



# NORTH DAKOTA 2014 PARTNERSHIP INCOME TAX

RYAN RAUSCHENBERGER, TAX COMMISSIONER

## FORM 58

INCLUDES:  
SCHEDULE FACT  
SCHEDULE K  
SCHEDULE KP  
SCHEDULE K-1

Dear Taxpayer,

Form 58, the North Dakota Partnership Income Tax Return, may be filed electronically through the Modernized E-File (MeF) system. MeF allows the North Dakota and federal partnership returns to be submitted at the same time. For a list of the software vendors who support the electronic filing of the 2014 North Dakota Form 58, go to our web site at [www.nd.gov/tax](http://www.nd.gov/tax).

If you choose to file on paper, this booklet contains the forms and instructions you will need to file the 2014 North Dakota partnership income tax return. 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 information on these changes.

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

If you have any questions or need any forms mentioned in this booklet, go to our web site or contact our office. You will find contact information on the inside front cover of this booklet.

Thank you,

Ryan Rauschenberger,  
Tax Commissioner

### [WWW.ND.GOV/TAX](http://WWW.ND.GOV/TAX)

- Download Tax Forms
- View and Print Guidelines
- Find Answers with our FAQs
- Email Additional Tax Questions to [individualtax@nd.gov](mailto:individualtax@nd.gov)

# Contents

Where to get help and forms.....	This page
Changes for 2014.....	1
General instructions.....	2
Who must file.....	2
When and where to file.....	2
Extension of time to file.....	2
Penalty and interest.....	2
Estimated tax payment (for 2015 tax year).....	2
Withholding from nonresident partners.....	2
Composite filing.....	3
Correcting a previously filed return.....	3
Reporting federal changes.....	4
W-2/1099 reporting requirement.....	4
General instructions for completing Form 58.....	4
Specific line instructions.....	4
Form 58, Page 1, Items A-J.....	4
Schedule FACT.....	5
Schedule K.....	5
Schedule KP.....	7
Form 58, Page 1, Lines 1-12.....	9
Schedule K-1.....	10
Before you file Form 58.....	11

## Required forms

The following forms are needed to complete Form 58:

<b>Form 58</b>	Partnership return
<b>Schedule FACT</b>	Calculation of North Dakota apportionment factor
<b>Schedule K</b>	Total North Dakota adjustments, credits, and other items distributable to partners
<b>Schedule KP</b>	Partner information
<b>Schedule K-1</b>	Partner's share of North Dakota income (loss), deductions, adjustments, credits, and other items

The following forms may be needed:

<b>Form 58-PV</b>	Partnership return payment voucher
<b>Form 58-EXT</b>	Partnership extension payment voucher
<b>Form 101</b>	Application for extension of time to file a North Dakota income tax return
<b>Form PWA</b>	Passthrough entity withholding adjustment
<b>Form PWE</b>	Nonresident passthrough entity member exemption and certification

Download these forms from our web site at [www.nd.gov/tax](http://www.nd.gov/tax).

## Need help?

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

[www.nd.gov/tax](http://www.nd.gov/tax)

### E-mail

Individual, estate, trust, partnership, and S corporation income tax—

[individualtax@nd.gov](mailto:individualtax@nd.gov)

### Call

Individual income tax—

Questions **701.328.1247**

Forms **701.328.1243**

Partnership income tax—

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

### Walk-in service

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 Federal Employer Identification Number (FEIN) or social security number on this form is required under N.D.C.C. §§ 57-01-15 and 57-38-42, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the FEIN or social security number 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](http://www.nd.gov/tax)

## Changes affecting partnerships

Developments, updates, and items of interest relating to partnership income tax

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### Changes to 2014 Form 58 and its instructions

**Form 58, page 1**, was revised as follows:

- A new line (line 4) was added on which to claim North Dakota income tax withheld. Starting with the 2014 tax year, certain partnerships are subject to North Dakota income tax withholding from a distributive share of North Dakota income from another passthrough entity and from North Dakota oil and gas royalties it receives. For more information, see “Passthrough withholding and composite filing” and “Withholding from oil and gas royalties” in these developments.
- A partnership that engages a professional tax preparer to complete Form 58 may authorize the Office of State Tax Commissioner to directly contact the preparer 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.

**Schedules K and K-1** were revised as follows:

- The lines for the “certified North Dakota nonprofit development corporation tax credit” and the “research expense tax credit purchased from another taxpayer” were removed.
- The line for the “geothermal energy device tax credit – devices installed before 1/1/09” was removed because it is obsolete.

**Schedule KP, columns 6 through 8**, and their instructions were revised to reflect the changes made to the passthrough withholding and composite filing provisions. For more information, see “Passthrough withholding and composite filing” in these developments.

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### Passthrough withholding and composite filing

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

For more information, see “Withholding from nonresident partners” and “Composite filing” starting on page 2 of this booklet. Also see the instructions to Schedule KP, columns 6 through 8, and the instructions to Schedule K-1 in this booklet.

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### 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, partnerships 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](http://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.

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

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### FEIN on paper check

Partnerships that submit income tax payments by paper check are asked to write the partnership’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 partnership should continue to write the full FEIN on the payment voucher—Form 58-ES, 58-EXT, or 58-PV—which is retained and eventually disposed of by the Office of State Tax Commissioner.

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### Withholding from oil and gas royalties

Starting with calendar year 2014, oil and gas royalty payments made to nonresident partnerships with a nonworking mineral interest in North Dakota oil and gas production are subject to North Dakota income tax withholding. A nonresident partnership means a partnership with a commercial domicile outside North Dakota. A nonresident partnership that receives North Dakota oil and gas royalty payments must file a North Dakota partnership income tax return (Form 58) to report this income. If North Dakota income tax was withheld from the royalty payments, the withholding must be reported on the withholding line on Form 58 to receive credit for it; the North Dakota income tax withheld is not passed through to the partners.

If Form 58 is filed on paper, a copy of the Federal Form 1099-MISC must be attached to support the withholding amount claimed. If Form 58 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 58 Instructions

2014

## North Dakota Partnership 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 rules.

## General instructions

### Who must file

A 2014 Form 58, *Partnership Income Tax Return*, must be filed by a partnership that meets both of the following:

- It is required to file a 2014 Form 1065, *U.S. Return of Partnership Income*, or 2014 Form 1065-B, *U.S. Return of Income for Electing Large Partnerships*.
- It carries on business, or derives gross income from sources, in North Dakota during the 2014 tax year.

**Investment partnership.** A partnership that elects out of the partnership rules under I.R.C. § 761(a)(1) and does not file a federal partnership return must file a 2014 Form 58 if it carries on investment activity, or derives any gross income from sources, in North Dakota during its 2014 tax year. A 2014 Form 1065 must be completed on a pro forma basis and attached to Form 58.

**Limited liability company (LLC).** A limited liability company that is classified as a partnership for federal income tax purposes is treated like a partnership for North Dakota income tax purposes and must file Form 58 if it meets the above conditions for filing.

**Nonfiler penalty.** If a partnership does not file Form 58 after receiving a thirty-day notice to file by the Office of State Tax Commissioner, a minimum penalty of \$500 may be assessed.

### When and where to file

The 2014 Form 58 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 58 if filing for a fiscal year beginning in the 2013 calendar year.*

Mail Form 58 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 58 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 the federal partnership return is obtained, it is automatically accepted as an extension of time to file Form 58. If this applies, 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 58. The extension period for North Dakota purposes is the same number of months as the federal extension.

**North Dakota extension.** If a federal extension is not obtained, but additional time is needed to complete and file Form 58, 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 58. Notification of whether the extension is accepted or rejected will be provided by the Office of State Tax Commissioner.

**Extension interest.** If Form 58 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 58 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 58-EXT.

Alternatively, a check or money order may be sent with a letter containing the following: (1) name of partnership; (2) last four digits of the partnership's FEIN; (3) partnership's address and phone number, and (4) statement that the payment is a 2014 Form 58-EXT payment.

### Penalty and interest

The tax due must be paid by the due date (without extension) of Form 58 to avoid penalty and interest charges. However, if an extension of time to file Form 58 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 58 is filed on or before its due date (or extended due date), but the tax due is not fully paid with the return, a penalty equal to 5% of the unpaid tax or \$5.00, whichever is greater, must be paid.

If Form 58 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 payment (for 2015)

A partnership may, but is not required to, make estimated tax payments of income tax expected to be due on Form 58. For more information, including payment options, obtain the 2015 Form 58-ES.

### Withholding from nonresident partners

A partnership 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 partner. See “Publicly traded partnership” below for an exception to this requirement.

**Nonresident partner.** For purposes of this withholding requirement, a nonresident partner 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 includes 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 partner elects to include the distributive share in a composite filing—see “Composite filing” on this page.
- The nonresident partner 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 partner’s year-end distributive share of North Dakota income, which is determined at the end of the partnership’s tax year and reported on Form 58, Schedule KP, Column 6. The requirement does not apply to actual distributions made to a nonresident partner during the tax year. The withholding amount is calculated and reported on Schedule KP, Column 7. If a nonresident partner 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 partnership must submit a payment for the total amount of withholding reported on Schedule KP, Column 7, with Form 58 when it is filed.

**Publicly traded partnership.** A publicly traded partnership, as defined under Internal Revenue Code § 7704(b), does not have to withhold North Dakota income tax from its unitholders if it meets both of the following:

- It is treated as a partnership for federal income tax purposes.
- It reports on Form 58, Schedule KP, every unitholder with a North Dakota distributive share of income of over \$500.

### Composite filing

A composite filing method is available to a partnership with one or more eligible nonresident partners. Under this method, a partnership calculates the North Dakota income tax on an eligible nonresident partner’s year-end distributive share of North Dakota income and pays the tax with Form 58. 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 partners 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 partner.** For purposes of this composite filing method, a nonresident partner has the same meaning as that used for withholding income tax from nonresident partners—see “Withholding from nonresident partners” on page 2. A nonresident partner is eligible to be included in a composite filing if both of the following apply:

- The nonresident partner’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 partner elects to be included in a composite filing. An election is indicated by the partnership’s calculation and reporting of a tax amount for the nonresident partner on Form 58, Schedule KP, Column 8. (If the distributive share is a loss, the tax is zero.)

An eligible nonresident partner’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 58, Schedule KP, Column 8. A partnership must submit a payment for the total tax reported on Schedule KP, Column 8, with Form 58 when it is filed.

### Correcting a previously filed return

If a partnership needs to correct an error on Form 58 after it is filed, the partnership must file an amended return. There is no special form for this purpose. See “How to prepare an amended 2014 return” below.

If a partnership paid too much tax because of an error on its 2014 Form 58, the partnership generally has three years from the due date of the return (excluding extensions) 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 58.
2. Enter the partnership’s name, current address, FEIN, etc., in the top portion of page 1 of Form 58.
3. Mark the “Amended return” circle at the top of page 1 of Form 58.
4. Complete Schedules FACT, K, and KP using the corrected information. Then complete lines 1 through 3 on page 1 of Form 58.
5. On line 5 of page 1 of Form 58, enter the total taxes due from the previously filed 2014 Form 58, page 1, line 3.
6. Complete line 7 (overpayment) or line 10 (tax due), whichever applies. If there is an overpayment on line 7, enter the full amount on line 9 (refund). On an amended return, the amount credited to the next year’s estimated tax (line 8) may not be increased or decreased.
7. Attach a statement explaining the reason(s) for filing the amended return. If it is because of changes the partnership or the IRS made to the partnership’s 2014 Federal Form 1065 (or 1065-B), attach a copy of the amended federal return or IRS notice.
8. Complete and provide a corrected Schedule K-1 (Form 58) to the partners, as required.

## Reporting federal changes

If the Internal Revenue Service (IRS) changes or audits the federal partnership return, or if a partnership files an amended federal partnership return, an amended North Dakota Form 58 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 partnership return with the amended North Dakota Form 58.

## W-2/1099 reporting requirement

Every partnership doing business in North Dakota that is required to file Federal Form 1099 or W-2 must also file one with the Office of State Tax Commissioner. For more information, obtain the guideline *Income Tax Withholding: Information Returns*.

