Agricultural Commodity Processing Facility Investment Tax Credit Program

Rates, limitations, and other features of the tax credit by tax year

This document is only intended to be a quick reference tool for taxpayers, tax professionals, and other persons interested in the tax credit rate, limitations, and other selected features applicable to investments made in a particular tax year. The tax year is that of the taxpayer making the investment (not the qualified business's tax year). For complete details or assistance with respect to a tax year, contact the North Dakota Office of State Tax Commissioner.

How to use this chart: Go to the column for the tax year in which the qualified investment was made. Then look down that column to see the rate, limitations, and other features that apply to that investment and related tax credit.

Provision	Tax year in which investment was made											
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Eligible taxpayer [1, 2]	Individual, estate, or trust				Individual, estate, trust, partnership, corporation (“C” or “S”), or LLC							
Qualified investment [3]	Cash	Cash	Cash	Cash	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate
Credit rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Number of carryover years for unused credit [4] *(Last tax year in which an unused credit carryover may be used is shown in parentheses)*	15 (2016)	15 (2017)	15 (2018)	15 (2019)	5 (2010)	5 (2011)	10 (2017)	10 (2018)	10 (2019)	10 (2020)	10 (2021)	10 (2022)
Maximum investment [5]	$20,000	$20,000	$20,000	$20,000	$166,667	$166,667						
Maximum allowable credit [6]	$6,000	$6,000	$6,000	$6,000	$50,000	$50,000						
Limit on amount of allowable credit that may be used in any tax year [7]	50%	50%	50%	50%	50%	50%						
Limit on amount of allowable credit that may be used in any tax year [8]							$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Limit on amount of allowable credit that may be used in any tax year based on tax liability (before credits) [9]	50%	50%	50%	50%	50%	50%						
Cumulative limit on total tax credits allowed under Program to a taxpayer for all tax years [10]					$250,000							

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How to use this chart: Go to the column for the tax year in which the qualified investment was made. Then look down that column to see the rate, limitations, and other features that apply to that investment and related tax credit.

Provision	Tax year in which investment was made											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Eligible taxpayer [1, 2]	Individual, estate, trust, partnership, corporation ("C" or "S"), or LLC											
Qualified investment [3]	Cash or Real estate	Cash or Real estate	Cash or Real estate	Cash or Real estate								
Credit rate	30%	30%	30%	30%								
Number of carryover years for unused credit [4] *(Last tax year in which an unused credit carryover may be used is shown in parentheses)*	10 (2023)	10 (2024)	10 (2025)	10 (2026)			Tax years after 2016 are subject to legislative change and are therefore omitted until after the next legislative session in 2017. If there is no legislative change in 2017, the provisions in effect for 2007 through 2016 will apply.					
Maximum investment [5]												
Maximum allowable credit [6]												
Limit on amount of allowable credit that may be used in any tax year [7]												
Limit on amount of allowable credit that may be used in any tax year [8]	$50,000	$50,000	$50,000	$50,000								
Limit on amount of allowable credit that may be used in any tax year based on tax liability (before credits) [9]												
Cumulative limit on total tax credits allowed under Program to a taxpayer for all tax years [10]	$250,000											

Notes

[1] For tax years beginning before January 1, 2005, an eligible taxpayer was limited to an individual, estate, or trust. Other types of entities, such as a corporation, could make an investment in the business but the investment was not a qualified investment and no credit was allowed.

[2] For tax years beginning on or after January 1, 2005, an eligible taxpayer included all entity types except governmental and tax-exempt entities. In the case of a passthrough entity—partnership, S corporation, or limited liability company treated like a passthrough entity—the credit is calculated at the passthrough entity level and passed through to the owners based on their respective ownership interests.

[3] For tax years beginning on or after January 1, 2007, a qualified investment includes the transfer of a fee simple interest in North Dakota real estate, subject to a number of conditions and reporting requirements.

[4] The unused credit carryover provision does not apply at the passthrough entity level, but applies at the owner level, provided the owner is not another passthrough entity.

[5] For tax years beginning before January 1, 2007, no credit is allowed for investments made during the tax year in excess of the maximum investment amount shown in table. This limit applies per investor. For married individuals filing jointly, this limit applies per spouse.

[6] For investments made in tax years beginning before January 1, 2007, the allowable credit equals the total qualified investments made during the tax year multiplied by the credit rate, not to exceed the maximum allowable credit shown in the table. This limit applies per investor. For married individuals filing jointly, this limit applies per spouse.

[7] For investments made in tax years beginning before January 1, 2007, multiply the allowable credit on investments made during the tax year by 50 percent. The result is the limit on the amount of the allowable credit that may be used in the year of investment or in any carryover year. For example, if $10,000 is invested in the 2006 tax year, the allowable credit is $3,000 ($10,000 x 30%), of which no more than $1,500 ($3,000 x 50%) may be used in 2006 or any of the five carryover years. This limitation does not apply at the passthrough entity level but applies at the owner level, provided the owner is not another passthrough entity.

[8] For investments made in tax years beginning on or after January 1, 2007, the allowable credit equals the total qualified investments made during the tax year multiplied by the credit rate, of which no more than $50,000 may be used to offset the income tax liability in any tax year. The $50,000 annual credit limit does not apply to a passthrough entity. Also see Note 10 for a lifetime limit on the allowable credit.

[9] For investments made in tax years beginning before January 1, 2007, the portion of the allowable credit that may be used in a tax year may not offset more than 50 percent of the taxpayer's tax liability (before credits). For example, if $20,000 is invested in the 2006 tax year, the allowable credit is $6,000 ($20,000 x 30%), of which no more than $3,000 may be used in any tax year. If the taxpayer's tax liability (before credits) is $2,000, only $1,000 of the total allowable credit may be used to reduce the tax liability. The unused credit of $5,000 ($6,000 - $1,000) may be carried over for up to five tax years.

[10] This limitation applies to investments made on or after January 1, 2005, and applies to each taxpayer. A passthrough entity is considered to be a taxpayer for purposes of this limitation; therefore, in the case of passthrough entity, this lifetime limitation applies at both the passthrough entity level and at the passthrough entity owner level.

Example 1: Assume a partnership makes a qualifying investment of $450,000 in each of the tax years 2015 and 2016. The calculated credit for each year is $135,000. The partnership did not make any other qualifying investments. Due to the $250,000 lifetime credit limitation, the entire $135,000 credit in 2015 is allowed, but only $115,000 of the credit in 2016 is allowed (the remaining $20,000 of the 2016 credit is not allowed in any tax year). The allowable credit for each year must be passed through to the partners based on their respective interests in the partnership.

Example 2: Assume two individuals hold an interest in three different partnerships. All income, deduction, and credit items are distributed equally between the partners. In 2015, each partnership makes a qualifying investment of $1,000,000. The calculated credit for each partnership is $300,000. The partnerships did not make any other qualifying investments. Due to the $250,000 lifetime credit limitation, each partnership's allowable credit is limited to $250,000. Fifty percent of each partnership's allowable credit of $250,000 is distributable to each of its two partners. Therefore, each partner receives $375,000 of credits from the partnerships ($125,000 x 3). Due to the $250,000 lifetime credit limit, each partner's allowable credit is limited to $250,000 (the remaining $125,000 of credits are not allowed in any tax year).