



North Dakota

2013 S Corporation Income Tax

Ryan Rauschenberger, Tax Commissioner

Form 60

Includes:

Schedule FACT
Schedule BG
Schedule K
Schedule KS
Schedule K-1

Need help?

Go to our web site:

www.nd.gov/tax

Download forms

Check our FAQs
(frequently asked
questions)

E-mail your
questions:

individualtax@nd.gov

Dear Taxpayer,

Electronic filing for the Form 60 (S Corporation Income Tax Return Form) through the Modernized E-File (MeF) platform is gaining in popularity. Last year, about 53 percent of Form 60 filers chose to file through MeF. If you have used e-file in the past, I hope you will continue to do so this year. And, if you have not used e-file, I encourage you to consider using MeF this year. To learn more about the MeF option, go to our web site at www.nd.gov/tax.

As you prepare to file your 2013 Form 60, please read the instructions in this booklet carefully. The instructions will help you prepare an accurate and complete return. On page 1, you will notice a section, "Special Reminders." In this section, we highlight some of the changes for you to consider as you prepare your 2013 Form 60. One important item to note is that the passthrough withholding and composite income tax rate was reduced to 3.22%.

If you have any questions, need assistance, or want additional forms, visit our web site at www.nd.gov/tax or contact our office. You'll find information on the inside front cover of this booklet to contact us by phone, e-mail, or in writing.

I invite you to let us know what you think we can do to improve these forms and instructions so that we can serve you better.

Thank you,

Ryan Rauschenberger,
Tax Commissioner



Contents

Where to get help and forms.....	This page
Special Reminders	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.....	2
Withholding from nonresident individual shareholders.....	3
Composite filing method	3
Correcting a previously filed return.....	3
Reporting federal changes.....	3
W-2/1099 reporting requirement	4
General instructions for completing Form 60	4
Specific line instructions	4
Form 60, Page 1, Items A-H	4
Schedule FACT	5
Schedule BG	5
Schedule K	5
Schedule KS.....	7
Form 60, Page 1, Lines 1-11.....	9
Schedule K-1.....	9
Before you file Form 60	11

Required forms

The following forms are needed to complete Form 60:

Form 60	S corporation return
Schedule FACT	Calculation of North Dakota apportionment factor
Schedule BG	Tax on excess net passive income and built-in gains
Schedule K	Total North Dakota adjustments, credits, and other items distributable to shareholders
Schedule KS	Shareholder information
Schedule K-1	Shareholder's share of North Dakota income (loss), deductions, adjustments, credits, and other items

The following forms may be needed:

Form 60-PV	S corporation return payment voucher
Form 60-EXT	S corporation extension payment voucher
Form 101	Application for extension of time to file a North Dakota income tax return
Form PWA	Passthrough entity withholding adjustment

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

Need help?

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

www.nd.gov/tax

E-mail

Individual income tax—
individualtax@nd.gov

Call

Individual income tax—
 Questions **701.328.1247**
 Forms **701.328.1243**
S Corporation 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

Office

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

Privacy Act Notification

In compliance with the Privacy Act of 1974, disclosure of a Federal Employer Identification Number (FEIN) or social security number on this form is required under N.D.C.C. §§ 57-01-15 and 57-38-32, 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

Form 60 Instructions

2013

North Dakota S Corporation 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.

Special Reminders

Passthrough withholding and composite filing

For tax years 2013 and after, the tax rate for passthrough entity withholding and composite return purposes was reduced to 3.22%. In addition, for tax years 2014 and after, the definition of "nonresident member" was expanded to include a nonresident individual who is the settlor of a grantor trust and a passthrough entity with a commercial domicile outside North Dakota. A nonresident member that is another passthrough entity may elect to not have income tax withheld from its distributive share of income if certain conditions are met.

Financial institution tax repeal

Effective January 1, 2013, the North Dakota financial institution tax was repealed, and banks and other entities formerly subject to that tax became subject to the North Dakota income tax. Depending on whether they are a C corporation, partnership, or S corporation, these entities will now file Form 40, Form 58, or Form 60, respectively. Special transitional provisions provide for deferred payment of the 2013 income tax, short period filing for certain fiscal year income tax filers, and an election by an S corporation to be treated like a C corporation for the limited purpose of utilizing unused net operating losses and tax credits remaining as of December 31, 2012. The transitional rules are summarized in the July 2013 edition of *Income Tax Update*, the tax practitioner newsletter, which is available online at www.nd.gov/tax. For multistate entities, the apportionment factor provisions that applied under the financial institution tax law were adopted by administrative rule and will apply for income tax purposes.

Renaissance zone exemption

For zone projects approved on or after August 1, 2013, the business or investment income exemption allowed under the North Dakota renaissance zone program is subject

to two new limitations. If a zone project primarily consists of a physical expansion of an existing building, the exemption amount is limited to the income attributable to the expansion. Also, a taxpayer may exclude no more than \$500,000 of income from all direct or indirect interests in zone projects in a tax year.