## Use of information

All of the information on Form 58 and its attachments is confidential by law and cannot be given to others except as provided by state law. Information about the partners is required under state law so the Office of State Tax Commissioner can determine the partner's correct North Dakota taxable income and verify if the partner has filed a return and paid the tax.

# General instructions for completing Form 58

## Complete Form 58 as follows:

1. Complete Federal Form 1065 (or 1065-B) in its entirety.
2. Complete Items A through J at the top of page 1 of Form 58—see page 4.
3. Complete Schedule FACT on page 2 of Form 58—see page 5.
4. Complete Schedule K on page 3 of Form 58—see page 5.
5. Complete Schedule KP on page 5 of Form 58—see page 7.
6. Complete lines 1 through 12 on page 1 of Form 58—see page 9.
7. Complete Schedule K-1, if required, for the partners—see page 10.

**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 58 if the partnership's taxable year began in the 2014 calendar year. *Note: Use the 2013 Form 58 if the taxable year began in the 2013 calendar year.*

## Specific line instructions for page 1 of Form 58, Items A-J

**Complete Items A through J at the top of page 1 of Form 58. Then complete Schedule FACT, Schedule K, and Schedule KP before completing lines 1 through 12 on page 1 of Form 58.**

### Item A Tax year

The same tax year used for federal income tax purposes (as indicated on the federal partnership return) must be used for North Dakota income tax purposes. Mark the applicable circle. If the partnership uses a fiscal year, enter the beginning and ending dates of the fiscal year. Use the 2014 Form 58 only if the partnership's tax year began in the 2014 calendar year.

### Item B Name and address

Enter the legal name of the partnership on the first line of the name and address area. If the partnership publicly operates under a fictitious or assumed name (which, in most states, must be recorded or registered with the state), enter that name on the second line of the name and address area.

### 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 1065 (or 1065-B).

### Item D Business code number

Enter the business code number from the NAICS code list found on the Office of State Tax Commissioner's website at [www.nd.gov/tax](http://www.nd.gov/tax). Enter the code that most closely describes the industry in which the partnership derives most of its income.

### Item E Date business started

Enter the date the business started from page 1 of Federal Form 1065 (or 1065-B).

### Item F Indicators

Mark all applicable circles, as follows:

**Initial return.** Mark this circle if this is the first return filed in North Dakota by the partnership.

**Final return.** Mark this circle if this is the last return to be filed in North Dakota by this partnership.

**Farming/ranching partnership.** Mark this circle if this is an LLC that is registered as a farming and ranching LLC with the North Dakota Secretary of State.

**Filed by an LLC.** Mark this circle if the entity filing this return is a limited liability company (LLC).

**Composite return.** Mark this circle if one or more nonresident partners have elected to be included in a composite filing. See "Composite filing" on page 3 for more information.

**Amended return.** Mark this circle if this return is being filed to correct a previously filed 2014 Form 58. See "Correcting a previously filed return" on page 3 for more information.

**Extension.** Mark 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.

### Item G Number of partners

Enter the total number of partners and the number of each type of partner.

### Item H Professional service partnership

Indicate whether the partnership is a professional service partnership. A "professional service partnership" is a partnership that engages in the practice of law, accounting, medicine, or any other profession in which the capital or the services

of employees are not a material income-producing factor. The services performed by the partners themselves must be the primary income-producing factor. A professional service partnership does not include one that primarily engages in wholesale or retail sales activity, manufacturing activity, or any other type of activity in which the capital or the services of employees are a material income-producing factor.

#### **Item I Publicly traded partnership**

Indicate whether the partnership is a publicly traded partnership. A “publicly traded partnership” is a partnership in which interests in it are either traded on an established securities market or are readily tradable on a secondary market.

#### **Item J Tiered partnership**

Indicate whether the partnership holds an interest in one or more other partnerships or limited liability companies. If it does, attach a statement to Form 58 showing the name and federal employer identification number of each partnership or limited liability company in which it holds an interest.

## **Instructions for Schedule FACT (Form 58, page 2)**

All partnerships must complete the applicable portions of Schedule FACT.

#### **If the partnership has ONLY individual, estate, and trust partners, complete Schedule FACT as follows:**

- **100% North Dakota partnership**  
If the partnership conducted all of its business within North Dakota during the tax year, skip lines 1 through 13 and enter “1.000000” on line 14.
- **Multistate partnership**  
If the partnership conducted its trade or business both within and without North Dakota during the tax year, complete lines 1 through 14. However, if all of the partners consist of only North Dakota resident individuals, estates, and trusts, skip lines 1 through 13 and enter “1.000000” on line 14.

**If the partnership has a partner OTHER THAN an individual, estate, or trust,** complete lines 1 through 14 of Schedule FACT.

If the partnership received a North Dakota Schedule K-1 (Form 58) from another partnership, and the partnership is required to complete lines 1 through 14 of Schedule FACT, include the apportionment factor amounts from the North Dakota Schedule K-1 (Form 58), Part 6, lines 40 and 41, in the amounts entered on the corresponding lines of Schedule FACT.

For guidance on how to complete lines 1 through 14 of Schedule FACT, see N.D.C.C. § 57-38.1 and N.D. Admin. Code § 81-03-09.

## **Instructions for Schedule K (Form 58, page 3)**

All partnerships must complete Schedule K. The purpose of this schedule is to show the total amount of North Dakota adjustments, credits, and other items distributable to its partners. These items may be applicable to the preparation of the partners’ North Dakota income tax returns.

If the partnership is a partner in another North Dakota partnership, include on the applicable lines of Schedule K the adjustments, credits, etc., shown on the North Dakota Schedule K-1 (Form 58) received from the other partnership.

#### **Line 1 Income from state, local, and foreign securities and bonds**

Enter on this line interest and dividend income from state, local, and foreign securities and bonds that is exempt from federal income tax. **Do not** include interest income from securities or bonds issued by North Dakota or its political subdivisions. If any portion of the non-North Dakota source income is treated as nonbusiness income subject to allocation under N.D.C.C. §§ 57-38.1-04 through 57-38.1-08, do not include the nonbusiness income portion on this line. Include the nonbusiness portion on Schedule K, line 23.

#### **Line 2 State and local income taxes**

Enter on this line the taxes measured by income that were incurred by the partnership and deducted in calculating the partnership’s ordinary income (loss). Include franchise or privilege taxes measured by income paid to any taxing authority including a foreign country.

#### **Line 3 Interest from U.S. obligations**

Enter on this line interest income from U.S. obligations and from securities the interest from which is specifically exempted from state income tax by federal statute. Include the portion of dividend income from a mutual fund attributable to the fund’s investment in the same kinds of securities.

**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), Government National Mortgage Association (Ginnie Mae), or from a federal income tax refund or repurchase agreement. **Attach a statement identifying the specific securities from which the interest was derived.**

#### **Line 4a Renaissance zone exemption (Projects approved before 8/1/13)**

Enter on this line the amount from Schedule RZ, Part 7, line 1c. **Attach Schedule RZ.**

#### **Line 4b Renaissance zone exemption (Projects approved after 7/31/13)**

Enter on this line the amount from Schedule RZ, Part 7, line 1h. **Attach Schedule RZ.**

#### **Line 5 New or expanding business income exemption**

If the partnership qualified for the new or expanding business income exemption under N.D.C.C. ch. 40-57.1, enter the exempt portion of the partnership’s business income. See N.D. Admin. Code § 81-03-01.1-06 for guidance on how to calculate the amount of the exempt income. **Attach a statement showing the calculation of the exempt income.**

#### **Line 6 Eminent domain gain**

Enter on this line the taxable portion of a gain from the disposition of property due to the exercise of eminent domain.

#### **Line 7a Renaissance zone historic property preservation tax credit**

Enter on this line the amount from Schedule RZ, Part 7, line 4. **Attach Schedule RZ.**

**Line 7b  
Renaissance fund organization  
investment tax credit**

Enter on this line the amount from Schedule RZ, Part 7, line 5. **Attach Schedule RZ.**

**Line 7c  
Renaissance zone nonparticipating  
property owner tax credit**

Enter on this line the amount from Schedule RZ, Part 7, line 6.

**Line 8  
Seed capital investment tax credit**

If the partnership invested in a qualified business for purposes of the seed capital investment tax credit, multiply the total amount invested during the 2014 tax year by 45% and enter the result on this line.

**Line 9  
Ag commodity investment tax credit**

If the partnership invested in a qualified business for purposes of the agricultural commodity processing facility investment tax credit, multiply the total amount invested during the 2014 tax year by 30% and enter the result on this line.

**Line 10  
Biodiesel or green diesel fuel  
blending tax credit**

If the partnership is a licensed supplier of biodiesel or green diesel fuel, it is allowed a credit equal to five cents per gallon for blending biodiesel or green diesel fuel having at least a 5% blend ("B5") that meets ASTM specifications. The blending must be done in North Dakota. For this purpose, a "supplier" means a person who distributes the biodiesel or green diesel fuel from a terminal in North Dakota. Enter the credit on this line. **Attach a statement showing the calculation of the credit.**

**Line 11  
Biodiesel or green diesel fuel sales  
equipment tax credit**

If the partnership is a licensed seller of biodiesel or green diesel fuel, it is allowed a credit equal to 10% of the costs to adapt or add equipment to its North Dakota facility to enable it to sell diesel fuel having at least a 2% biodiesel or green diesel blend ("B2") that meets ASTM specifications. For this purpose, a "seller" means a person who acquires the fuel from a wholesale supplier or distributor for resale to a consumer at a retail location. Except for costs incurred before January 1, 2005, include eligible costs incurred before the tax year in which sales of the eligible biodiesel or green diesel fuel begin. The

credit is allowed in each of five tax years, starting with the tax year in which sales of the eligible biodiesel or green diesel fuel begin. Enter the credit on this line. **Attach a statement showing the calculation of the credit.**

**Line 12  
Energy device tax credits**

If the partnership installed a qualifying biomass, geothermal, solar, or wind energy device on property it owns or leases in North Dakota, it is allowed a credit equal to 3% of the costs of acquisition and installation. The credit is allowed in each of five tax years, starting with the tax year in which the installation is completed. For more information, see N.D.C.C. § 57-38-01.8. **Attach a statement describing the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.**

**Line 12a. Geothermal device.** Enter the amount of credit for a geothermal device.

**Line 12b. Biomass, solar, or wind device.**

Enter the amount of credit for a biomass, solar, or wind energy device.

**Line 13  
Employer internship program tax  
credit**

If the partnership hired an eligible college student under a qualifying internship program set up in North Dakota, it is allowed a credit equal to 10% of the compensation paid to the intern. For details, see N.D.C.C. § 57-38-01.24. The partnership is allowed no more than \$3,000 of credits for all tax years.

**Line 13a.** Enter the allowable credit on this line.

**Line 13b.** Enter the number of eligible interns hired during the 2014 tax year. *Disregard this line if the credit is from a passthrough entity.*

**Line 13c.** Enter on this line the total compensation paid to eligible interns during the 2014 tax year (as shown on their 2014 Form W-2s). *Disregard this line if the credit is from a passthrough entity.*

**Line 14  
Microbusiness tax credit**

If the partnership is certified as a microbusiness by the North Dakota Commerce Department, it is allowed a tax credit equal to 20% of the eligible cost of new property and employment. For details, see N.D.C.C. § 57-38-01.27. The partnership is

allowed no more than \$10,000 of tax credits for all tax years.

**Line 14a.** Enter the allowable credit on this line.

**Line 14b.** Enter on this line the amount of qualifying new investment in property made during the 2014 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

**Line 14c.** Enter on this line the amount of compensation paid for qualifying new employment during the 2014 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

**Line 15  
Research expense tax credit**

If the partnership conducted qualified research in North Dakota, it is allowed a tax credit equal to 25% of qualified research expenses in excess of base period research expenses. For details, see N.D.C.C. § 57-38-30.5. Enter the allowable credit on this line.

**Line 16  
Endowment fund tax credit**

If the partnership made a charitable contribution to a qualified endowment fund in North Dakota, it is allowed a tax credit equal to 40% of the contribution, up to a maximum credit of \$10,000. For details, see N.D.C.C. § 57-38-01.21.

