity of the owner.

Column 4

Enter the sum of the following items from the beneficiary's Federal Schedule K-1 (Form 1041), Part III:

Box 1	Interest income
Box 2a	Ordinary dividends
Box 3	Net short-term capital gain
Box 4a	Net long-term capital gain
Box 5	Other portfolio and nonbusiness income
Box 6	Ordinary business income
Box 7	Net rental real estate income
Box 8	Other rental income
Box 9	Directly apportioned deductions

Box 11 Final year deductions (*Only include deductions that are allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.*)

Box 14 Other information (*Only include income and deduction items includable in the calculation of federal adjusted gross income.*)

Nonresident Beneficiaries Only (Columns 5 through 7)

Columns 5 through 7 only apply to a nonresident beneficiary. A nonresident beneficiary means:

- An individual who is not domiciled in North Dakota.
- A trust, including a grantor trust, that is not organized under North Dakota law. This only applies to trusts that are subject to income tax.
- A passthrough entity that has a commercial domicile outside North Dakota. A passthrough entity includes a partnership, S corporation, limited liability company treated like a partnership or S corporation, and any other similar entity.

Column 5 Nonresident beneficiary only

Complete Column 5 for each nonresident beneficiary. Include in this column the portion of each item of income, loss, and deduction included in the amount in Column 4 that is derived from sources in North Dakota. For this purpose, this includes the same kinds of items that would be reportable to North Dakota had they been directly received by the nonresident beneficiary. These items include:

- Compensation for services performed in North Dakota.
- Net income (loss) from the rental or lease of real and tangible personal property located in North Dakota.
- Net income (loss) attributable to royalties and other income from oil, coal, or other mineral interests located in North Dakota.
- Gain or loss from the sale, exchange, or other disposition of real and tangible personal property located in North Dakota.
- Net income (loss) from a sole proprietorship doing business in North Dakota.
- Net income (loss) from a partnership, S corporation, or other trade or business carried on in North Dakota, to the extent it is apportioned and allocated to North Dakota.

- Income from gambling activity carried on in North Dakota.
- Income, gain, or loss from sources in North Dakota received from another estate or trust.

For a nonresident beneficiary, income from North Dakota sources generally does not include interest, dividends, pensions, annuities, or income and gain from intangible property. However, if any of these income items were derived from a partnership, S corporation, or limited liability company doing business in North Dakota, they must be included in Column 5 to the extent they are apportioned or allocated to North Dakota by that entity.

Column 6 Nonresident beneficiary only

If a nonresident beneficiary's distributive share of North Dakota income in Column 5 is \$1,000 or more, multiply the amount in Column 5 by 3.22% (.0322) and enter the result in Column 6. However, the following exceptions apply:

- If the nonresident beneficiary provides the fiduciary with a completed Form PWA, enter the amount from line 6 of Form PWA in Column 6 and fill in the circle under "Form PWA or Form PWE."
- If the nonresident beneficiary provides the fiduciary with a completed Form PWE, leave Column 6 blank and fill in the circle under "Form PWA or Form PWE."
- If the nonresident beneficiary elected to be included in a composite filing, leave Column 6 blank and see the instructions to Column 7.

See "Withholding from nonresident beneficiaries" on page 3 for more information.

Column 7 Nonresident beneficiary only *Note: Leave Column 7 blank if Column 6 was completed for the nonresident beneficiary.*

Complete Column 7 for each nonresident beneficiary electing to be included in a composite filing. Multiply the amount in Column 5 by 3.22% (.0322) and enter the result in Column 7. If the amount in Column 5 is zero or less, enter zero in Column 7. See "Composite filing" on page 4 for more information.

Instructions for completing Schedule CR (Form 38, page 3)

The fiduciary for an estate or trust may be eligible for a credit for income tax paid to another state if both of the following apply:

- It is a resident estate or trust.
- The fiduciary is required to pay income tax for the tax year to North Dakota and to another state on the same income.

Definition of state—"State" means any of the other 49 U.S. states, the District of Columbia, or a territory of the United States. This credit is not available for income tax paid to a local government (such as a city, county, or school district), nor is it available for income tax paid to another country or any of its political subdivisions.

Other state's return—The credit is allowed only if the fiduciary files an income tax return with the other state. The credit is not allowed for income tax withheld or estimated income tax paid to the other state. *A copy of the other state's income tax return must be attached to Form 38.*

Payment of income tax to more than one other state—If the fiduciary pays income tax to more than one other state for the tax year, a separate Schedule CR must be completed for each state. Fill in the total of the separately calculated credit amounts on Form 38, page 1, line 2.

Line 2

Enter only those items of income, gain, loss, and adjustments to income (included in the fiduciary's share of total income on line 1) that have their source in the other state. Generally they have their source in the other state if they are taxable or deductible under the other state's tax laws. Disregard any adjustment to the fiduciary's total federal income allowed or required by the other state's tax laws.

Line 6

Enter the amount of the income tax less any income tax credits (except withholding and estimated tax) shown on the other state's income tax return.

Specific line instructions for page 1 of Form 38, lines 1-17

Complete the Tax Computation Schedule and Schedule BI before completing lines 1 through 17 on page 1 of Form 38.

Line 2 Credit for income tax paid to another state

A fiduciary for a resident estate or trust may be eligible for a credit if the fiduciary pays income tax to another state, the District of Columbia, or a territory of the United States on income that is also taxed to the fiduciary in North Dakota. Complete Schedule CR on page 3 of Form 38 to determine if a credit is allowed. See the instructions to Schedule CR on page 8. **Attach a copy of the other state's income tax return.**

Line 3 Other credits

Following is a list of other tax credits available to an estate or trust. Include on this line an allowable credit reported on a North Dakota Schedule K-1 received by the estate or trust. Also include the portion of an allowable unused credit carried over from a prior tax year. For more information on a credit, see the schedule, form, or income tax law noted in the instruction. **Except where an official form or other document is required to be attached, attach a statement supporting a credit claimed on this line.**

- Credit for preserving or renovating historical property in a North Dakota renaissance zone. **Attach Schedule RZ.**
- Credit for investing in a renaissance fund organization. **Attach Schedule RZ.**
- Credit for utility costs incurred as a nonparticipating property owner in a North Dakota renaissance zone. **Attach Schedule RZ.**
- Credit for investing in a certified North Dakota agricultural commodity processing facility. See N.D.C.C. ch. 57-38.6.
- Credit for installing a geothermal energy device on property owned or leased in North Dakota. See N.D.C.C. § 57-38-01.8.

- Credit for investing in a certified North Dakota seed capital business. See N.D.C.C. ch. 57-38.5.
- Credit for blending B5 biodiesel or green diesel fuel. See N.D.C.C. § 57-38-01.22.
- Credit for adapting or adding equipment to sell B2 biodiesel or green diesel fuel. See N.D.C.C. § 57-38-01.23.
- Credit for hiring eligible college student under a North Dakota internship program. See N.D.C.C. § 57-38-01.24.
- Credit for conducting qualifying research in North Dakota. See N.D.C.C. § 57-38-30.5.
- Credit for investing in a North Dakota angel fund. See N.D.C.C. § 57-38-01.26.
- Credit for the cost of new investment and new employment incurred by a business certified as a microbusiness. See N.D.C.C. § 57-38-01.27.
- Credit for making a charitable contribution to a qualified endowment fund in North Dakota. See N.D.C.C. § 57-38-01.21.
- Credit for hiring an employee to fill a hard-to-fill position (workforce recruitment credit). See N.D.C.C. § 57-38-01.25.
- Credit for wages paid to an employee mobilized for federal active duty. **Attach Schedule ME.**
- Housing incentive fund credit. See N.D.C.C. § 57-38-01.32.
- Credit for purchasing machinery and equipment to automate a manufacturing process. See N.D.C.C. § 57-38-01.33.

