

North Dakota Estimated Income Tax for Corporations for the 2016 Taxable Year

General instructions

Who must pay estimated tax

If a corporation's estimated state income tax liability (after any withholding) exceeds \$5,000 **and** previous year's state income tax liability exceeded \$5,000 (before any withholding or estimated payments), the corporation is required to make an estimated tax payment of at least one-fourth of the amount due on each of four prescribed dates.

Where to file

Estimated income tax payments should be mailed to Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, ND 58505-0599.

Which form to use

If payment for estimated income tax is to be made by check or money order, the Form 40-ES voucher must be used to ensure that proper credit for the payment is applied to the correct account.

If payment is to be made electronically, do not use the Form 40-ES voucher.

Time for filing

The first estimated income tax payment is due no later than April 15 following the close of the calendar year. Corporations reporting on a fiscal year basis must pay the first estimated tax installment no later than the 15th day of the fourth month following the close of their fiscal year. No less than one-fourth of the estimated income tax must be paid with the first installment and with each of the three remaining installments on the 15th day of the sixth and ninth months of the taxable year and the first month of the following year.

Estimated payments for short period returns

Estimated payments for short period returns of less than 120 days are not required. For short period returns in excess of 120 days, if the short period ends prior to any remaining due dates for payment of estimated tax, the final estimated tax payment is due on the 15th day of the last month of the short period.

Extension of time to pay estimated tax cannot be granted.

How to pay

Do not comingle estimated income tax payments with any other payment to the North Dakota Office of State Tax Commissioner.

If payment for estimated income tax is to be made by check or money order, make it payable to North Dakota State Tax Commissioner.

Payment for estimated income tax may be made electronically using an ACH credit, electronic check, debit card, or credit card. To make an electronic payment or for information regarding an ACH credit, go to the department's website at www.nd.gov/tax.

Estimated income tax payments can also be made using ACH "Debits". However, ACH debits can only be used when filing the 2015 return electronically using the Modernized e-File program. The payment information is entered when completing the 2015 return.

Amendments to estimated income tax

If it is found that the total estimated income tax is more or less than originally determined, adjust the next installment accordingly.

Overpayment of estimated tax

An overpayment of estimated income tax from the prior taxable year may be credited to the current year's estimated payments. The amount of the 2015 overpayment will be applied to the first installment for 2016.

Application of estimated income tax payments

All payments submitted as 2015 estimated income tax and any overpayment credited from the 2014 taxable year must be reported on the 2015 North Dakota Corporation Income Tax Return Form 40.

If any income tax was withheld from oil and gas royalties, unless demonstrated otherwise, one-fourth of the total amount withheld is deemed to have been paid by each quarter's payment due date.

Understatement of estimated income tax

Interest charges will apply if the estimated income tax payment for any quarter (including overpayments from prior quarters) is less than 90% of the quarterly income tax liability or is less than the prior year's North Dakota net tax liability divided by four.

If estimated payments for the federal return were made using the adjusted seasonal installment method or annualized income installment method as provided for in IRC of 1986, as amended, Section 6655(e), the amount of each quarterly payment due (for Line 4) is calculated in the same manner as for Federal Form 2220, which must be attached in that situation.

The Underpayment of Estimated North Dakota Income Tax by Corporations Form 40-UT must be attached to the North Dakota Corporation Income Tax Return, Form 40 when filing. The Form 40-UT is located within the Form 40 booklet.

Interest

Our office will notify the taxpayer of any interest owed on any underpayment of estimated income tax. If desired, interest owed may be computed by the taxpayer on Form 40-UT and added to the 2015 corporation income tax liability on Form 40, Page 1. Interest is calculated at the rate of 12% per annum from the installment due date to the earlier of the date the estimated tax is paid or the due date (without extension) of the return.

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 57-38-32, 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.