**Line 16a.** Enter the allowable credit on this line.

**Line 16b.** Enter on this line the amount of the contribution made to a qualified endowment fund in North Dakota during the 2014 tax year on which the credit is based.

**Line 17  
Workforce recruitment tax credit**

If the partnership employs extraordinary recruitment methods to hire an employee to fill a hard-to-fill position in North Dakota, it is allowed a tax credit equal to 5% of the compensation paid during the first 12 months to the employee hired to fill that position. The credit may be claimed in the first taxable year beginning after the employee completes the first 12 consecutive months of employment. For details, see N.D.C.C. § 57-38-01.25.

**Line 17a.** Enter the allowable credit on this line.

**Line 17b.** Enter the number of eligible employees whose first 12 months of employment ended in 2013.

**Line 17c.** Enter the total compensation paid to the eligible employees' during their first 12 consecutive months of employment ending in 2013.

**Line 18**  
**Credit for wages paid to a mobilized employee**  
Enter on this line the amount from Schedule ME, line 13. **Attach Schedule ME.**

**Line 19**  
**Angel fund investment tax credit**  
A credit is allowed for making a qualified investment in a North Dakota angel fund. The credit is equal to 45% of the total qualified investments made during the tax year, up to a maximum credit of \$45,000. Enter the allowable credit on this line.

**Line 20**  
**Housing incentive fund tax credit**  
A credit is allowed under N.D.C.C. § 57-38-01.32 for making a qualified contribution to the Housing Incentive Fund. Enter on this line the total credit amount shown on the credit certificate received from the North Dakota Housing Finance Agency.

**Line 21**  
**Automation tax credit**  
A credit is allowed under N.D.C.C. § 57-38-01.33 to a primary sector business for purchasing new or used automation machinery or equipment. Application must be made to the North Dakota Commerce Department for approval of the purchases. Enter on this line the amount of the credit shown on the credit approval letter received from the Office of State Tax Commissioner.

**Line 22**  
**Professional service partnership guaranteed payments**  
Lines 22a through 22c apply only if the partnership marked "Yes" to Item H on page 1 of Form 58. See the instructions to Item H on page 4.

**Line 22a.** Enter the total guaranteed payments from Federal Form 1065, Schedule K, line 4, or from Federal Form 1065-B, Schedule K, line 7.

**Line 22b.** Enter the portion of the amount on line 22a that was made to individual partners as a reasonable salary for personal services, regardless of where the services were performed. Do not include any guaranteed payments for other than personal services.

**Line 22c.** Enter the portion of the amount on line 22b that was made to nonresident individual partners for personal services performed within North Dakota.

**Line 23**  
**Allocable (nonbusiness) income**  
Lines 23a and 23b apply only if the partnership meets all of the following:

- It is a multistate partnership, i.e., it carries on its trade or business activity both within and without North Dakota.
- It has one or more nonresident individual, estate, or trust partners.
- It has nonbusiness income as defined under N.D. Admin. Code § 81-03-09-03.

Nonbusiness income is not apportioned using the apportionment factor (from Schedule FACT) but is allocated within or without North Dakota as provided under N.D.C.C. §§ 57-38.1-04 through 57-38.1-08 and N.D. Admin. Code § 81-03-09-09. Expenses must be attributed to the nonbusiness income in a manner which fairly distributes all of the partnership's expenses to its business and nonbusiness income.

If the partnership has an item of nonbusiness income subject to allocation, the partnership must take this into account when calculating the North Dakota distributive share of income or loss reportable on Schedule KP and Schedule K-1 (Form 58). See the instructions to Schedule KP, Column 6, for more information. In addition to completing lines 23a and 23b, the partnership must attach the following to Form 58:

- A statement on which each item of nonbusiness income is shown along with its related expenses.
- A statement explaining the basis for treating the item of income as nonbusiness income subject to allocation.
- If an item of nonbusiness income is allocated to a state other than North Dakota, a copy of that other state's income tax return must be attached. If the partnership is not required to file an income tax return with the other state, the partnership must indicate this in the attached statement.

**Line 23a.** Enter the total allocable income (less related expenses) from all sources within and without North Dakota.

**Line 23b.** Enter the portion of the amount on line 23a that is allocable to North Dakota.

**Line 24**  
**Disposition of I.R.C. Section 179 property**

Lines 24a through 24d apply only if the partnership sold, exchanged, or disposed of property for which an I.R.C. Section 179 deduction was passed through to the partners. *Note: The partnership is required to report this same information on a separate statement attached to Federal Form 1065, Schedule K, line 20c.*

For lines 24a through 24d, multiply the corresponding combined amount for all partners as reported on Federal Form 1065, Schedule K, line 20c, by the apportionment factor from Schedule FACT, line 14, and enter the result. However, if the property disposed of is treated as a nonbusiness asset the gain or loss from which is subject to allocation under N.D.C.C. §§ 57-38.1-04 through 57-38.1-08, subtract the amounts for that asset before multiplying by the apportionment factor. Include the nonbusiness gain or loss from the disposition on Schedule K, line 23.

## Instructions for Schedule KP (Form 58, page 5)

Schedule KP must be completed to provide information about each partner. If the partnership has more than seven partners, complete and attach additional schedules as needed to list all partners. If more than one Schedule KP 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 Partners (Columns 1 through 5)

#### Columns 1 and 2

Enter the name, mailing address, and partner's identifying number as shown on the partner's Federal Schedule K-1. If the partner is a single member limited liability company (LLC) that is a disregarded entity for federal income tax purposes, enter the owner's name, address, and identifying number.

#### Column 3

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

Entity type	Code letter
Individual .....	<b>I</b>
C corporation .....	<b>C</b>
S corporation .....	<b>S</b>
Partnership .....	<b>P</b>
Estate .....	<b>E</b>
Trust .....	<b>T</b>
Exempt organization .....	<b>O</b>

**Note:** A “C corporation” is a corporation that files Federal Form 1120; an “S corporation” is a corporation that files Federal Form 1120S; and the “Trust” entity type only applies to a trust that files Federal Form 1041 or, in lieu of filing Federal Form 1041, elects an alternative reporting method under the federal income tax regulations.

If the partner is a limited liability company (LLC) that is a disregarded entity for federal income tax purposes or a nominee on Federal Schedule K-1, enter the code letter for the type of entity of the entity’s owner. If the LLC is treated like a C corporation, partnership, or S corporation, enter the code letter for that particular entity type.

**Column 4**

Enter the partner’s ownership percentage as provided in the partnership agreement. (*This percentage may differ from the partner’s profit or loss percentage.*)

**Column 5**

For a partnership other than an electing large partnership, enter the sum of the following items from the partner’s Federal Schedule K-1 (Form 1065), Part III:

- Box 1** Ordinary business income (loss)
- Box 2** Net rental real estate income (loss)
- Box 3** Other net rental income (loss)
- Box 4** Guaranteed payments
- Box 5** Interest income
- Box 6a** Ordinary dividends
- Box 7** Royalties
- Box 8** Net short-term capital gain (loss)
- Box 9a** Net long-term capital gain (loss)
- Box 10** Net section 1231 gain (loss)
- Box 11** Other income (loss)
- Box 12** Section 179 deduction
- Box 13** Other deductions (*In the case of an individual, trust, or estate partner, only include deductions that are allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.*)

**Column 6 Worksheet**

**For nonresident partners and tax-exempt organization partners only—see instructions to Schedule KP, Column 6.**

1. Partner’s amount from Schedule KP, Column 5 .....	<b>1</b> _____
2. Professional service partnership only: Guaranteed payments for <b>services only</b> included in the amount on line 1 .....	<b>2</b> _____
3. Allocable income (less related expenses) included in the amount on line 1 .....	<b>3</b> _____
4. Interest from U.S. obligations included in the amount on line 1 .....	<b>4</b> _____
5. Add lines 2, 3, and 4 .....	<b>5</b> _____
6. Apportionable income (loss). Subtract line 5 from line 1 .....	<b>6</b> _____
7. Apportionment factor from Schedule FACT, line 14 .....	<b>7</b> _____
8. Multiply line 6 by line 7 .....	<b>8</b> _____
9. Professional service partnership only: Guaranteed payments for <b>services performed within North Dakota</b> .....	<b>9</b> _____
10. Allocable income (less related expenses) <b>reportable to North Dakota</b> .....	<b>10</b> _____
11. Add lines 8, 9 and 10. Enter result in Column 6 .....	<b>11</b> _____

**Box 20** Include the gain (loss) from an I.R.C. Section 179 property disposition. For purposes of calculating the gain or loss, include all of the Section 179 deduction passed through to the partner, regardless of whether or not the partner actually deducted all of it.

**Electing large partnership.** For an electing large partnership, enter the sum of the following items from the partner’s Federal Schedule K-1 (Form 1065-B):

- Box 1** Taxable income (loss) from passive activities
- Box 2** Taxable income (loss) from other activities
- Box 3** Qualified dividends
- Box 4a** Net capital gain (loss) from passive activities
- Box 4b** Net capital gain (loss) from other activities
- Box 9** Other—(*Include only those items that would be included in the determination of adjusted gross income.*)

**Nonresident Partners and Tax-Exempt Organization Partners Only (Columns 6 through 8)**

For purposes of Columns 6 through 8, a nonresident partner 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 includes 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.

For a tax-exempt organization partner, only report its distributive share of North Dakota income in Column 6. Columns 7 and 8 do not apply to a tax-exempt organization partner.

**Column 6 Nonresident partner and tax-exempt organization partner only**

Complete Column 6 for each nonresident partner and tax-exempt organization partner. Except as provided below, multiply the partner’s amount in Column 5 by the apportionment factor from Schedule FACT, line 14, and enter the result in Column 6.

**Exception:** Complete the **Column 6 Worksheet** on this page to calculate the amount to enter in Column 6 if any of the following apply:

- The partnership is a professional service partnership that made guaranteed payments for services performed by nonresident individual partners. These payments are not apportioned, but are

allocated to the state where the services were performed by the partner. See the instructions to Item H on page 4 for more information.

- The partnership has an item of nonbusiness income subject to allocation. See the instructions to North Dakota Schedule K, line 23, on page 7 for more information.
- The amount in Column 5 includes interest from U.S. obligations.

### Column 7 Nonresident partner only

If a nonresident partner's distributive share of North Dakota income in Column 6 is \$1,000 or more, multiply the amount in Column 6 by 3.22% (.0322) and enter the result in Column 7. However, the following exceptions apply:

- If the nonresident partner gives you a completed Form PWA, enter the amount from line 6 of Form PWA in Column 7 and fill in the circle under "Form PWA or Form PWE."
- If the nonresident partner gives you a completed Form PWE, leave Column 7 blank and fill in the circle under "Form PWA or Form PWE."
- If the nonresident partner elected to be included in a composite filing, leave Column 7 blank and see the instructions to Column 8.

See "Withholding from nonresident partners" on page 2 for more information.

### Column 8 Nonresident partner only

*Note: Leave Column 8 blank if Column 7 was completed for the nonresident partner.*

Complete Column 8 for each nonresident partner electing to be included in a composite filing. Multiply the amount in Column 6 by 3.22% (.0322) and enter the result in Column 8. If the amount in Column 6 is zero or less, enter zero in Column 8. See "Composite filing" on page 3 for more information.

## Specific line instructions for page 1 of Form 58, lines 1-12

**Complete Schedule FACT, Schedule K, and Schedule KP before completing lines 1 through 12 on page 1 of Form 58.**

### Line 4 Income tax withholding

Enter the North Dakota income tax withholding shown on a 2014 Form 1099 or North Dakota Schedule K-1. Be sure the state identified on the Form 1099 is North Dakota. Also enter the North Dakota income tax withholding shown on a 2013 North Dakota Schedule K-1 if the entity that issued it has a fiscal tax year ending in the partnership's 2014 tax year. **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 1099 or North Dakota Schedule K-1.**

### Line 5 Estimated tax payments

Enter the amount paid with the 2014 Forms 58-EXT and 58-ES plus any overpayment applied from the 2013 return. However, if filing an amended return, do not enter any previously paid estimated tax amount; instead, enter the amount of the total taxes due from line 3 of the previously filed original or amended return.