Line 8 Income tax withholding

Enter the North Dakota income tax withholding shown on a 2014 Form W-2, Form 1099, or North Dakota Schedule K-1. Also enter North Dakota income tax withholding shown on a 2013 North Dakota Schedule K-1 if the tax year of the partnership, S corporation, estate, or trust shown on the Schedule K-1 is a fiscal year ending in your 2014 tax year. Be sure the state identified on the Form W-2 or Form 1099 is North Dakota. **Do not** enter on this line North Dakota extraction or production taxes withheld from mineral interest income, such as an oil or gas royalty, because they are not income taxes. **Attach a copy of the Form W-2, Form 1099, or North Dakota Schedule K-1.**

Line 9 Estimated tax payment

Enter North Dakota estimated income tax paid on Forms 38-ES and 38-EXT. Also enter the amount of an overpayment from the 2013 Form 38 that was applied as an estimated tax payment for the 2014 tax year.

Line 12 Application of overpayment to 2015

If there is an overpayment on line 11, part or all of it may be applied as an estimated payment toward the 2015 tax liability. Enter on this line the amount to be applied. The amount applied may not be changed after the return is filed. If this is an amended return, do not make an entry on this line.

Line 14 Tax due

A tax due must be paid in full with the return when it is filed. See the instructions to line 16 for payment options. A late payment of tax may be subject to penalty and interest charges—see “Penalty and interest” on page 3.

Line 15 Penalty and interest

The Office of State Tax Commissioner will notify the fiduciary of any penalty and interest owed for late filing or late payment, or interest owed on tax due during an extension period. However, if desired, the fiduciary may calculate these amounts and enter them on this line, and submit payment for them with the return. See “Penalty and interest” on page 3 for how to calculate these amounts.

Line 16 Balance due

The balance due must be paid in full with the return. A balance due may be paid electronically through an Automated Clearing House (ACH) credit transaction or online through Fidelity National Information Services (FIS), a national electronic payment service.

To pay by means of an ACH credit transaction, go to www.nd.gov/tax and click on “Fiduciary” on the left-hand side of the page. Then click on “Electronic Payment.”

To pay online through FIS, go to www.nd.gov/tax/make-payment.html. The payment may be made by debit or credit card, or by electronic check. FIS charges a fee for this service, none of which goes to the State of North Dakota. The amount of the fee will be provided during the transaction with an option to continue or cancel the transaction.

If paying by check or money order, make it payable to “ND State Tax Commissioner,” and write the last four digits of the federal employer identification number and “2014 Form 38” on the check or money order.

Line 17

Interest on underpaid estimated tax

If the fiduciary for an estate or trust was required to pay estimated North Dakota income tax for 2014, but the fiduciary did not pay enough or paid it late, interest is charged on the underpayment or late payment. To determine if interest is owed, obtain and complete Schedule 38-UT.

Instructions for completing Schedule K-1

North Dakota Schedule K-1 (Form 38) must be used by a fiduciary to provide information that beneficiaries will need to complete a North Dakota income tax return. The information to be included in the schedule will depend on the type of beneficiary.

North Dakota Schedule K-1 (Form 38) must be completed and given to:

- Each beneficiary to whom the fiduciary distributes a share of a North Dakota adjustment or tax credit (which is reportable in Part 3 of North Dakota Schedule K-1).
- Each nonresident individual, estate, or trust beneficiary for which the fiduciary is required to report an amount on Schedule BI, Column 5.

A North Dakota Schedule K-1 does not have to be completed nor given to a partnership, corporation, or North Dakota resident individual, estate, or trust beneficiary if there are no North Dakota adjustments or tax credits distributable to the beneficiary.

In addition to the North Dakota Schedule K-1, the fiduciary must provide the beneficiary with a copy of the *Beneficiary's Instructions to North Dakota Schedule K-1 (Form 38)*.

A copy of all North Dakota Schedule K-1 forms must be enclosed with Form 38 along with any required supplemental statements.

Amended schedule. If a fiduciary files an amended Federal Form 1041, or if the IRS makes any changes to the federal fiduciary return, the fiduciary must file an amended Form 38 for the same tax year and issue amended North Dakota Schedules K-1 to its beneficiaries. Fill in the “Amended” circle at the top of the North Dakota Schedule K-1.

Final schedule. Fill in the “Final” circle at the top of the North Dakota Schedule K-1 if it is the last one that the fiduciary is required to issue to a beneficiary.

Part 2 Beneficiary information

Item F

Enter the same code letter shown in Column 3 of Schedule BI of Form 38 for the beneficiary.

Item G

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

Item H

For a nonresident beneficiary, fill in the applicable circle to indicate whether the beneficiary elected to be included in a composite filing by the fiduciary.

Part 3 All beneficiaries— North Dakota adjustments and tax credits

Complete this part for a beneficiary only if the income, deduction, or tax credit is allocated to the beneficiary.

Line 1 Federally-exempt income from non-North Dakota bonds and securities

If the beneficiary is an individual, estate, or trust, do not make an entry on this line.

For all other beneficiaries, enter the beneficiary's share of interest and dividend income from bonds and securities that is exempt from federal income tax. Do not include income from bonds and securities of North Dakota and any of its political subdivisions.

Line 2

State and local income taxes

If the beneficiary is an individual, estate, or trust, do not make an entry on this line.

For all other beneficiaries, enter the portion of any state or local income taxes deducted in calculating ordinary income (loss) that was allocated to the beneficiary.

Line 3

Interest from U.S. obligations

Enter the portion of any interest from U.S. obligations allocated to the beneficiary. Include interest income from other securities if the interest is specifically exempted from state income tax by federal statute. Also include the portion of dividend income from a mutual fund attributable to the fund's investment in the same kinds of securities.

Line 4

Renaissance zone income exemption

If the estate or trust qualified for the renaissance zone business or investment income exemption (see instructions to the Tax Computation Schedule, Part 1, line 4d), enter on the appropriate line the portion of the exemption amount allocated to the beneficiary. This applies only if the income qualifying for the exemption is allocated to the beneficiary.

Line 4a. Enter the income exemption amount on this line only if it relates to a zone project approved *before August 1, 2013*.

Line 4b. Enter the income exemption amount on this line only if it relates to a zone project approved *after July 31, 2013*.

Line 5

New or expanding business income exemption

If the estate or trust qualified for the new or expanding business income exemption (see instructions to the Tax Computation Schedule, Part 1, line 4d), enter on this line the portion of the exemption amount allocated to the beneficiary. This applies only if the income qualifying for the exemption is allocated to the beneficiary.

Line 6

College SAVE deduction

Enter the portion of a College SAVE deduction allocated to the beneficiary.

Lines 7 through 21**Tax Credits**

If the estate or trust qualified for one or more North Dakota income tax credits (see instructions to Form 38, page 1, line 3), enter the portion of the credit allocated to the beneficiary on the corresponding line.

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

Complete Part 4 for a nonresident individual, estate, or trust beneficiary. Enter on the corresponding line of Part 4, lines 22 through 32, each item of North Dakota income, gain, loss, deduction, etc., included in the amount reported on Form 38, Schedule BI, Column 5.

Part 5**Nonresident beneficiary only**

Complete Part 5 for a nonresident beneficiary for which an amount was required to be entered on Form 38, Schedule BI, Column 5.

Line 33**ND distributive share of income (loss)**

Enter the nonresident beneficiary's North Dakota distributive share of income (loss) from Form 38, Schedule BI, Column 5.

Line 34**ND income tax withheld**

Enter the amount of North Dakota income tax withheld from the nonresident beneficiary's North Dakota distributive share of income from Form 38, Schedule BI, Column 6.

Line 35**ND composite income tax**

Enter the amount of North Dakota composite income tax on the nonresident beneficiary's North Dakota distributive share of income from Form 38, Schedule BI, Column 7.

Before you file Form 38

Signatures

The return must be signed and dated by the fiduciary, or an authorized representative of the fiduciary.

If the fiduciary pays someone (other than an employee) to prepare the return, the paid preparer also must sign and date the return.

Preparer authorization check-off

The fiduciary may authorize the North Dakota Office of State Tax Commissioner (Tax Department) to discuss matters pertaining to its 2014 Form 38 with the preparer who signed it by filling in the circle to the right of the signature area.

This allows the Tax Department to contact the preparer if any questions arise during the processing of the return. It also allows the preparer to respond to the questions and to provide any information missing from the return, to contact the Tax Department to inquire about the status of the return's processing and related refund or payment, and to respond to Tax Department notices that the fiduciary shares with the preparer pertaining to math errors or return preparation. (*Tax Department notices will be sent only to the fiduciary.*)

This authorization applies only to the individual whose signature and printed name appears in the paid preparer section of the signature area. It does not apply to the firm, if any, shown in that section. It only applies to the 2014 return and automatically expires on the due date (including extensions) for filing the 2015 Form 38.

This authorization does not authorize the preparer to receive a refund check, to bind the fiduciary in any way (including any additional tax liability), or to represent the fiduciary before the Tax Department for any other purpose.

Assembling a paper return

Please assemble Form 38 and its required attachments in the following order:

1. Form 38.
2. Tax Computation Schedule
3. Schedule BI.
4. North Dakota Schedule K-1 forms.
5. Required supporting statements.
6. Complete copy of Form 1041, including Federal Schedule K-1 forms.

A balance due may be paid electronically (see page 9 of these instructions). If paying by check or money order, enclose it with the return. Do not staple documents together.

Form North Dakota Office of State Tax Commissioner
38 Fiduciary Income Tax Return



2014

A Tax year: Calendar year 2014 Fiscal year beginning _____, 2014, and ending _____, 20_____

B Name of estate or trust _____ **C** Federal EIN * _____

Name and title of fiduciary _____ **D** Date created: _____

Mailing address _____ Apt. or suite _____ **E TOTAL no. of beneficiaries** --- ▶ _____

City _____ State _____ ZIP code _____ Enter number of _____

F Residency status: Resident Nonresident Resident individual beneficiaries ▶ _____
 Nonresident individual beneficiaries ▶ _____
 Other types of beneficiaries ▶ _____

G Entity type:
 1 Decedent's estate 4 Qualified disability trust 7 Bankruptcy estate (Ch. 7) 10 Other (Identify below):
 2 Simple trust 5 ESBT (S portion only) 8 Bankruptcy estate (Ch. 11)
 3 Complex trust 6 Grantor type trust 9 Pooled income fund _____

H Fill in all that apply: Initial return Final return Composite return Amended return Extension

1 Tax on fiduciary's North Dakota taxable income (from Tax Computation Schedule, line 8) ----- ▶ **1** _____
2 Credit for income tax paid to another state (from Schedule CR, line 7) ----- ▶ **2** _____
3 Other credits (Attach schedule) ----- ▶ **3** _____
4 Net tax liability on fiduciary's taxable income. Line 1 less lines 2 and 3 ----- ▶ **4** _____
5 Income tax withheld from nonresident beneficiaries (from Schedule BI, line 3) ----- ▶ **5** _____
6 Composite income tax for electing nonresident beneficiaries (from Schedule BI, line 4) ----- ▶ **6** _____
7 Total taxes due. Add lines 4, 5, and 6 ----- ▶ **7** _____

Tax paid

8 North Dakota income tax withheld from wages and other payments (Attach Form W-2, Form 1099, and North Dakota Schedule K-1) ----- ▶ **8** _____
9 Estimated tax paid on 2014 Forms 38-ES and 38-EXT plus an overpayment applied from the 2013 return ----- ▶ **9** _____
10 Total payments. Add lines 8 and 9 ----- ▶ **10** _____
11 Overpayment. If line 10 is MORE than line 7, subtract line 7 from line 10 and enter result; otherwise, go to line 14. If result is less than \$5.00, enter 0 ----- ▶ **11** _____
12 Amount of line 11 to be applied to 2015 estimated tax ----- ▶ **12** _____
13 Refund. Subtract line 12 from line 11. If result is less than \$5.00, enter 0 ----- **REFUND** ▶ **13** _____
14 Tax due. If line 10 is LESS than line 7, subtract line 10 from line 7. If result is less than \$5.00, enter 0 ----- ▶ **14** _____
15 Penalty ▶ _____ Interest ▶ _____ Enter total penalty and interest **15** _____
16 Balance due. Add lines 14, 15, and, if applicable, line 17 ----- **BALANCE DUE** **16** _____
17 Interest on underpaid estimated tax (from 2014 Schedule 38-UT) ----- ▶ **17** _____

- Attach a complete copy of the 2014 Form 1041 (including Federal Schedule K-1s)
- Attach a copy of all North Dakota Schedule K-1s (Form 38)

I declare that this return is correct and complete to the best of my knowledge and belief. ***Privacy Act Notice - See inside front cover of booklet**

Signature of fiduciary _____ Date _____ I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer.

Print name of fiduciary _____ Telephone number _____ **For Tax Department Use Only**

Paid preparer signature _____ Date _____

Print name of paid preparer _____ PTIN _____ Telephone number _____ **FID**

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



Enter name of estate or trust

FEIN

Tax Computation Schedule: Tax on fiduciary's taxable income

Part 1 - Calculation of tax

- 1 **Federal taxable income** from Form 1041, page 1, line 22, or Form 1041-QFT, line 12 ----- ▶ **1** _____
- 2 **Additions** (See instructions) (Attach statement) ----- ▶ **2** _____
- 3 **Add lines 1 and 2** ----- ▶ **3** _____
- 4 **a** Interest from U.S. obligations ----- ▶ **4a** _____
- b** Net long-term capital gain exclusion (from worksheet in instructions) ----- ▶ **4b** _____
- c** Qualified dividend exclusion ----- ▶ **4c** _____
- d** Other subtractions (See instructions) (Attach statement) ----- ▶ **4d** _____
- e** Total subtractions. Add lines 4a through 4d ----- ▶ **4e** _____
- 5 **North Dakota taxable income of fiduciary.** Subtract line 4e from line 3 ----- ▶ **5** _____
- 6 **Tax on amount on line 5 using the 2014 Tax Rate Schedule below** ----- ▶ **6** _____
 - If resident estate or trust, enter amount from line 6 on line 8. Do not complete lines 7a, 7b, and 7c.
 - If nonresident estate or trust, complete lines 7a, 7b, and 7c.
- 7 **a** **Fiduciary's income from Part 2, line 11, Column A, less the amount**
 from Part 1, line 4a ----- ▶ **7a** _____
- b** **Income (loss) reportable to North Dakota from Part 2, line 11, Column B** ----- ▶ **7b** _____
- c** **Divide line 7b by line 7a. Round to the nearest four decimal places.**
 If line 7b is more than line 7a, enter 1.0000 ----- ▶ **7c** _____
- 8 **Tax on fiduciary's North Dakota taxable income:** If resident estate or trust, enter amount from
 line 6. If nonresident estate or trust, multiply line 6 by line 7c. Enter this amount on page 1,
 line 1 ----- ▶ **8** _____

**2014
 Tax Rate
 Schedule**

If the amount on line 5 is:		
Over	But not over	The tax is:
\$ 0	\$ 2,500	1.22% of amount on line 5
2,500	5,800	\$ 30.50 plus 2.27% of the amount over \$ 2,500
5,800	8,900	105.41 plus 2.52% of the amount over 5,800
8,900	12,150	183.53 plus 2.93% of the amount over 8,900
12,150		278.76 plus 3.22% of the amount over 12,150

Part 2 - Calculation of fiduciary's income

This part must be completed by all estates and trusts

- **Resident estate or trust:** Complete Column A only.
- **Nonresident estate or trust:** Complete Columns A, B, and C. See instructions for how to complete Columns B and C.