### Line 8 Application of overpayment to 2015

If there is an overpayment on line 7, the partnership may elect to apply part or all of it as an estimated payment toward its 2015 tax liability. To make the election, enter the portion of line 7 to be applied on line 8. If this election is made, the election and 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 10 Tax due

A tax due must be paid in full with the return when the return is filed. See the instructions to line 12 for payment options.

### Line 11 Penalty and interest

The Office of State Tax Commissioner will notify the partnership of any penalty and interest payable on a tax due shown on Form 58. However, the partnership may calculate the penalty and interest amounts and include them in the balance due on Form 58.

**Penalty.** Calculate the penalty amount as follows:

- If Form 58 is filed on or before the due date (or extended due date), but the full amount of the tax due is not paid with the return, the penalty is equal to 5% of the unpaid tax or \$5.00, whichever is greater.
- If Form 58 is not filed on or before the due date (or extended due date), the penalty is equal to 5% of the tax due or \$5.00, whichever is greater, for the month in which 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, not to exceed 25% of the tax due.

**Interest.** Calculate the interest amount as follows:

- If an extension of time to file Form 58 was obtained, extension interest is calculated at the rate of 12% per year on any tax due from the due date of the return to the earlier of the extended due date or the date the return was filed.
- If any tax due is not paid by the due date (or extended due date) of the return, interest is calculated at the rate of 1% per month (or fraction of a month) on the unpaid tax, except for the month in which the return was due.

### Line 12 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](http://www.nd.gov/tax) and click on "S Corp and Partnership" 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](http://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 partnership’s FEIN and “2014 Form 58” on the check or money order.

## Instructions for completing Schedule K-1

A partnership is not subject to North Dakota income tax. Instead, the partners are responsible for reporting and paying any applicable North Dakota income tax on their shares of the partnership’s income reportable to North Dakota.

North Dakota Schedule K-1 (Form 58) must be used by a partnership to provide information that partners will need to complete a North Dakota income tax return. The information to be included in the schedule will depend on the type of partner.

North Dakota Schedule K-1 (Form 58) must be completed and given to:

- Each nonresident partner for which the partnership is required to report the North Dakota distributive share of income on Form 58, Schedule KP, Column 6.
- Each partner to which a share of a North Dakota adjustment or tax credit from Form 58, Schedule K, lines 1 through 21, is distributable.
- Each partnership or corporation partner for the purpose of reporting a share of the apportionment factors from Form 58, Schedule FACT.
- Each tax-exempt organization partner.

If there are no North Dakota adjustments or tax credits on Form 58, Schedule K, lines 1 through 21, a North Dakota Schedule K-1 does not have to be given to a North Dakota resident individual, estate, or trust.

In addition to the North Dakota Schedule K-1 (Form 58), the partnership must provide the partner with a copy of the *Partner’s Instructions for North Dakota Schedule K-1 (Form 58)*.

A copy of all North Dakota Schedule K-1 forms must be enclosed with Form 58 along with any required supporting statements.

**Amended schedule.** If a partnership files an amended Federal Form 1065 (or 1065-B), or if the IRS makes any changes to the partnership’s federal return, the partnership must file an amended Form 58 for the same tax year, and must issue amended North Dakota Schedule K-1 forms to its partners. Fill in the “Amended” circle at the top of the North Dakota Schedule K-1 (Form 58).

**Final schedule.** Fill in the “Final” circle at the top of the North Dakota Schedule K-1 (Form 58) if it is the last one to be issued by the partnership to the partner.

### Part 2 Partner information

#### Item E

Enter the same code letter shown in Column 3 of Schedule KP of Form 58 for the partner.

#### Item F

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

#### Item G

For a nonresident partner, indicate whether the partner is included in a composite filing by filling in the applicable circle.

#### Item I

Enter the partner’s ownership percentage as provided in the partnership agreement.

### Part 3 All partners— North Dakota adjustments and tax credits

If there are any North Dakota adjustments or tax credits on Form 58, Schedule K, lines 1 through 22, complete this part for all partners.

#### Lines 1 and 2

Enter on the corresponding lines the amount determined by multiplying each amount shown on Form 58, Schedule K, lines 1 and 2, by the same percentage used to determine the partner’s distributive share of income (loss) from the partnership.

#### Lines 3 through 5

Enter on the corresponding lines the partner’s share of each amount shown on Form 58, Schedule K, lines 3 through 5.

#### Line 6

Enter on this line the amount determined by multiplying the amount on Form 58, Schedule K, line 6, by the same percentage used to determine the partner’s distributive share of income (loss) from the partnership.

#### Lines 7 through 21

Enter on the corresponding lines the partner’s share of each amount shown on Form 58, Schedule K, lines 7 through 21.

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

Complete Part 4 for a nonresident individual, estate, or trust partner.

#### Line 22

#### Partnership’s apportionment factor

Enter the partnership’s apportionment factor from Schedule FACT, line 14.

#### Lines 23 through 36 Income and loss items

Except as provided under **Exceptions 1 through 3** below, multiply the corresponding amount from the partner’s Federal Schedule K-1, Part III, boxes 1 through 13, and any I.R.C. § 179 property disposition gain (loss) included in box 20 by the partnership’s apportionment factor from Schedule FACT, line 14, and enter the result on the corresponding line of Part 4, lines 23 through 36.

For “Other deductions” from box 13 of Federal Schedule K-1, only include deductions that are allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.

For purposes of calculating the gain or loss for I.R.C. § 179 property dispositions included in box 20 of Federal Schedule K-1, include all of the Section 179 deduction passed through to the partner, regardless of whether or not the partner actually deducted all of it.

#### Exception 1: Professional service

**partnership.** If the partnership is a professional service partnership, calculate the amount to enter on line 26 (guaranteed payments) by adding the following two amounts:

- Guaranteed payments for services performed within North Dakota by the partner.
- Guaranteed payments for other than personal services multiplied by the partnership's apportionment factor from Schedule FACT, line 14.

**Exception 2: Allocable (nonbusiness) income.** If the partnership treated any part of a distributable item of income from the partner's Federal Schedule K-1 as nonbusiness income subject to allocation, calculate the amount to enter on the corresponding line of this part in the following steps:

1. Subtract the net nonbusiness income (gross amount less related expenses) from the applicable distributable amount shown on the Federal Schedule K-1.
2. Multiply the remaining distributive amount, if any, (from step 1) by the partnership's apportionment factor from Schedule FACT, line 14.
3. Add the result (from step 2) to the portion, if any, of the net nonbusiness income **allocable to North Dakota**, and enter the result on the corresponding line of Part 4.

*Note:* If any portion of the net nonbusiness income removed from the distributable amount (in step 1 above) is allocable outside North Dakota, do not enter it anywhere on North Dakota Schedule K-1 (Form 58).

If the calculation of any amount on lines 23 through 36 of Part 4 was affected by the removal or inclusion of net nonbusiness income, attach a statement to the partner's North Dakota Schedule K-1 (Form 58) identifying the net nonbusiness income and showing the calculation of the amount entered on the applicable line(s) of Part 4.

**Exception 3: Interest from U.S. obligations.** Do not include interest from U.S. obligations in determining the amount to enter on Part 4, line 27.

## Part 5 Nonresident partner and tax-exempt organization partner only

Complete Part 5 for a nonresident partner and a tax-exempt organization partner for which an amount was required to be entered on Form 58, Schedule KP, Column 6.

### Line 37 ND distributive share of income (loss)

Enter the partner's North Dakota distributive share of income (loss) from Form 58, Schedule KP, Column 6.

### Line 38 ND income tax withheld

Enter the amount of North Dakota income tax withheld from the partner's North Dakota distributive share of income from Form 58, Schedule KP, Column 7.

### Line 39 ND composite income tax

Enter the amount of North Dakota composite income tax on the partner's North Dakota distributive share of income from Form 58, Schedule KP, Column 8.

## Part 6 Partnership or corporation partner only

Complete Part 6 for a partner that is a partnership, corporation, or other entity treated like a partnership or corporation.

### Line 40 North Dakota factors

Enter in the corresponding column the partner's share of the partnership's North Dakota apportionment factor amounts from Schedule FACT, Column 2, lines 7, 8, and 12.

### Line 41 Total factors

Enter in the corresponding column the partner's share of the partnership's total factor amounts from Schedule FACT, Column 1, lines 7, 8, and 12.

## Before you file Form 58

### Signatures

The return must be signed and dated by a general partner or an authorized representative of the partnership.

If the partnership pays someone other than one of its partners or an employee of the partnership to prepare the return, the paid preparer also must sign and date the return.

### Preparer authorization check-off

The partnership may authorize the North Dakota Office of State Tax Commissioner (Tax Department) to discuss matters pertaining to its 2014 Form 58 with the preparer who signed it. To do so, fill in the circle next to the signature area in the lower right-hand corner of page 1 of Form 58. This authorization applies only to the individual whose signature and printed name appear in the paid preparer section of the signature area. It does not apply to the firm, if any, shown in that section.

This authorization allows the Tax Department to contact the preparer to answer any questions that may arise during the processing of the partnership's return. It also authorizes the preparer to respond to 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 partnership shares with the preparer pertaining to math errors or return preparation. *(Tax Department notices will be sent only to the partnership.)*

This authorization automatically expires on the due date (including extensions) for filing the 2015 Form 58.

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

### Assembling a paper return

Please assemble Form 58 and its required attachments in the following order:

1. Form 58.
2. Schedule FACT.
3. Schedule K.
4. Schedule KP.
5. North Dakota Schedule K-1 forms.
6. Required supporting statements.
7. Complete copy of Form 1065 (or 1065-B) 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, make it payable to "ND State Tax Commissioner" and enclose it with the return. Do not staple documents together.

Form North Dakota Office of State Tax Commissioner  
**58 Partnership Income Tax Return**



**2014**

**A Tax year:**  Calendar year 2014 or  Fiscal year beginning \_\_\_\_\_, 2014, and ending \_\_\_\_\_, 20\_\_\_\_\_

**B** Partnership's name (legal) \_\_\_\_\_ **C** Federal EIN \* \_\_\_\_\_

Doing business as name (if different from legal name) \_\_\_\_\_ **D** Business code no. (see instructions) \_\_\_\_\_

Mailing address \_\_\_\_\_ Apt. or Suite No. \_\_\_\_\_ **E** Date business started \_\_\_\_\_  
 Month Day Year

City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_ **F Check all that apply:**

**G TOTAL number of partners** \_\_\_\_\_  
 Enter number of — Partnership partners \_\_\_\_\_  
 Resident individual partners \_\_\_\_\_ Corporation partners \_\_\_\_\_  
 Nonresident individual partners \_\_\_\_\_ Other types of partners \_\_\_\_\_

- Initial return
- Final return
- Farming/ranching
- Filed by an LLC  Amended return
- Composite return  Extension

**H (1)** Is this a "professional service partnership" as defined under N.D.C.C. Section 57-38-08.1(3)(a)? \_\_\_\_\_  Yes  No

**(2)** If "Yes," check applicable box:  Accounting  Law  Medicine  Other: \_\_\_\_\_

**I** Is this a publicly traded partnership as defined under I.R.C. Section 7704(b)? \_\_\_\_\_  Yes  No

**J** Is this partnership a partner (or member) in another partnership or limited liability company? If "Yes," attach a statement listing the name and federal employer identification number of the other entity (entities) \_\_\_\_\_  Yes  No

- Before completing lines 1 through 12 on this page, complete Schedule FACT, Schedule K, and Schedule KP.
- After completing Form 58, complete North Dakota Schedule K-1 (Form 58) for the partners.