	Column A Federal return	Nonresident estates or trusts only	
		Column B North Dakota	Column C Other States
1 Interest income -----	1 _____	_____	_____
2 Ordinary dividends -----	2 _____	_____	_____
3 Business income or (loss) -----	3 _____	_____	_____
4 Capital gain or (loss) -----	4 _____	_____	_____
5 Rents, royalties, partnerships, other estates and trusts, etc. -----	5 _____	_____	_____
6 Farm income or (loss) -----	6 _____	_____	_____
7 Ordinary gain or (loss) -----	7 _____	_____	_____
8 Other income -----	8 _____	_____	_____
9 Total income. Add lines 1 through 8 -----	9 _____	_____	_____
10 Portion of amount on line 9 distributed to beneficiaries -----	10 _____	_____	_____
11 Fiduciary's income. Subtract line 10 from line 9 -----	11 _____	_____	_____



Enter name of estate or trust	FEIN
-------------------------------	------

Schedule BI Beneficiary information

All estates and trusts must complete this schedule. Complete Columns 1 through 4 for all beneficiaries. Complete Column 5 for a nonresident beneficiary. If applicable, complete Column 6 or Column 7 for a nonresident beneficiary. See instructions for the definition of a "nonresident beneficiary," which includes entities other than individuals for tax years 2014 and after.

All Beneficiaries					
Beneficiary	Column 1			Column 2	Column 3
	Name and address of beneficiary <i>If additional lines are needed, attach additional pages</i>			Social Security Number/FEIN	Type of entity <i>(See instructions)</i>
A	Name _____ Address _____ State _____ Zip Code _____				
B	Name _____ Address _____ State _____ Zip Code _____				
C	Name _____ Address _____ State _____ Zip Code _____				
D	Name _____ Address _____ State _____ Zip Code _____				

Beneficiary	All Beneficiaries <i>Complete Column 4 for ALL beneficiaries</i>	Nonresident Beneficiaries Only <i>Important: Columns 5 through 7 are for a NONRESIDENT BENEFICIARY only. See instructions for which beneficiaries to include in Columns 5, 6, and 7.</i>			
	Column 4	Column 5	Column 6		Column 7
	Federal distributive share of income (loss)	North Dakota distributive share of income (loss)	North Dakota income tax withheld (3.22%)	Form PWA or Form PWE <i>(Attach copy)</i>	North Dakota composite income tax (3.22%)
A				<input type="radio"/>	
B				<input type="radio"/>	
C				<input type="radio"/>	
D				<input type="radio"/>	
1 Total for Column 4 1					
2 Total for Column 5 2					
3 Total for Column 6 . Enter this amount on Form 38, page 1, line 5 3					
4 Total for Column 7 . Enter this amount on Form 38, page 1, line 6 4					

Schedule CR Credit for income tax paid to another state (resident estate or trust only)

- 1** Fiduciary's share of total income from page 2, Tax Computation Schedule, Part 2, line 11, Column A ----- ► **1** _____
- 2** Portion of amount on line 1 that has its source in the other state *(See instructions)* ----- ► **2** _____
- 3** Credit ratio. Divide line 2 by line 1 and round to the nearest four decimal places ----- **3** _____
- 4** Tax on fiduciary's North Dakota taxable income from page 1, line 1 ----- **4** _____
- 5** Multiply line 3 by line 4 ----- ► **5** _____
- 6** Amount of income tax paid to the other state *(See instructions)* ----- ► **6** _____
- 7** Credit for income tax paid to another state. Enter lesser of line 5 or line 6. Enter this amount on page 1, line 2 ----- **7** _____

Important: Attach a copy of the income tax return filed with the other state

Form North Dakota Office of State Tax Commissioner
38 Fiduciary Income Tax Return



2014

A Tax year: Calendar year 2014 Fiscal year beginning _____, 2014, and ending _____, 20_____

B Name of estate or trust _____ **C** Federal EIN * _____

Name and title of fiduciary _____ **D** Date created: _____

Mailing address _____ Apt. or suite _____
 City _____ State _____ ZIP code _____

F Residency status: Resident Nonresident

E TOTAL no. of beneficiaries --- ▶ _____
 Enter number of ---
 Resident individual beneficiaries ▶ _____
 Nonresident individual beneficiaries ▶ _____
 Other types of beneficiaries ▶ _____

G Entity type:
 1 Decedent's estate 4 Qualified disability trust 7 Bankruptcy estate (Ch. 7) 10 Other (Identify below): _____
 2 Simple trust 5 ESBT (S portion only) 8 Bankruptcy estate (Ch. 11) _____
 3 Complex trust 6 Grantor type trust 9 Pooled income fund _____

H Fill in all that apply: Initial return Final return Composite return Amended return Extension

1 Tax on fiduciary's North Dakota taxable income (from Tax Computation Schedule, line 8) ----- ▶ **1** _____
2 Credit for income tax paid to another state (from Schedule CR, line 7) ----- ▶ **2** _____
3 Other credits (Attach schedule) ----- ▶ **3** _____
4 Net tax liability on fiduciary's taxable income. Line 1 less lines 2 and 3 ----- ▶ **4** _____
5 Income tax withheld from nonresident beneficiaries (from Schedule BI, line 3) ----- ▶ **5** _____
6 Composite income tax for electing nonresident beneficiaries (from Schedule BI, line 4) ----- ▶ **6** _____
7 Total taxes due. Add lines 4, 5, and 6 ----- ▶ **7** _____

Tax paid

8 North Dakota income tax withheld from wages and other payments (Attach Form W-2, Form 1099, and North Dakota Schedule K-1) ----- ▶ **8** _____
9 Estimated tax paid on 2014 Forms 38-ES and 38-EXT plus an overpayment applied from the 2013 return ----- ▶ **9** _____
10 Total payments. Add lines 8 and 9 ----- ▶ **10** _____
11 Overpayment. If line 10 is MORE than line 7, subtract line 7 from line 10 and enter result; otherwise, go to line 14. If result is less than \$5.00, enter 0 ----- ▶ **11** _____
12 Amount of line 11 to be applied to 2015 estimated tax ----- ▶ **12** _____
13 Refund. Subtract line 12 from line 11. If result is less than \$5.00, enter 0 ----- **REFUND** ▶ **13** _____
14 Tax due. If line 10 is LESS than line 7, subtract line 10 from line 7. If result is less than \$5.00, enter 0 ----- ▶ **14** _____
15 Penalty ▶ _____ Interest ▶ _____ Enter total penalty and interest **15** _____
16 Balance due. Add lines 14, 15, and, if applicable, line 17 ----- **BALANCE DUE** **16** _____
17 Interest on underpaid estimated tax (from 2014 Schedule 38-UT) ----- ▶ **17** _____

- Attach a complete copy of the 2014 Form 1041 (including Federal Schedule K-1s)
- Attach a copy of all North Dakota Schedule K-1s (Form 38)

I declare that this return is correct and complete to the best of my knowledge and belief.

***Privacy Act Notice - See inside front cover of booklet**

Signature of fiduciary _____ Date _____

I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer.

Print name of fiduciary _____ Telephone number _____

For Tax Department Use Only

Paid preparer signature _____ Date _____

Print name of paid preparer _____ PTIN _____ Telephone number _____

FID

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



Enter name of estate or trust _____

FEIN _____

Tax Computation Schedule: Tax on fiduciary's taxable income

Part 1 - Calculation of tax

- 1 Federal taxable income from Form 1041, page 1, line 22, or Form 1041-QFT, line 12 ----- ▶ 1 _____
- 2 Additions (See instructions) (Attach statement) ----- ▶ 2 _____
- 3 Add lines 1 and 2 ----- ▶ 3 _____
- 4 a Interest from U.S. obligations ----- ▶ 4a _____
- b Net long-term capital gain exclusion (from worksheet in instructions) ----- ▶ 4b _____
- c Qualified dividend exclusion ----- ▶ 4c _____
- d Other subtractions (See instructions) (Attach statement) ----- ▶ 4d _____
- e Total subtractions. Add lines 4a through 4d ----- ▶ 4e _____
- 5 North Dakota taxable income of fiduciary. Subtract line 4e from line 3 ----- ▶ 5 _____
- 6 Tax on amount on line 5 using the 2014 Tax Rate Schedule below ----- ▶ 6 _____
 - If resident estate or trust, enter amount from line 6 on line 8. Do not complete lines 7a, 7b, and 7c.
 - If nonresident estate or trust, complete lines 7a, 7b, and 7c.
- 7 a Fiduciary's income from Part 2, line 11, Column A, less the amount from Part 1, line 4a ----- ▶ 7a _____
- b Income (loss) reportable to North Dakota from Part 2, line 11, Column B ----- ▶ 7b _____
- c Divide line 7b by line 7a. Round to the nearest four decimal places. If line 7b is more than line 7a, enter 1.0000 ----- ▶ 7c _____
- 8 Tax on fiduciary's North Dakota taxable income: If resident estate or trust, enter amount from line 6. If nonresident estate or trust, multiply line 6 by line 7c. Enter this amount on page 1, line 1 ----- ▶ 8 _____

**2014
Tax Rate
Schedule**

If the amount on line 5 is:		
Over	But not over	The tax is:
\$ 0	\$ 2,500	1.22% of amount on line 5
2,500	5,800	\$ 30.50 plus 2.27% of the amount over \$ 2,500
5,800	8,900	105.41 plus 2.52% of the amount over 5,800
8,900	12,150	183.53 plus 2.93% of the amount over 8,900
12,150		278.76 plus 3.22% of the amount over 12,150

Part 2 - Calculation of fiduciary's income

This part must be completed by all estates and trusts

- **Resident estate or trust:** Complete Column A only.
- **Nonresident estate or trust:** Complete Columns A, B, and C. See instructions for how to complete Columns B and C.

		Nonresident estates or trusts only		
		Column A Federal return	Column B North Dakota	Column C Other States
1 Interest income -----	1	_____	_____	_____
2 Ordinary dividends -----	2	_____	_____	_____
3 Business income or (loss) -----	3	_____	_____	_____
4 Capital gain or (loss) -----	4	_____	_____	_____
5 Rents, royalties, partnerships, other estates and trusts, etc. -----	5	_____	_____	_____
6 Farm income or (loss) -----	6	_____	_____	_____
7 Ordinary gain or (loss) -----	7	_____	_____	_____
8 Other income -----	8	_____	_____	_____
9 Total income. Add lines 1 through 8 -----	9	_____	_____	_____
10 Portion of amount on line 9 distributed to beneficiaries -----	10	_____	_____	_____
11 Fiduciary's income. Subtract line 10 from line 9 -----	11	_____	_____	_____



Enter name of estate or trust	FEIN
-------------------------------	------

Schedule BI Beneficiary information

All estates and trusts must complete this schedule. Complete Columns 1 through 4 for all beneficiaries. Complete Column 5 for a nonresident beneficiary. If applicable, complete Column 6 or Column 7 for a nonresident beneficiary. See instructions for the definition of a "nonresident beneficiary," which includes entities other than individuals for tax years 2014 and after.

All Beneficiaries					
Beneficiary	Column 1			Column 2	Column 3
	Name and address of beneficiary <i>If additional lines are needed, attach additional pages</i>			Social Security Number/FEIN	Type of entity <i>(See instructions)</i>
A	Name _____ Address _____ State _____ Zip Code _____				
B	Name _____ Address _____ State _____ Zip Code _____				
C	Name _____ Address _____ State _____ Zip Code _____				
D	Name _____ Address _____ State _____ Zip Code _____				

Beneficiary	All Beneficiaries <i>Complete Column 4 for ALL beneficiaries</i>	Nonresident Beneficiaries Only <i>Important: Columns 5 through 7 are for a NONRESIDENT BENEFICIARY only. See instructions for which beneficiaries to include in Columns 5, 6, and 7.</i>		
	Column 4	Column 5	Column 6	Column 7
	Federal distributive share of income (loss)	North Dakota distributive share of income (loss)	North Dakota income tax withheld (3.22%)	Form PWA or Form PWE (Attach copy)
A			<input type="radio"/>	
B			<input type="radio"/>	
C			<input type="radio"/>	
D			<input type="radio"/>	
1 Total for Column 4 1				
2 Total for Column 5 2				
3 Total for Column 6 . Enter this amount on Form 38, page 1, line 5 3				
4 Total for Column 7 . Enter this amount on Form 38, page 1, line 6 4				

Schedule CR Credit for income tax paid to another state (resident estate or trust only)

- 1** Fiduciary's share of total income from page 2, Tax Computation Schedule, Part 2, line 11, Column A ---- ▶ **1** _____
- 2** Portion of amount on line 1 that has its source in the other state (See instructions) ----- ▶ **2** _____
- 3** Credit ratio. Divide line 2 by line 1 and round to the nearest four decimal places ----- **3** _____
- 4** Tax on fiduciary's North Dakota taxable income from page 1, line 1 ----- **4** _____
- 5** Multiply line 3 by line 4 ----- ▶ **5** _____
- 6** Amount of income tax paid to the other state (See instructions) ----- ▶ **6** _____
- 7** Credit for income tax paid to another state. Enter lesser of line 5 or line 6. Enter this amount on page 1, line 2 ----- **7** _____

Important: Attach a copy of the income tax return filed with the other state



North Dakota Schedule K-1 (Form 38)

2014

Final Amended

Estate's or trust's tax year: Calendar year 2014 (Jan. 1 - Dec. 31, 2014) Fiscal year: Beginning _____, 2014 Ending _____, 20__

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

See separate instructions

Part 1 Estate or trust information

A Estate's or trust's federal EIN

B Name of estate or trust

C Fiduciary's name, address, city, state, and ZIP code

Part 2 Beneficiary information

D Beneficiary's SSN or FEIN (from Federal Schedule K-1)

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

F What type of entity is this beneficiary?