**1** Income tax withheld from nonresident partners (from page 5, Schedule KP, line 3) \_\_\_\_\_ **1** \_\_\_\_\_

**2** Composite income tax for electing nonresident partners (from page 5, Schedule KP, line 4) \_\_\_\_\_ **2** \_\_\_\_\_

**3** Total taxes due. Add lines 1 and 2 \_\_\_\_\_ **3** \_\_\_\_\_

**Tax paid**

**4** North Dakota income tax withheld (Attach Form 1099 and North Dakota Schedule K-1) \_\_\_\_\_ **4** \_\_\_\_\_

**5** Estimated tax paid on 2014 Forms 58-ES and 58-EXT plus any overpayment applied from 2013 return (If an amended return, enter total taxes due from line 3 of previously filed return) \_\_\_\_\_ **5** \_\_\_\_\_

**6** Total payments. Add lines 4 and 5 \_\_\_\_\_ **6** \_\_\_\_\_

**7 Overpayment.** If line 6 is more than line 3, subtract line 3 from line 6 and enter result; otherwise, go to line 10. If result is less than \$5.00, enter 0 \_\_\_\_\_ **7** \_\_\_\_\_

**8** Amount of line 7 to be applied to 2015 estimated tax \_\_\_\_\_ **8** \_\_\_\_\_

**9 Refund.** Subtract line 8 from line 7. If result is less than \$5.00, enter 0 \_\_\_\_\_ **REFUND** **9** \_\_\_\_\_

**10 Tax due.** If line 6 is less than line 3, subtract line 6 from line 3. If result is less than \$5.00, enter 0 \_\_\_\_\_ **10** \_\_\_\_\_

**11** Penalty  \_\_\_\_\_ Interest  \_\_\_\_\_ Enter total penalty and interest **11** \_\_\_\_\_

**12 Balance due.** Add lines 10 and 11 \_\_\_\_\_ **BALANCE DUE** **12** \_\_\_\_\_

- Attach a complete copy of the 2014 Form 1065 or 1065-B (including Federal Schedule K-1s)
- Attach a copy of all North Dakota Schedule K-1s (Form 58)

I declare that this return is correct and complete to the best of my knowledge and belief.			<b>* Privacy Act Notice-See inside front cover of booklet</b>		
Signature of general partner		Date	<input type="radio"/> I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer. (See instr.)  <b>For Tax Department Use Only</b>		
Print name of general partner		Telephone number			
Paid preparer signature		Date			
Print name of paid preparer	PTIN	Telephone number			

**PART**

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



Enter name of partnership \_\_\_\_\_

FEIN \_\_\_\_\_

**Schedule FACT Calculation of North Dakota apportionment factor**

**IMPORTANT: All partnerships must complete the applicable portions of this schedule. See Schedule FACT instructions beginning on page 5 of the 2013 Form 58 Booklet.**

<b>Property factor</b> Average value at original cost of real and tangible personal property used in the business. Exclude construction in progress.	<b>Column 1 Total</b>	<b>Column 2 North Dakota</b>	<b>Column 3 Factor (Col. 2 ÷ Col. 1)  Result must be carried to six decimal places</b>
1 Inventories -----	1 _____	_____	
2 Buildings and other fixed depreciable assets -----	2 _____	_____	
3 Depletable assets -----	3 _____	_____	
4 Land -----	4 _____	_____	
5 Other assets ( <i>Attach schedule</i> ) -----	5 _____	_____	
6 Rented property ( <i>Annual rental multiplied by 8</i> ) -----	6 _____	_____	
7 Total property. Add lines 1 through 6 ----- ▶	7 _____ ▶	_____ ▶	_____ ▶
 <b>Payroll factor</b>			
8 Wages, salaries, commissions and other compensation of employees reported on Federal Form 1065 ( <i>If the amount reported in Column 2 does not agree with the total compensation reported for North Dakota unemployment insurance purposes, attach an explanation.</i> ) ----- ▶	8 _____ ▶	_____ ▶	_____ ▶
 <b>Sales factor</b>			
9 Gross receipts or sales, less returns and allowances ---	9 _____		
10 Sales delivered or shipped to North Dakota destinations -----	10 _____		
11 a Sales shipped from North Dakota to the U.S. Government -----	11a _____		
b Sales shipped from North Dakota to purchasers in a state or foreign country where the partnership does not have a filing requirement -----	11b _____		
12 Total sales. Add lines 9 through 11b ----- ▶	12 _____ ▶	_____ ▶	_____ ▶
13 Sum of factors. Add lines 7, 8, and 12 in Column 3 -----			13 _____
14 <b>Apportionment factor</b> (Divide line 13 by 3.0; however, if line 7, 8, or 12 of Column 1 is zero, divide line 13 by the number of factors (on lines 7, 8, and 12) showing an amount greater than zero in Column 1 ----- ▶)			14 _____



58 Partnership Income Tax Return

2014

A Tax year: Calendar year 2014 or Fiscal year beginning \_\_\_\_\_, 2014, and ending \_\_\_\_\_, 20\_\_\_\_\_

B Partnership's name (legal) \_\_\_\_\_ C Federal EIN \* \_\_\_\_\_

Doing business as name (if different from legal name) \_\_\_\_\_ D Business code no. (see instructions) \_\_\_\_\_

Mailing address \_\_\_\_\_ Apt. or Suite No. \_\_\_\_\_ E Date business started \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_ F Check all that apply:

G TOTAL number of partners \_\_\_\_\_ Partnership partners \_\_\_\_\_ Corporation partners \_\_\_\_\_ Other types of partners \_\_\_\_\_

H (1) Is this a "professional service partnership" as defined under N.D.C.C. Section 57-38-08.1(3)(a)? \_\_\_\_\_ Yes \_\_\_\_\_ No

(2) If "Yes," check applicable box: Accounting \_\_\_\_\_ Law \_\_\_\_\_ Medicine \_\_\_\_\_ Other: \_\_\_\_\_

I Is this a publicly traded partnership as defined under I.R.C. Section 7704(b)? \_\_\_\_\_ Yes \_\_\_\_\_ No

J Is this partnership a partner (or member) in another partnership or limited liability company? If "Yes," attach a statement listing the name and federal employer identification number of the other entity (entities) \_\_\_\_\_ Yes \_\_\_\_\_ No

- Before completing lines 1 through 12 on this page, complete Schedule FACT, Schedule K, and Schedule KP. After completing Form 58, complete North Dakota Schedule K-1 (Form 58) for the partners.

1 Income tax withheld from nonresident partners (from page 5, Schedule KP, line 3) \_\_\_\_\_ 1 \_\_\_\_\_

2 Composite income tax for electing nonresident partners (from page 5, Schedule KP, line 4) \_\_\_\_\_ 2 \_\_\_\_\_

3 Total taxes due. Add lines 1 and 2 \_\_\_\_\_ 3 \_\_\_\_\_

Tax paid

4 North Dakota income tax withheld (Attach Form 1099 and North Dakota Schedule K-1) \_\_\_\_\_ 4 \_\_\_\_\_

5 Estimated tax paid on 2014 Forms 58-ES and 58-EXT plus any overpayment applied from 2013 return (If an amended return, enter total taxes due from line 3 of previously filed return) \_\_\_\_\_ 5 \_\_\_\_\_

6 Total payments. Add lines 4 and 5 \_\_\_\_\_ 6 \_\_\_\_\_

7 Overpayment. If line 6 is more than line 3, subtract line 3 from line 6 and enter result; otherwise, go to line 10. If result is less than \$5.00, enter 0 \_\_\_\_\_ 7 \_\_\_\_\_

8 Amount of line 7 to be applied to 2015 estimated tax \_\_\_\_\_ 8 \_\_\_\_\_

9 Refund. Subtract line 8 from line 7. If result is less than \$5.00, enter 0 \_\_\_\_\_ REFUND 9 \_\_\_\_\_

10 Tax due. If line 6 is less than line 3, subtract line 6 from line 3. If result is less than \$5.00, enter 0 \_\_\_\_\_ 10 \_\_\_\_\_

11 Penalty Interest Enter total penalty and interest \_\_\_\_\_ 11 \_\_\_\_\_

12 Balance due. Add lines 10 and 11 \_\_\_\_\_ BALANCE DUE 12 \_\_\_\_\_

- Attach a complete copy of the 2014 Form 1065 or 1065-B (including Federal Schedule K-1s) Attach a copy of all North Dakota Schedule K-1s (Form 58)

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 general partner \_\_\_\_\_ Date \_\_\_\_\_ I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer. (See instr.)

Print name of general partner \_\_\_\_\_ Telephone number \_\_\_\_\_ For Tax Department Use Only

Paid preparer signature \_\_\_\_\_ Date \_\_\_\_\_

Print name of paid preparer \_\_\_\_\_ PTIN \_\_\_\_\_ Telephone number \_\_\_\_\_ PART

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



Enter name of partnership _____	FEIN _____
---------------------------------	------------

**Schedule FACT Calculation of North Dakota apportionment factor**

**IMPORTANT: All partnerships must complete the applicable portions of this schedule. See Schedule FACT instructions beginning on page 5 of the 2013 Form 58 Booklet.**

	Column 1 Total	Column 2 North Dakota	Column 3 Factor (Col. 2 ÷ Col. 1)  Result must be carried to six decimal places
<b>Property factor</b> Average value at original cost of real and tangible personal property used in the business. Exclude construction in progress.			
<b>1</b> Inventories -----	<b>1</b> _____	_____	
<b>2</b> Buildings and other fixed depreciable assets -----	<b>2</b> _____	_____	
<b>3</b> Depletable assets -----	<b>3</b> _____	_____	
<b>4</b> Land -----	<b>4</b> _____	_____	
<b>5</b> Other assets ( <i>Attach schedule</i> ) -----	<b>5</b> _____	_____	
<b>6</b> Rented property ( <i>Annual rental multiplied by 8</i> ) -----	<b>6</b> _____	_____	
<b>7</b> Total property. Add lines 1 through 6 ----- ▶	<b>7</b> _____ ▶	_____ ▶	_____ ▶
 <b>Payroll factor</b>			
<b>8</b> Wages, salaries, commissions and other compensation of employees reported on Federal Form 1065 ( <i>If the amount reported in Column 2 does not agree with the total compensation reported for North Dakota unemployment insurance purposes, attach an explanation.</i> ) ----- ▶	<b>8</b> _____ ▶	_____ ▶	_____ ▶
 <b>Sales factor</b>			
<b>9</b> Gross receipts or sales, less returns and allowances ---	<b>9</b> _____		
<b>10</b> Sales delivered or shipped to North Dakota destinations -----		<b>10</b> _____	
<b>11 a</b> Sales shipped from North Dakota to the U.S. Government -----		<b>11a</b> _____	
<b>b</b> Sales shipped from North Dakota to purchasers in a state or foreign country where the partnership does not have a filing requirement -----		<b>11b</b> _____	
<b>12</b> Total sales. Add lines 9 through 11b ----- ▶	<b>12</b> _____ ▶	_____ ▶	_____ ▶
<b>13</b> Sum of factors. Add lines 7, 8, and 12 in Column 3 -----			<b>13</b> _____
<b>14 Apportionment factor</b> (Divide line 13 by 3.0; however, if line 7, 8, or 12 of Column 1 is zero, divide line 13 by the number of factors (on lines 7, 8, and 12) showing an amount greater than zero in Column 1 ----- ▶			<b>14</b> _____



Enter name of partnership \_\_\_\_\_

FEIN \_\_\_\_\_

**Schedule K Total North Dakota adjustments, credits, and other items distributable to partners (All partnerships must complete this schedule)**

**North Dakota addition adjustments**

- 1 Federally-exempt income from non-North Dakota state and local bonds and foreign securities ----- 1 \_\_\_\_\_
- 2 State and local income taxes deducted on federal partnership return in calculating its ordinary income (loss) 2 \_\_\_\_\_

**North Dakota subtraction adjustments**

- 3 Interest from U.S. obligations ----- 3 \_\_\_\_\_
- 4 Renaissance zone business or investment income exemption:
  - a For projects approved *before August 1, 2013* ----- 4a \_\_\_\_\_
  - b For projects approved *after July 31, 2013* ----- 4b \_\_\_\_\_
- 5 New or expanding business income exemption ----- 5 \_\_\_\_\_
- 6 Gain from eminent domain sale ----- 6 \_\_\_\_\_

**North Dakota tax credits**

- 7 Renaissance zone tax credits:
  - a Renaissance zone: Historic property preservation or renovation tax credit ----- 7a \_\_\_\_\_
  - b Renaissance zone: Renaissance fund organization investment tax credit ----- 7b \_\_\_\_\_
  - c Renaissance zone: Nonparticipating property owner tax credit ----- 7c \_\_\_\_\_
- 8 Seed capital investment tax credit ----- 8 \_\_\_\_\_
- 9 Agricultural commodity processing facility investment tax credit ----- 9 \_\_\_\_\_
- 10 Biodiesel/green diesel fuel blending tax credit ----- 10 \_\_\_\_\_
- 11 Biodiesel/green diesel fuel sales equipment tax credit ----- 11 \_\_\_\_\_
- 12 Energy device tax credits:
  - a Geothermal energy device tax credit ----- 12a \_\_\_\_\_
  - b Biomass, solar, or wind energy device tax credit ----- 12b \_\_\_\_\_
- 13 a Employer internship program tax credit ----- 13a \_\_\_\_\_
  - b Number of eligible interns hired in 2014 ----- 13b \_\_\_\_\_
  - c Total compensation paid to eligible interns in 2014 ----- 13c \_\_\_\_\_
- 14 a Microbusiness tax credit ----- 14a \_\_\_\_\_
  - b Qualifying new investment ----- 14b \_\_\_\_\_
  - c Qualifying new employment ----- 14c \_\_\_\_\_
- 15 Research expense tax credit ----- 15 \_\_\_\_\_
- 16 a Endowment fund tax credit ----- 16a \_\_\_\_\_
  - b Contribution amount on which the credit was based ----- 16b \_\_\_\_\_
- 17 a Workforce recruitment tax credit ----- 17a \_\_\_\_\_
  - b Number of eligible employees whose 12th month of employment ended in 2013 17b \_\_\_\_\_
  - c Total compensation paid during the eligible employees' first 12 months of employment ending in 2013 ----- 17c \_\_\_\_\_
- 18 Credit for wages paid to a mobilized employee ----- 18 \_\_\_\_\_
- 19 Angel fund investment tax credit ----- 19 \_\_\_\_\_



Enter name of partnership	FEIN
---------------------------	------

**Schedule K** *continued* . . .

- 20 Housing incentive fund tax credit ----- 20 \_\_\_\_\_
- 21 Automation tax credit ----- 21 \_\_\_\_\_

**Other items**

*Line 22 only applies to a professional service partnership — see instructions*

- 22 a Guaranteed payments from Federal Form 1065 (or 1065-B), Schedule K ---- 22a \_\_\_\_\_
- b Portion of line 22a paid for services performed everywhere by all partners --- 22b \_\_\_\_\_
- c Portion of line 22b paid to nonresident individual partners for services performed in North Dakota ----- 22c \_\_\_\_\_

*Line 23 only applies to a multistate partnership — see instructions*

- 23 a Total allocable income from all sources (net of related expenses) ----- 23a \_\_\_\_\_
- b Portion of line 23a that is allocable to North Dakota ----- 23b \_\_\_\_\_

*Line 24 applies to all partnerships — see instructions*

- 24 For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts:
  - a Gross sales price or amount realized ----- 24a \_\_\_\_\_
  - b Cost or other basis plus expense of sale ----- 24b \_\_\_\_\_
  - c Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) ----- 24c \_\_\_\_\_
  - d I.R.C. Section 179 deduction related to property that was passed through to partners ----- 24d \_\_\_\_\_



Enter name of partnership

FEIN

**Schedule K Total North Dakota adjustments, credits, and other items distributable to partners (All partnerships must complete this schedule)**

**North Dakota addition adjustments**

- 1 Federally-exempt income from non-North Dakota state and local bonds and foreign securities ----- 1 \_\_\_\_\_
- 2 State and local income taxes deducted on federal partnership return in calculating its ordinary income (loss) 2 \_\_\_\_\_

**North Dakota subtraction adjustments**

- 3 Interest from U.S. obligations ----- 3 \_\_\_\_\_
- 4 Renaissance zone business or investment income exemption:
  - a For projects approved *before August 1, 2013* ----- 4a \_\_\_\_\_
  - b For projects approved *after July 31, 2013* ----- 4b \_\_\_\_\_
- 5 New or expanding business income exemption ----- 5 \_\_\_\_\_
- 6 Gain from eminent domain sale ----- 6 \_\_\_\_\_

**North Dakota tax credits**

- 7 Renaissance zone tax credits:
  - a Renaissance zone: Historic property preservation or renovation tax credit ----- 7a \_\_\_\_\_
  - b Renaissance zone: Renaissance fund organization investment tax credit ----- 7b \_\_\_\_\_
  - c Renaissance zone: Nonparticipating property owner tax credit ----- 7c \_\_\_\_\_
- 8 Seed capital investment tax credit ----- 8 \_\_\_\_\_
- 9 Agricultural commodity processing facility investment tax credit ----- 9 \_\_\_\_\_
- 10 Biodiesel/green diesel fuel blending tax credit ----- 10 \_\_\_\_\_
- 11 Biodiesel/green diesel fuel sales equipment tax credit ----- 11 \_\_\_\_\_
- 12 Energy device tax credits:
  - a Geothermal energy device tax credit ----- 12a \_\_\_\_\_
  - b Biomass, solar, or wind energy device tax credit ----- 12b \_\_\_\_\_
- 13 a Employer internship program tax credit ----- 13a \_\_\_\_\_
  - b Number of eligible interns hired in 2014 ----- 13b \_\_\_\_\_
  - c Total compensation paid to eligible interns in 2014 ----- 13c \_\_\_\_\_
- 14 a Microbusiness tax credit ----- 14a \_\_\_\_\_
  - b Qualifying new investment ----- 14b \_\_\_\_\_
  - c Qualifying new employment ----- 14c \_\_\_\_\_
- 15 Research expense tax credit ----- 15 \_\_\_\_\_
- 16 a Endowment fund tax credit ----- 16a \_\_\_\_\_
  - b Contribution amount on which the credit was based ----- 16b \_\_\_\_\_
- 17 a Workforce recruitment tax credit ----- 17a \_\_\_\_\_
  - b Number of eligible employees whose 12th month of employment ended in 2013 17b \_\_\_\_\_
  - c Total compensation paid during the eligible employees' first 12 months of employment ending in 2013 ----- 17c \_\_\_\_\_
- 18 Credit for wages paid to a mobilized employee ----- 18 \_\_\_\_\_
- 19 Angel fund investment tax credit ----- 19 \_\_\_\_\_



Enter name of partnership

FEIN

**Schedule K** *continued* . . .

- 20 Housing incentive fund tax credit ----- 20 \_\_\_\_\_  
21 Automation tax credit ----- 21 \_\_\_\_\_

**Other items**

*Line 22 only applies to a professional service partnership — see instructions*

- 22 a Guaranteed payments from Federal Form 1065 (or 1065-B), Schedule K ---- 22a \_\_\_\_\_  
b Portion of line 22a paid for services performed everywhere by all partners --- 22b \_\_\_\_\_  
c Portion of line 22b paid to nonresident individual partners for services performed in  
North Dakota ----- 22c \_\_\_\_\_

*Line 23 only applies to a multistate partnership — see instructions*

- 23 a Total allocable income from all sources (net of related expenses) ----- 23a \_\_\_\_\_  
b Portion of line 23a that is allocable to North Dakota ----- 23b \_\_\_\_\_

*Line 24 applies to all partnerships — see instructions*

- 24 For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts:  
a Gross sales price or amount realized ----- 24a \_\_\_\_\_  
b Cost or other basis plus expense of sale ----- 24b \_\_\_\_\_  
c Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) ----- 24c \_\_\_\_\_  
d I.R.C. Section 179 deduction related to property that was passed through to partners ----- 24d \_\_\_\_\_



Enter name of partnership	FEIN
---------------------------	------

**Schedule KP Partner information**

**All partnerships must complete this schedule.** Complete Columns 1 through 5 for all partners. Complete Column 6 for a nonresident partner and a tax-exempt organization partner. If applicable, complete Column 7 or Column 8 for a nonresident partner only. See instructions for the definition of a "nonresident partner," which may include an entity other than an individual for tax years 2014 and after.

All Partners					
Partner	Column 1		Column 2	Column 3	Column 4
	Name and address of partner <i>If additional lines are needed, attach additional pages</i>		Social Security Number/FEIN	Type of entity <i>(See pg. 8 of instr.)</i>	Ownership %
<b>A</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>B</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>C</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>D</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>E</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>F</b>	Name _____ Address _____ State _____ Zip Code _____				
<b>G</b>	Name _____ Address _____ State _____ Zip Code _____				

**Nonresident Partners and Tax-Exempt Organization Partners**  
 Important: See instructions for which partners to include in Columns 6, 7, and 8

Partner	All Partners <i>Complete Column 5 for ALL partners</i>	Nonresident Partners/Tax Exempt Organization Partners	Nonresident Partners Only	
	Column 5 Federal distributive share of income (loss)	Column 6 North Dakota distributive share of income (loss)	Column 7 North Dakota income tax withheld (3.22%)	Column 8 Form PWA or Form PWE (Attach copy) North Dakota composite income tax (3.22%)
<b>A</b>				<input type="radio"/>
<b>B</b>				<input type="radio"/>
<b>C</b>				<input type="radio"/>
<b>D</b>				<input type="radio"/>
<b>E</b>				<input type="radio"/>
<b>F</b>				<input type="radio"/>
<b>G</b>				<input type="radio"/>
<b>1</b> Total for <b>Column 5</b> . . . . . <b>1</b>				
<b>2</b> Total for <b>Column 6</b> . . . . . <b>2</b>				
<b>3</b> Total for <b>Column 7</b> . Enter this amount on Form 58, page 1, line 1 . . . . . <b>3</b>				
<b>4</b> Total for <b>Column 8</b> . Enter this amount on Form 58, page 1, line 2 . . . . . <b>4</b>				





Enter name of partnership

FEIN

**Schedule KP Partner information**

**All partnerships must complete this schedule.** Complete Columns 1 through 5 for all partners. Complete Column 6 for a nonresident partner and a tax-exempt organization partner. If applicable, complete Column 7 or Column 8 for a nonresident partner only. See instructions for the definition of a "nonresident partner," which may include an entity other than an individual for tax years 2014 and after.

All Partners				
Partner	Column 1	Column 2	Column 3	Column 4
	Name and address of partner <i>If additional lines are needed, attach additional pages</i>	Social Security Number/FEIN	Type of entity <i>(See pg. 8 of instr.)</i>	Ownership %
<b>A</b>	Name Address State Zip Code			
<b>B</b>	Name Address State Zip Code			
<b>C</b>	Name Address State Zip Code			
<b>D</b>	Name Address State Zip Code			
<b>E</b>	Name Address State Zip Code			
<b>F</b>	Name Address State Zip Code			
<b>G</b>	Name Address State Zip Code			

**Nonresident Partners and Tax-Exempt Organization Partners**  
 Important: See instructions for which partners to include in Columns 6, 7, and 8

Partner	All Partners <i>Complete Column 5 for ALL partners</i>	Nonresident Partners/Tax Exempt Organization Partners	Nonresident Partners Only	
	Column 5 Federal distributive share of income (loss)	Column 6 North Dakota distributive share of income (loss)	Column 7 North Dakota income tax withheld (3.22%)	Column 8 North Dakota composite income tax (3.22%)
<b>A</b>				<input type="radio"/>
<b>B</b>				<input type="radio"/>
<b>C</b>				<input type="radio"/>
<b>D</b>				<input type="radio"/>
<b>E</b>				<input type="radio"/>
<b>F</b>				<input type="radio"/>
<b>G</b>				<input type="radio"/>
<b>1</b>	Total for <b>Column 5</b> . . . . . <b>1</b>			
<b>2</b>	Total for <b>Column 6</b> . . . . . <b>2</b>			
<b>3</b>	Total for <b>Column 7</b> . Enter this amount on Form 58, page 1, line 1 . . . . . <b>3</b>			
<b>4</b>	Total for <b>Column 8</b> . Enter this amount on Form 58, page 1, line 2 . . . . . <b>4</b>			



North Dakota Schedule K-1 (Form 58)