G If beneficiary is an individual, estate, or trust, beneficiary is a:

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

H Is this an eligible nonresident beneficiary who elected to be included in a composite filing? Yes No

Part 3 All beneficiaries: North Dakota adjustments and tax credits

- 1 Federally-exempt income from non-ND state and local bonds and foreign securities
2 State and local income taxes deducted in calculating ordinary income (loss)
3 Interest from U.S. obligations
4 Renaissance zone income exemption: a For projects approved before August 1, 2013 b For projects approved after July 31, 2013
5 New or expanding business income exemption
6 College SAVE contribution deduction
7 a Renaissance zone: Historic property preservation/renovation tax credit b Renaissance zone: Renaissance fund organization investment tax credit c Renaissance zone: Nonparticipating property owner tax credit
8 Seed capital investment tax credit

Part 3 continued . . .

- 9 Agricultural commodity processing facility investment tax credit
10 Biodiesel/green diesel fuel blending tax credit
11 Biodiesel/green diesel fuel sales equipment tax credit
12 Geothermal energy device tax credit
13 Employer internship program tax credit
14 Microbusiness tax credit
15 a Research expense tax credit b Research tax credit purchased from another taxpayer
16 Angel fund investment tax credit
17 Endowment fund contribution tax credit
18 Workforce recruitment tax credit
19 Credit for wages paid to mobilized employee
20 Housing incentive fund tax credit
21 Automation tax credit

Part 4 Nonresident individual, estate, or trust beneficiary: North Dakota income (loss)

- 22 Interest income
23 Ordinary dividends
24 Net short-term capital gain
25 Net long-term capital gain
26 Other portfolio and nonbusiness income
27 Ordinary business income
28 Net rental real estate income
29 Other rental income
30 Directly apportioned deductions
31 Final year deductions
32 Other

Part 5 Nonresident beneficiary: North Dakota income tax withheld or composite tax paid

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



North Dakota Schedule K-1 (Form 38)

2014

Final Amended

Estate's or trust's tax year: Calendar year 2014 (Jan. 1 - Dec. 31, 2014) Fiscal year: Beginning, 2014 Ending, 20

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

See separate instructions

Part 1 Estate or trust information

A Estate's or trust's federal EIN

B Name of estate or trust

C Fiduciary's name, address, city, state, and ZIP code

Part 2 Beneficiary information

D Beneficiary's SSN or FEIN (from Federal Schedule K-1)

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

F What type of entity is this beneficiary?

G If beneficiary is an individual, estate, or trust, beneficiary is a:

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

H Is this an eligible nonresident beneficiary who elected to be included in a composite filing? Yes No

Part 3 All beneficiaries: North Dakota adjustments and tax credits

- 1 Federally-exempt income from non-ND state and local bonds and foreign securities
2 State and local income taxes deducted in calculating ordinary income (loss)
3 Interest from U.S. obligations
4 Renaissance zone income exemption: a For projects approved before August 1, 2013 b For projects approved after July 31, 2013
5 New or expanding business income exemption
6 College SAVE contribution deduction
7 a Renaissance zone: Historic property preservation/renovation tax credit b Renaissance zone: Renaissance fund organization investment tax credit c Renaissance zone: Nonparticipating property owner tax credit
8 Seed capital investment tax credit

Part 3 continued . . .

- 9 Agricultural commodity processing facility investment tax credit
10 Biodiesel/green diesel fuel blending tax credit
11 Biodiesel/green diesel fuel sales equipment tax credit
12 Geothermal energy device tax credit
13 Employer internship program tax credit
14 Microbusiness tax credit
15 a Research expense tax credit b Research tax credit purchased from another taxpayer
16 Angel fund investment tax credit
17 Endowment fund contribution tax credit
18 Workforce recruitment tax credit
19 Credit for wages paid to mobilized employee
20 Housing incentive fund tax credit
21 Automation tax credit

Part 4 Nonresident individual, estate, or trust beneficiary: North Dakota income (loss)

- 22 Interest income
23 Ordinary dividends
24 Net short-term capital gain
25 Net long-term capital gain
26 Other portfolio and nonbusiness income
27 Ordinary business income
28 Net rental real estate income
29 Other rental income
30 Directly apportioned deductions
31 Final year deductions
32 Other

Part 5 Nonresident beneficiary: North Dakota income tax withheld or composite tax paid

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

2014

Beneficiary's Instructions for North Dakota Schedule K-1 (Form 38)

Purpose of form

North Dakota Schedule K-1 (Form 38) is a supplemental schedule provided by a fiduciary of an estate or trust to its beneficiaries. It provides information the beneficiaries may need to complete their North Dakota income tax returns.

Resident individual, estate, or trust beneficiary.

If you are a North Dakota resident individual, estate, or trust, your entire distributive share of income from the estate or trust is subject to North Dakota income tax. North Dakota Schedule K-1 was issued to you only to show your distributive share of the estate's or trust's North Dakota statutory adjustments and tax credits that may affect your North Dakota income tax return. See Part 3 of the schedule.

Nonresident individual, estate, or trust beneficiary.

If you are a nonresident individual, estate, or trust, only the portion of your distributive share of income from the estate or trust that is derived from North Dakota sources is subject to North Dakota income tax. North Dakota Schedule K-1 was issued to you to show your distributive share of the following items:

- North Dakota income, gains, losses, and deductions. See Part 4 of the schedule.
- North Dakota statutory adjustments and tax credits. See Part 3 of the schedule.
- North Dakota income tax withheld from your distributive share of North Dakota income. See Part 5 of the schedule.
- North Dakota income tax paid on your distributive share of North Dakota income in a composite filing. See "Composite filing election" under "General instructions" and Part 5 of the schedule.

Partnership or corporation beneficiary.

If you are a partnership, C corporation, S corporation, or a limited liability company treated like a partnership or corporation, North Dakota Schedule K-1 was issued to you only to show your distributive share of North Dakota statutory adjustments and tax credits. See Part 3 of the schedule.

If you are a partnership, S corporation, or a limited liability company treated like a partnership or S corporation, and if your commercial domicile is located outside North Dakota, the schedule may also show your distributive share of the following items:

- North Dakota income subject to North Dakota income tax withholding. See Part 5 of the schedule.

- North Dakota income tax withheld from your distributive share of North Dakota income. See Part 5 of the schedule.
- North Dakota income tax paid on your distributive share of North Dakota income in a composite filing. See "Composite filing election" under "General instructions" and Part 5 of the schedule.

General instructions

These instructions explain where to report the information from Schedule K-1 (Form 38) on the North Dakota income tax return.

Tax year. References to a North Dakota form and line number contained in these instructions are references to the form in use for the 2014 calendar year. However, if you file your return on a calendar year basis, but the estate or trust files its return on a fiscal year basis, report the amounts on your return for the year in which the estate's or trust's fiscal year ends. For example, if the estate or trust has a fiscal year ending in February 2015, report the amounts from the 2014 Schedule K-1 (Form 38) on your 2015 tax return. The estate's or trust's tax year is shown at the top of the schedule.

Composite filing election. If Item H in Part 2 of Schedule K-1 (Form 38) is checked "Yes," you elected to include your distributive share of North Dakota income in a composite filing by the fiduciary. Ignore any amounts shown in Parts 3 through 5 of Schedule K-1 (Form 38); they are not applicable if you elected to be included in a composite filing. The income tax paid on your behalf by the fiduciary under the composite filing method satisfies your North Dakota income tax filing and payment obligations with respect to your North Dakota distributive share of income from this estate or trust. The North Dakota distributive share of income and composite income tax paid, as shown in Part 5 of Schedule K-1 (Form 38), are provided only for your information. If you later choose to revoke your composite filing election and file your own North Dakota income tax return, follow the instructions to Parts 3 through 5 to transfer the amounts from Schedule K-1 (Form 38) to your return.