2014



Final Amended

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

See separate instructions

Part 1 Partnership information

A Partnership's federal EIN
B Partnership's name, address, city, state, and ZIP code

Part 2 Partner information

C Partner's SSN or FEIN (from Federal Schedule K-1)
D Partner's name, address, city, state, and ZIP code (from Federal Schedule K-1)

E What type of entity is this partner?
F If partner is an individual, estate, or trust, partner is a:
Full-year resident of North Dakota
Part-year resident of North Dakota
Full-year nonresident of North Dakota
G Is this an eligible nonresident partner who elected to be included in a composite filing?
H Partner's share of profit and loss:
Beginning Ending
Profit % %
Loss % %
I Partner's ownership percentage: %

Part 3 All partners: 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 Gain from eminent domain sale
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
9 Agricultural commodity processing facility investment tax credit
10 Biodiesel/green diesel fuel blending tax credit

Partnership's tax year:
Calendar year 2014 (Jan. 1 - Dec. 31, 2014)
Fiscal year: Beginning \_\_\_\_\_, 2014, Ending \_\_\_\_\_, 20\_\_\_\_

11 Biodiesel/green diesel fuel sales equipment tax credit
12 a Geothermal tax credit
b Biomass, solar, or wind device tax credit
13 Employer internship program tax credit
14 Microbusiness tax credit
15 Research expense tax credit
16 a Endowment fund tax credit
b Endowment fund contribution adjustment
17 Workforce recruitment tax credit
18 Credit for wages paid to mobilized employee
19 Angel fund investment tax credit
20 Housing incentive fund tax credit
21 Automation tax credit

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

22 Partnership's apportionment factor
23 Ordinary income (loss)
24 Net rental real estate income (loss)
25 Other net rental income (loss)
26 Guaranteed payments
27 Interest income
28 Ordinary dividends
29 Royalties
30 Net short-term capital gain (loss)
31 Net long-term capital gain (loss)
32 Net section 1231 gain (loss)
33 Other income (loss)
34 Section 179 deduction
35 Other deductions
36 I.R.C. Section 179 property disposition gain (loss)

Part 5 Nonresident partner and tax-exempt organization partner

37 ND distributive share of income (loss)
38 North Dakota income tax withheld
39 North Dakota composite income tax

Part 6 Partnership or corporation partner

Table with 4 columns: Property, Payroll, Sales, and a blank column. Rows include 40 ND and 41 Total.



**North Dakota  
Schedule K-1  
(Form 58)**

**2014**



Final  Amended

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

▶ See separate instructions

**Part 1 Partnership information**

A Partnership's federal EIN \_\_\_\_\_

B Partnership's name, address, city, state, and ZIP code \_\_\_\_\_

**Part 2 Partner information**

C Partner's SSN or FEIN (from Federal Schedule K-1) \_\_\_\_\_

D Partner's name, address, city, state, and ZIP code  
(from Federal Schedule K-1) \_\_\_\_\_

E What type of entity is this partner? \_\_\_\_\_

F If partner is an individual, estate, or trust, partner is a:

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

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

H Partner's share of profit and loss:  
(from Federal Schedule K-1)

	Beginning	Ending
Profit	%	%
Loss	%	%

I Partner's ownership percentage: \_\_\_\_\_ %

**Part 3 All partners:  
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 Gain from eminent domain sale \_\_\_\_\_
- 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 \_\_\_\_\_
- 9 Agricultural commodity processing facility investment tax credit \_\_\_\_\_
- 10 Biodiesel/green diesel fuel blending tax credit \_\_\_\_\_

Partnership's tax year:

Calendar year 2014 (Jan. 1 - Dec. 31, 2014)

Fiscal year: Beginning \_\_\_\_\_, 2014, Ending \_\_\_\_\_, 20\_\_\_\_

- 11 Biodiesel/green diesel fuel sales equipment tax credit \_\_\_\_\_
- 12 a Geothermal tax credit \_\_\_\_\_
- b Biomass, solar, or wind device tax credit \_\_\_\_\_
- 13 Employer internship program tax credit \_\_\_\_\_
- 14 Microbusiness tax credit \_\_\_\_\_
- 15 Research expense tax credit \_\_\_\_\_
- 16 a Endowment fund tax credit \_\_\_\_\_
- b Endowment fund contribution adjustment \_\_\_\_\_
- 17 Workforce recruitment tax credit \_\_\_\_\_
- 18 Credit for wages paid to mobilized employee \_\_\_\_\_
- 19 Angel fund investment tax credit \_\_\_\_\_
- 20 Housing incentive fund tax credit \_\_\_\_\_
- 21 Automation tax credit \_\_\_\_\_

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

- 22 Partnership's apportionment factor \_\_\_\_\_
- 23 Ordinary income (loss) \_\_\_\_\_
- 24 Net rental real estate income (loss) \_\_\_\_\_
- 25 Other net rental income (loss) \_\_\_\_\_
- 26 Guaranteed payments \_\_\_\_\_
- 27 Interest income \_\_\_\_\_
- 28 Ordinary dividends \_\_\_\_\_
- 29 Royalties \_\_\_\_\_
- 30 Net short-term capital gain (loss) \_\_\_\_\_
- 31 Net long-term capital gain (loss) \_\_\_\_\_
- 32 Net section 1231 gain (loss) \_\_\_\_\_
- 33 Other income (loss) \_\_\_\_\_
- 34 Section 179 deduction \_\_\_\_\_
- 35 Other deductions \_\_\_\_\_
- 36 I.R.C. Section 179 property disposition gain (loss) \_\_\_\_\_

**Part 5 Nonresident partner and tax-exempt organization partner**

- 37 ND distributive share of income (loss) \_\_\_\_\_
- 38 North Dakota income tax withheld \_\_\_\_\_
- 39 North Dakota composite income tax \_\_\_\_\_

**Part 6 Partnership or corporation partner**

	Property	Payroll	Sales
40 ND			
41 Total			



# 2014

## Partner's Instructions for North Dakota Schedule K-1 (Form 58)

### Purpose of form

North Dakota Schedule K-1 (Form 58) is a supplemental schedule provided by a partnership to its partners. It provides information the partners may need to complete their North Dakota income tax returns.

**Resident individual, estate, and trust.** If you are a North Dakota resident individual, estate, or trust, your entire distributive share of income from the partnership is subject to North Dakota income tax. You received this schedule only to show your distributive share of the partnership's North Dakota statutory adjustments and tax credits (see Part 3).

**Nonresident individual, estate, or trust.** If you are a nonresident individual, estate, or trust, you are subject to North Dakota income tax on your distributive share of the partnership's income that is apportioned and allocated to North Dakota. You received this schedule to show your distributive share of North Dakota income, gains, losses, and deductions (see Part 4); North Dakota statutory adjustments and tax credits (see Part 3); and North Dakota income tax withheld or paid on your North Dakota distributive share of income (see Part 5).

**Business entity.** If you are a business entity, such as a partnership, corporation, or limited liability company, see the instructions to the applicable North Dakota income tax return for filing and payment requirements. You received this schedule to show your distributive share of the partnership's North Dakota statutory adjustments and tax credits (see Part 3) and your distributive share of the partnership's property, payroll, and sales apportionment factors (see Part 6). If you are a passthrough entity, such as a partnership or S corporation, and your commercial domicile is located outside North Dakota, the schedule will also show your North Dakota distributive share of income and any North Dakota income tax withheld or paid on it (see Part 5).

**Tax-exempt organization.** If you are a tax-exempt organization, you received this schedule to show your North Dakota distributive share of income, which is subject to North Dakota income tax if it is subject to federal income tax (see Part 5). It also shows your distributive share of North Dakota statutory adjustments and tax credits, which may apply if you have income subject to North Dakota income tax (see Part 3).

### General instructions

The instructions for Parts 3 through 6 of this schedule show where to report the information from Schedule K-1 (Form 58) on your 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 partnership files its return on a fiscal year basis, report the amounts on your return for the year in which the partnership's fiscal year ends. For example, if the partnership has a fiscal year ending in February 2015, report the amounts from the 2014 Schedule K-1 (Form 58) on your 2015 tax return. The partnership's tax year is shown at the top of the schedule.

**Composite filing election.** If you elected to include your North Dakota distributive share of income in a composite filing by the partnership, the information provided on the schedule is only for your information. Retain the schedule for your tax records. The composite income tax paid by the partnership satisfies your North Dakota income tax filing and payment obligations with respect to your North Dakota distributive share of income from this partnership. 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 6 to transfer the amounts from the schedule to your return.

**Amended Schedule K-1 (Form 58).** If you receive an amended North Dakota Schedule K-1 from the partnership, you generally must file an amended North Dakota income tax return to report the revised information. Attach a copy of the amended Schedule K-1 to your amended North Dakota income tax return. If you previously elected to be included in a composite filing, and you are not changing that election, no action is required and you should retain the amended Schedule K-1 for your tax records.

### Specific instructions

#### Part 3 All partners—North Dakota adjustments and tax credits

*The following lists show where to enter an amount from Part 3 of Schedule K-1 (Form 58) on the North Dakota income tax return. Use the list corresponding to your return. "Not applicable" in the right-hand column means that the item does not apply to your return.*

##### Lines 1-21

*Form ND-1 filer:*

Include the amount from this schedule:

Lines 1-2	On:
Line 3	Not applicable
Line 4a	Form ND-1, line 7
Line 4b	Sch. RZ, Part 1, line 19a
Line 5	Sch. RZ, Part 1, line 19b
Line 5	Form ND-1SA, line 2

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. 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 12a	Sch. ND-1TC, line 14b
Line 12b	Not applicable
Line 13	Sch. ND-1TC, line 8a
Line 14	Sch. ND-1TC, line 9a
Line 15	Sch. ND-1TC, line 10a
Line 16a	Sch. ND-1TC, line 12
Line 16b	See instructions to Form ND-1, line 4a
Line 17	Sch. ND-1TC, line 13a
Line 18	Sch. ND-1TC, line 15
Line 19	Sch. ND-1TC, line 11a
Line 20	Sch. ND-1TC, line 18
Line 21	Sch. ND-1TC, line 19

##### *Form 38 filer:*

Include the amount from this schedule:

Lines 1-2	On:
Line 3	Not applicable
Line 4a	Form 38, page 2, Part 1, line 4a
Line 4b	Sch. RZ, Part 1, line 19a
Line 5	Sch. RZ, Part 1, line 19b
Line 6	Form 38, page 2, Part 1, line 4d
Line 7a	Not applicable
Line 7b	Sch. RZ, Part 4, line 7
Line 7c	Sch. RZ, Part 5, line 4
Lines 8-11	Sch. RZ, Part 6, line 6
Lines 12a-12b	Form 38, page 1, line 3
Lines 13-15	Not applicable
Line 16a	Form 38, page 1, line 3
Line 16b	Form 38, page 1, line 3
Lines 17-21	See instructions to Form 38, page 2, Part 1, line 2
	Form 38, page 1, line 3

##### *Form 40 filer:*

Include the amount from this schedule:

Line 1	On:
Line 2	Sch. SA, line 4
Line 3	Sch. SA, line 3
Line 4a	Sch. SA, line 11
Line 4b	Sch. RZ, Part 1, line 19a
Line 5	Sch. RZ, Part 1, line 19b
Line 6	Page 1, line 9
Line 7a	Sch. SA, line 16
Line 7b	Sch. RZ, Part 4, line 7
Line 7c	Sch. RZ, Part 5, line 4
Line 8	Sch. RZ, Part 6, line 6
Line 9	Sch. TC, line 12
Line 10	Sch. TC, line 15
Line 11	Sch. TC, line 13
	Sch. TC, line 14

Lines 12a-12b	Sch. TC, line 3
Line 13	Sch. TC, line 18
Line 14	Sch. TC, line 17
Line 15	Sch. TC, line 5
Line 16a	Sch. TC, line 16
Line 16b	Sch. SA, line 5
Line 17	Sch. TC, line 21
Line 18	Sch. TC, line 22
Line 19	Sch. TC, line 19
Line 20	Sch. TC, line 23
Line 21	Sch. TC, line 24

**Form 60 filer:**

Include the amount from this schedule:

On:	
Lines 1-2	Not applicable
Line 3	Sch. K, line 1
Line 4a	Sch. K, line 2a
Line 4b	Sch. K, line 2b
Line 5	Sch. K, line 3
Line 6	Not applicable
Line 7a	Sch. K, line 4a
Line 7b	Sch. K, line 4b
Line 7c	Sch. K, line 4c
Line 8	Sch. K, line 5
Line 9	Sch. K, line 6
Line 10	Sch. K, line 7
Line 11	Sch. K, line 8
Line 12a	Sch. K, line 9
Line 12b	Not applicable
Line 13	Sch. K, line 10a
Line 14	Sch. K, line 11a
Line 15	Sch. K, line 12
Line 16a	Sch. K, line 13a
Line 16b	Sch. K, line 13b
Line 17	Sch. K, line 14a
Line 18	Sch. K, line 15
Line 19	Sch. K, line 16
Line 20	Sch. K, line 17
Line 21	Sch. K, line 18

**Form 58 filer:** Include the amounts from lines 1-21 of this schedule on the corresponding lines of Form 58, Schedule K.

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

**Line 22**

This is for the North Dakota Office of State Tax Commissioner’s information only.

**Lines 23-36**

If you are a nonresident individual, estate, or trust, lines 23 through 36 of Part 4 show your share of the partnership’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 an amount shown on North Dakota Schedule K-1 (Form 58) 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 23-26	Line 6
Lines 27-28	Line 2
Line 29	Line 6
Lines 30-32	Line 4
Line 33	Line 8
Lines 34-35	Line 6
Line 36	Line 4

**Form 38 filer (nonresident only):**

Include the amount from this schedule:	On Tax Computation Schedule, Part 2, Column B:
Lines 23-26	Line 5
Line 27	Line 1
Line 28	Line 2
Line 29	Line 5
Lines 30-31	Line 4
Line 32	Line 4 or 7
Line 33	Line 8
Lines 34-35	Line 5
Line 36	Line 4 or 7

**Part 5  
Nonresident partner or tax-exempt organization partner only**

**Line 37**

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

**Tax-exempt organization only.** If part or all of your distributive share of income from the partnership is taxable under federal income tax law, the North Dakota portion of that taxable income is taxable under North Dakota income tax law. If this applies, you must file a North Dakota income tax return (using Form 40) to report the income and pay any tax due on it.

**Line 38**

This is the amount of North Dakota income tax withheld by the partnership 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 a 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 58) to your return.**

**Line 39**

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 partnership. For more information, see “Composite filing” on page 3 of these instructions.

**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 58) to your return to support the amount claimed.

**Part 6  
Partnership or corporation partner only**

If you are a partnership, corporation, or other entity treated like a partnership or corporation, the factor information shown in Part 6, lines 40 and 41, will affect the preparation of your North Dakota income tax return if you are required to complete Schedule FACT (or Schedule CR, Part II, in the case of certain corporations filing Form 40). See the instructions to Schedule FACT of your return for more information on where to include the factor information from this schedule.

# 2014

## Partner's Instructions for North Dakota Schedule K-1 (Form 58)

### Purpose of form

North Dakota Schedule K-1 (Form 58) is a supplemental schedule provided by a partnership to its partners. It provides information the partners may need to complete their North Dakota income tax returns.

**Resident individual, estate, and trust.** If you are a North Dakota resident individual, estate, or trust, your entire distributive share of income from the partnership is subject to North Dakota income tax. You received this schedule only to show your distributive share of the partnership's North Dakota statutory adjustments and tax credits (see Part 3).

**Nonresident individual, estate, or trust.** If you are a nonresident individual, estate, or trust, you are subject to North Dakota income tax on your distributive share of the partnership's income that is apportioned and allocated to North Dakota. You received this schedule to show your distributive share of North Dakota income, gains, losses, and deductions (see Part 4); North Dakota statutory adjustments and tax credits (see Part 3); and North Dakota income tax withheld or paid on your North Dakota distributive share of income (see Part 5).

**Business entity.** If you are a business entity, such as a partnership, corporation, or limited liability company, see the instructions to the applicable North Dakota income tax return for filing and payment requirements. You received this schedule to show your distributive share of the partnership's North Dakota statutory adjustments and tax credits (see Part 3) and your distributive share of the partnership's property, payroll, and sales apportionment factors (see Part 6). If you are a passthrough entity, such as a partnership or S corporation, and your commercial domicile is located outside North Dakota, the schedule will also show your North Dakota distributive share of income and any North Dakota income tax withheld or paid on it (see Part 5).

**Tax-exempt organization.** If you are a tax-exempt organization, you received this schedule to show your North Dakota distributive share of income, which is subject to North Dakota income tax if it is subject to federal income tax (see Part 5). It also shows your distributive share of North Dakota statutory adjustments and tax credits, which may apply if you have income subject to North Dakota income tax (see Part 3).

### General instructions

The instructions for Parts 3 through 6 of this schedule show where to report the information from Schedule K-1 (Form 58) on your 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 partnership files its return on a fiscal year basis, report the amounts on your return for the year in which the partnership's fiscal year ends. For example, if the partnership has a fiscal year ending in February 2015, report the amounts from the 2014 Schedule K-1 (Form 58) on your 2015 tax return. The partnership's tax year is shown at the top of the schedule.

**Composite filing election.** If you elected to include your North Dakota distributive share of income in a composite filing by the partnership, the information provided on the schedule is only for your information. Retain the schedule for your tax records. The composite income tax paid by the partnership satisfies your North Dakota income tax filing and payment obligations with respect to your North Dakota distributive share of income from this partnership. 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 6 to transfer the amounts from the schedule to your return.

**Amended Schedule K-1 (Form 58).** If you receive an amended North Dakota Schedule K-1 from the partnership, you generally must file an amended North Dakota income tax return to report the revised information. Attach a copy of the amended Schedule K-1 to your amended North Dakota income tax return. If you previously elected to be included in a composite filing, and you are not changing that election, no action is required and you should retain the amended Schedule K-1 for your tax records.

### Specific instructions

#### Part 3

#### All partners—North Dakota adjustments and tax credits

*The following lists show where to enter an amount from Part 3 of Schedule K-1 (Form 58) on the North Dakota income tax return. Use the list corresponding to your return. "Not applicable" in the right-hand column means that the item does not apply to your return.*

#### Lines 1-21

*Form ND-1 filer:*

Include the amount from this schedule:

Lines 1-2	On:
Line 3	Not applicable
Line 4a	Form ND-1, line 7
Line 4b	Sch. RZ, Part 1, line 19a
Line 5	Sch. RZ, Part 1, line 19b
	Form ND-ISA, line 2

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. 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 12a	Sch. ND-1TC, line 14b
Line 12b	Not applicable
Line 13	Sch. ND-1TC, line 8a
Line 14	Sch. ND-1TC, line 9a
Line 15	Sch. ND-1TC, line 10a
Line 16a	Sch. ND-1TC, line 12
Line 16b	See instructions to Form ND-1, line 4a
Line 17	Sch. ND-1TC, line 13a
Line 18	Sch. ND-1TC, line 15
Line 19	Sch. ND-1TC, line 11a
Line 20	Sch. ND-1TC, line 18
Line 21	Sch. ND-1TC, line 19

#### Form 38 filer:

Include the amount from this schedule:

Lines 1-2	On:
Line 3	Not applicable
	Form 38, page 2, Part 1, line 4a
Line 4a	Sch. RZ, Part 1, line 19a
Line 4b	Sch. RZ, Part 1, line 19b
Line 5	Form 38, page 2, Part 1, line 4d
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
Lines 8-11	Form 38, page 1, line 3
Lines 12a-12b	Not applicable
Lines 13-15	Form 38, page 1, line 3
Line 16a	Form 38, page 1, line 3
Line 16b	See instructions to Form 38, page 2, Part 1, line 2
Lines 17-21	Form 38, page 1, line 3

#### Form 40 filer:

Include the amount from this schedule:

Line 1	On:
Line 2	Sch. SA, line 4
Line 3	Sch. SA, line 3
Line 4a	Sch. SA, line 11
Line 4b	Sch. RZ, Part 1, line 19a
Line 5	Sch. RZ, Part 1, line 19b
Line 6	Page 1, line 9
Line 7a	Sch. SA, line 16
Line 7b	Sch. RZ, Part 4, line 7
Line 7c	Sch. RZ, Part 5, line 4
Line 8	Sch. RZ, Part 6, line 6
Line 9	Sch. TC, line 12
Line 10	Sch. TC, line 15
Line 11	Sch. TC, line 13
	Sch. TC, line 14

Lines 12a-12b	Sch. TC, line 3
Line 13	Sch. TC, line 18
Line 14	Sch. TC, line 17
Line 15	Sch. TC, line 5
Line 16a	Sch. TC, line 21
Line 16b	Sch. SA, line 5
Line 17	Sch. TC, line 21
Line 18	Sch. TC, line 22
Line 19	Sch. TC, line 19
Line 20	Sch. TC, line 23
Line 21	Sch. TC, line 24

*Form 60 filer:*

Include the amount from this schedule:

On:	
Lines 1-2	Not applicable
Line 3	Sch. K, line 1
Line 4a	Sch. K, line 2a
Line 4b	Sch. K, line 2b
Line 5	Sch. K, line 3
Line 6	Not applicable
Line 7a	Sch. K, line 4a
Line 7b	Sch. K, line 4b
Line 7c	Sch. K, line 4c
Line 8	Sch. K, line 5
Line 9	Sch. K, line 6
Line 10	Sch. K, line 7
Line 11	Sch. K, line 8
Line 12a	Sch. K, line 9
Line 12b	Not applicable
Line 13	Sch. K, line 10a
Line 14	Sch. K, line 11a
Line 15	Sch. K, line 12
Line 16a	Sch. K, line 13a
Line 16b	Sch. K, line 13b
Line 17	Sch. K, line 14a
Line 18	Sch. K, line 15
Line 19	Sch. K, line 16
Line 20	Sch. K, line 17
Line 21	Sch. K, line 18

*Form 58 filer:* Include the amounts from lines 1-21 of this schedule on the corresponding lines of Form 58, Schedule K.

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

**Line 22**  
This is for the North Dakota Office of State Tax Commissioner’s information only.

**Lines 23-36**  
If you are a nonresident individual, estate, or trust, lines 23 through 36 of Part 4 show your share of the partnership’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 an amount shown on North Dakota Schedule K-1 (Form 58) 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 23-26	Line 6
Lines 27-28	Line 2
Line 29	Line 6
Lines 30-32	Line 4
Line 33	Line 8
Lines 34-35	Line 6
Line 36	Line 4

*Form 38 filer (nonresident only):*

Include the amount from this schedule:	On Tax Computation Schedule, Part 2, Column B:
Lines 23-26	Line 5
Line 27	Line 1
Line 28	Line 2
Line 29	Line 5
Lines 30-31	Line 4
Line 32	Line 4 or 7
Line 33	Line 8
Lines 34-35	Line 5
Line 36	Line 4 or 7

**Part 5  
Nonresident partner or tax-exempt organization partner only**

**Line 37**  
This is the net amount of your North Dakota distributive share of income (loss) from the partnership. Do not enter the amount from this line anywhere on your return. ***It is for your information only.***

**Tax-exempt organization only.** If part or all of your distributive share of income from the partnership is taxable under federal income tax law, the North Dakota portion of that taxable income is taxable under North Dakota income tax law. If this applies, you must file a North Dakota income tax return (using Form 40) to report the income and pay any tax due on it.

**Line 38**  
This is the amount of North Dakota income tax withheld by the partnership 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 a 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 58) to your return.**

**Line 39**  
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 partnership. For more information, see “Composite filing” on page 3 of these instructions.

**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 58) to your return to support the amount claimed.

**Part 6  
Partnership or corporation partner only**

If you are a partnership, corporation, or other entity treated like a partnership or corporation, the factor information shown in Part 6, lines 40 and 41, will affect the preparation of your North Dakota income tax return if you are required to complete Schedule FACT (or Schedule CR, Part II, in the case of certain corporations filing Form 40). See the instructions to Schedule FACT of your return for more information on where to include the factor information from this schedule.