Amended Schedule K-1 (Form 38). If you receive an amended North Dakota Schedule K-1 (Form 38) from the fiduciary for the estate or trust, you generally must file an amended North Dakota income tax return to report the revised information, in which case a copy of the amended Schedule K-1

(Form 38) must be attached to your amended North Dakota income tax return. If you previously elected to include your distributive share of North Dakota income in a composite filing, and you are not changing that election, you generally do not have to take any action and should retain the amended Schedule K-1 (Form 38) for your tax records.

Specific Instructions

Part 3

All beneficiaries—North Dakota adjustments and tax credits

Except for a nonresident beneficiary who elected to be included in a composite filing, the information in Part 3 of Schedule K-1 (Form 38) applies to all beneficiaries.

The following lists show where to enter an amount from Part 3 of Schedule K-1 (Form 38) on the North Dakota income tax return. Use the list that applies to your return. "Not applicable" in the right-hand means that the item does not apply and should not be entered on the return.

Lines 1–21

Form ND-1 filer:

Include the amount from this schedule:	On:
Lines 1–2	Not applicable
Line 3	Form ND-1, line 7
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Line 5	Sch. ND-1SA, line 2
Line 6	Form ND-1, line 14
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Line 8	Sch. ND-1TC, line 4
Line 9	Sch. ND-1TC, line 3
Line 10	Sch. ND-1TC, line 6
Line 11	Sch. ND-1TC, line 7
Line 12	Sch. ND-1TC, line 14b
Line 13	Sch. ND-1TC, line 8a
Line 14	Sch. ND-1TC, line 9a
Line 15a	Sch. ND-1TC, line 10a
Line 15b	Sch. ND-1TC, line 10b
Line 16	Sch. ND-1TC, line 11a
Line 17	Sch. ND-1TC, line 12
Line 18	Sch. ND-1TC, line 13a
Line 19	Sch. ND-1TC, line 15
Line 20	Sch. ND-1TC, line 18
Line 21	Sch. ND-1TC, line 19

Form 38 filer:

Include the amount from this schedule:	On:
Lines 1–2	Not applicable
Line 3	Form 38, page 2, Part 1, line 4a
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Lines 5–6	Form 38, page 2, Part 1, line 4d
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Lines 8–21	Form 38, page 1, line 3

Form 40 filer:

Include the amount from this schedule:	On:
Line 1	Sch. SA, line 4
Line 2	Sch. SA, line 3
Line 3	Sch. SA, line 11
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Line 5	Page 1, line 9
Line 6	Not applicable
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Line 8	Sch. TC, line 12
Line 9	Sch. TC, line 15
Line 10	Sch. TC, line 13
Line 11	Sch. TC, line 14
Line 12	Sch. TC, line 3
Line 13	Sch. TC, line 18
Line 14	Sch. TC, line 17
Line 15a	Sch. TC, line 5
Line 15b	Sch. TC, line 6
Line 16	Sch. TC, line 19
Line 17	Sch. TC, line 16
Line 18	Sch. TC, line 21
Line 19	Sch. TC, line 22
Line 20	Sch. TC, line 23
Line 21	Sch. TC, line 24

Forms 58 and 60: Include the amounts from lines 1–21 of this schedule on the applicable lines of Schedule K of Form 58 or Form 60.

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

If you are a nonresident individual, estate, or trust, lines 22 through 32 of Part 4 show your share of the estate’s or trust’s North Dakota income, gains, losses, and deductions that you must report on your North Dakota income tax return. Transfer these amounts to your North Dakota income tax return as instructed below based on the type of return you are filing.

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

Attach a statement to your North Dakota income tax return explaining any difference between the amount shown on North Dakota Schedule K-1 (Form 38) and the amount reported on your North Dakota income tax return.

Form ND-1 filer (nonresident only):
Include the amount from this schedule:

On Schedule ND-1NR,	Column B:
Lines 22-23	Line 2
Lines 24-25	Line 4
Lines 26–30	Line 6
Line 31	Line 4 (if capital loss) or line 8 (if net operating loss)
Line 32	Line 8

Form 38 filer (nonresident only):
Include the amount from this schedule:

On Page 2, Part 2,	Column B:
Line 22	Line 1
Line 23	Line 2
Lines 24–25	Line 4
Lines 26–30	Line 5
Line 31	Line 4 (if capital loss) or line 8 (if net operating loss)
Line 32	Line 8

**Part 5
Nonresident beneficiary only**

Lines 33 through 35 only apply to a nonresident beneficiary. A nonresident beneficiary means (1) an individual not domiciled in North Dakota, (2) a trust, including a grantor trust, not organized under North Dakota law, and (3) a passthrough entity, such as a partnership, with a commercial domicile outside North Dakota.

Line 33
This is the net amount of your North Dakota distributive share of income (loss) from the estate or trust. Do not enter the amount from this line anywhere on your return. **It is for your information only.**

Line 34
This is the amount of North Dakota income tax withheld by the fiduciary from your North Dakota distributive share of income. Enter this amount on your return as follows:

- If an individual, enter on Form ND-1, line 26.
- If an estate or trust, enter on Form 38, page 1, line 8.
- If a partnership, enter on Form 58, page 1, line 4.
- If an S corporation, enter on Form 60, page 1, line 5.

Attach a copy of North Dakota Schedule K-1 (Form 38) to your return.

Line 35
If you elected to include your North Dakota distributive share of income (loss) in a composite filing, this is the amount of North Dakota composite income tax paid on your behalf by the fiduciary. For more information, see “Composite filing election” in the general instructions to this schedule.

Note: If you later choose to file your own North Dakota income tax return, you may claim this amount as a tax payment on your return. Attach a copy of the North Dakota Schedule K-1 (Form 38) to your return to support the amount claimed.

2014**Beneficiary's Instructions for North Dakota Schedule K-1 (Form 38)****Purpose of form**

North Dakota Schedule K-1 (Form 38) is a supplemental schedule provided by a fiduciary of an estate or trust to its beneficiaries. It provides information the beneficiaries may need to complete their North Dakota income tax returns.

Resident individual, estate, or trust beneficiary.

If you are a North Dakota resident individual, estate, or trust, your entire distributive share of income from the estate or trust is subject to North Dakota income tax. North Dakota Schedule K-1 was issued to you only to show your distributive share of the estate's or trust's North Dakota statutory adjustments and tax credits that may affect your North Dakota income tax return. See Part 3 of the schedule.

Nonresident individual, estate, or trust beneficiary.

If you are a nonresident individual, estate, or trust, only the portion of your distributive share of income from the estate or trust that is derived from North Dakota sources is subject to North Dakota income tax. North Dakota Schedule K-1 was issued to you to show your distributive share of the following items:

- North Dakota income, gains, losses, and deductions. See Part 4 of the schedule.
- North Dakota statutory adjustments and tax credits. See Part 3 of the schedule.
- North Dakota income tax withheld from your distributive share of North Dakota income. See Part 5 of the schedule.
- North Dakota income tax paid on your distributive share of North Dakota income in a composite filing. See "Composite filing election" under "General instructions" and Part 5 of the schedule.

Partnership or corporation beneficiary.

If you are a partnership, C corporation, S corporation, or a limited liability company treated like a partnership or corporation, North Dakota Schedule K-1 was issued to you only to show your distributive share of North Dakota statutory adjustments and tax credits. See Part 3 of the schedule.

If you are a partnership, S corporation, or a limited liability company treated like a partnership or S corporation, and if your commercial domicile is located outside North Dakota, the schedule may also show your distributive share of the following items:

- North Dakota income subject to North Dakota income tax withholding. See Part 5 of the schedule.

- North Dakota income tax withheld from your distributive share of North Dakota income. See Part 5 of the schedule.
- North Dakota income tax paid on your distributive share of North Dakota income in a composite filing. See "Composite filing election" under "General instructions" and Part 5 of the schedule.

General instructions

These instructions explain where to report the information from Schedule K-1 (Form 38) on the North Dakota income tax return.

Tax year. References to a North Dakota form and line number contained in these instructions are references to the form in use for the 2014 calendar year. However, if you file your return on a calendar year basis, but the estate or trust files its return on a fiscal year basis, report the amounts on your return for the year in which the estate's or trust's fiscal year ends. For example, if the estate or trust has a fiscal year ending in February 2015, report the amounts from the 2014 Schedule K-1 (Form 38) on your 2015 tax return. The estate's or trust's tax year is shown at the top of the schedule.

Composite filing election. If Item H in Part 2 of Schedule K-1 (Form 38) is checked "Yes," you elected to include your distributive share of North Dakota income in a composite filing by the fiduciary. Ignore any amounts shown in Parts 3 through 5 of Schedule K-1 (Form 38); they are not applicable if you elected to be included in a composite filing. The income tax paid on your behalf by the fiduciary under the composite filing method satisfies your North Dakota income tax filing and payment obligations with respect to your North Dakota distributive share of income from this estate or trust. The North Dakota distributive share of income and composite income tax paid, as shown in Part 5 of Schedule K-1 (Form 38), are provided only for your information. If you later choose to revoke your composite filing election and file your own North Dakota income tax return, follow the instructions to Parts 3 through 5 to transfer the amounts from Schedule K-1 (Form 38) to your return.

Amended Schedule K-1 (Form 38). If you receive an amended North Dakota Schedule K-1 (Form 38) from the fiduciary for the estate or trust, you generally must file an amended North Dakota income tax return to report the revised information, in which case a copy of the amended Schedule K-1

(Form 38) must be attached to your amended North Dakota income tax return. If you previously elected to include your distributive share of North Dakota income in a composite filing, and you are not changing that election, you generally do not have to take any action and should retain the amended Schedule K-1 (Form 38) for your tax records.

Specific Instructions**Part 3****All beneficiaries—North Dakota adjustments and tax credits**

Except for a nonresident beneficiary who elected to be included in a composite filing, the information in Part 3 of Schedule K-1 (Form 38) applies to all beneficiaries.

The following lists show where to enter an amount from Part 3 of Schedule K-1 (Form 38) on the North Dakota income tax return. Use the list that applies to your return. "Not applicable" in the right-hand means that the item does not apply and should not be entered on the return.

Lines 1–21**Form ND-1 filer:**

Include the amount from this schedule:	On:
Lines 1–2	Not applicable
Line 3	Form ND-1, line 7
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Line 5	Sch. ND-1SA, line 2
Line 6	Form ND-1, line 14
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Line 8	Sch. ND-ITC, line 4
Line 9	Sch. ND-ITC, line 3
Line 10	Sch. ND-ITC, line 6
Line 11	Sch. ND-ITC, line 7
Line 12	Sch. ND-ITC, line 14b
Line 13	Sch. ND-ITC, line 8a
Line 14	Sch. ND-ITC, line 9a
Line 15a	Sch. ND-ITC, line 10a
Line 15b	Sch. ND-ITC, line 10b
Line 16	Sch. ND-ITC, line 11a
Line 17	Sch. ND-ITC, line 12
Line 18	Sch. ND-ITC, line 13a
Line 19	Sch. ND-ITC, line 15
Line 20	Sch. ND-ITC, line 18
Line 21	Sch. ND-ITC, line 19

Form 38 filer:

Include the amount from this schedule: On:

Lines 1–2	Not applicable
Line 3	Form 38, page 2, Part 1, line 4a
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Lines 5–6	Form 38, page 2, Part 1, line 4d
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Lines 8–12	Form 38, page 1, line 3

Form 40 filer:

Include the amount from this schedule: On:

Line 1	Sch. SA, line 4
Line 2	Sch. SA, line 3
Line 3	Sch. SA, line 11
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Line 5	Page 1, line 9
Line 6	Not applicable
Line 7a	Sch. RZ, Part 4, line 7
Line 7b	Sch. RZ, Part 5, line 4
Line 7c	Sch. RZ, Part 6, line 6
Line 8	Sch. TC, line 12
Line 9	Sch. TC, line 15
Line 10	Sch. TC, line 13
Line 11	Sch. TC, line 14
Line 12	Sch. TC, line 3
Line 13	Sch. TC, line 18
Line 14	Sch. TC, line 17
Line 15a	Sch. TC, line 5
Line 15b	Sch. TC, line 6
Line 16	Sch. TC, line 19
Line 17	Sch. TC, line 16
Line 18	Sch. TC, line 21
Line 19	Sch. TC, line 22
Line 20	Sch. TC, line 23
Line 21	Sch. TC, line 24

Forms 58 and 60: Include the amounts from lines 1–21 of this schedule on the applicable lines of Schedule K of Form 58 or Form 60.

Part 4

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

If you are a nonresident individual, estate, or trust, lines 22 through 32 of Part 4 show your share of the estate’s or trust’s North Dakota income, gains, losses, and deductions that you must report on your North Dakota income tax return. Transfer these amounts to your North Dakota income tax return as instructed below based on the type of return you are filing.

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

Attach a statement to your North Dakota income tax return explaining any difference between the amount shown on North Dakota Schedule K-1 (Form 38) and the amount reported on your North Dakota income tax return.

Form ND-1 filer (nonresident only):

Include the amount from this schedule:	On Schedule ND-1NR, Column B:
Lines 22-23	Line 2
Lines 24-25	Line 4
Lines 26–30	Line 6
Line 31	Line 4 (if capital loss) or line 8 (if net operating loss)
Line 32	Line 8

Form 38 filer (nonresident only):

Include the amount from this schedule:	On Page 2, Part 2, Column B:
Line 22	Line 1
Line 23	Line 2
Lines 24–25	Line 4
Lines 26–30	Line 5
Line 31	Line 4 (if capital loss) or line 8 (if net operating loss)
Line 32	Line 8

Part 5

Nonresident beneficiary only

Lines 33 through 35 only apply to a nonresident beneficiary. A nonresident beneficiary means (1) an individual not domiciled in North Dakota, (2) a trust, including a grantor trust, not organized under North Dakota law, and (3) a passthrough entity, such as a partnership, with a commercial domicile outside North Dakota.

Line 33

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

Line 34

This is the amount of North Dakota income tax withheld by the fiduciary from your North Dakota distributive share of income. Enter this amount on your return as follows:

- If an individual, enter on Form ND-1, line 26.
- If an estate or trust, enter on Form 38, page 1, line 8.
- If a partnership, enter on Form 58, page 1, line 4.
- If an S corporation, enter on Form 60, page 1, line 5.

Attach a copy of North Dakota Schedule K-1 (Form 38) to your return.

Line 35

If you elected to include your North Dakota distributive share of income (loss) in a composite filing, this is the amount of North Dakota composite income tax paid on your behalf by the fiduciary. For more information, see “Composite filing election” in the general instructions to this schedule.

Note: If you later choose to file your own North Dakota income tax return, you may claim this amount as a tax payment on your return. Attach a copy of the North Dakota Schedule K-1 (Form 38) to your return to support the amount claimed.