Automation tax credit

The 2013 tax year is the first of three tax years in which a primary sector business is allowed an income tax credit equal to 20% of the purchase cost of new or used machinery and equipment used to automate a manufacturing process. The credit is allowed in the tax year in which title to the machinery and equipment transfers, with a 5-year carryover of an unused credit. There is a \$2 million limit on the total credits allowed to all taxpayers in a calendar year. A taxpayer must file an application form with the North Dakota Commerce Department to obtain approval of qualified purchases.

Housing incentive fund credit

The income tax credit allowed for making a contribution to the North Dakota Housing Incentive Fund was extended for two additional years through the 2014 tax year. Contact the North Dakota Housing Finance Agency for more information.

Angel fund tax credit

For investments made in a North Dakota certified angel fund on or after January 1, 2013, the lifetime limit on the total credits allowed to a taxpayer was increased to \$500,000.

Income tax withholding from oil and gas royalty income

Starting in 2014, payments of oil and gas royalties to a nonresident royalty owner with a nonworking interest in the production will become subject to North Dakota income tax withholding. A "nonresident royalty owner" means an individual who is a nonresident of North Dakota or a business entity with a

commercial domicile outside North Dakota. North Dakota income tax must be withheld at the highest marginal income tax rate applicable to the royalty owner. If the royalty owner is a partnership or other passthrough entity, the applicable rate will depend on the type of entities that own the passthrough entity.

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

Oil and gas royalty payments based on oil and gas production in North Dakota constitute income from a real property interest in North Dakota and are subject to North Dakota income tax, regardless of whether any North Dakota income tax is withheld from them.

See the Office of State Tax Commissioner's web site at www.nd.gov/tax for more information.

Mobile workforce exclusion for nonresident individuals

Starting with the 2013 tax year, wages received by an individual for services performed in North Dakota are excluded from North Dakota source income and are not subject to North Dakota income tax if all of the following conditions apply:

1. The individual is a nonresident of North Dakota for the tax year.
2. The individual worked in North Dakota for less than 21 days during the tax year.
3. The individual's state of residence either does not impose an income tax or provides a substantially similar exclusion.
4. The individual has no other income from North Dakota sources.

Also, an employer is not required to withhold North Dakota income tax from wages paid to an individual who meets conditions 1 through 3 above. Certain individuals, as specified in the law, are not eligible for this exclusion. For more information, see N.D.C.C. § 57-38-59.3.

General instructions

Who must file

A 2013 Form 60, *S Corporation Income Tax Return*, must be filed by a corporation that meets both of the following:

- It is required to file a 2013 Form 1120S, *U.S. Income Tax Return for an S Corporation*; and
- It carries on business, or derives gross income from sources, in North Dakota during its 2013 tax year.

Financial institution. The North Dakota financial institution tax under N.D.C.C. ch. 57-35.3 was repealed for tax years beginning after December 31, 2012, and the entities that were subject to that tax are now subject to North Dakota's income tax under N.D.C.C. ch. 57-38. Except as provided below under **"Election to be taxed as a C corporation,"** if an S corporation is a bank or other financial institution that was subject to the North Dakota financial institution tax and filed Form 35 for the 2012 calendar year, it must file Form 60 for tax years beginning on or after January 1, 2013.

If the corporation files its federal income tax return on a fiscal year basis, its first North Dakota income tax return must be filed on a short period basis for the period beginning January 1, 2013, and ending on the last day of the fiscal year ending in calendar year 2013. Starting with its fiscal year beginning in calendar year 2013, the corporation will file the North Dakota income tax return on the same fiscal year basis as its federal return.

Election to be taxed as a C corporation

An S corporation that filed Form 35, North Dakota Financial Institution Tax Return, for the 2012 calendar year may elect to be taxed as a C corporation under N.D.C.C. § 57-38-01.35. An S corporation that makes this election must file Form 40 (instead of Form 60). See the instructions to Form 40 for more information.

For each tax year in which the election is in effect, the S corporation must provide a statement to each shareholder containing information on the adjustments that need to be made on the shareholder's North Dakota income tax return to remove the income, gains, losses, and deductions included in the taxable income reported on Form 40. For more information, see the *Income Tax Guideline: Adjustment For Income (Loss) From An S Corporation Taxed Under N.D.C.C. § 57-38-01.35*.

Nonfiler penalty. If an S corporation does not file Form 60 as required, a minimum \$500 penalty may be assessed if the failure continues after receiving a thirty-day notice to file from the Office of State Tax Commissioner.

When and where to file

The 2013 Form 60 must be filed no later than:

- April 15, 2014, if filing for the 2013 calendar year; or
- The 15th day of the 4th month following the end of the tax year, if filing for a fiscal year beginning in the 2013 calendar year.

Note: Use the 2012 Form 60 if the corporation's fiscal year began in the 2012 calendar year.

Mail Form 60 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 60 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 corporation return is obtained, it is automatically accepted as an extension of time to file Form 60. 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 60. The extension period for the North Dakota return is the same as the federal extension period. The "Extension" circle on page 1 of Form 60 must be marked to indicate that an extension has been obtained.

North Dakota extension. If a federal extension is not obtained, but additional time is needed to complete and file Form 60, 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 60. Notification of whether the extension is accepted or rejected will be provided by the Office of State Tax Commissioner. The "Extension" circle on page 1 of Form 60 must be marked to indicate that an extension has been obtained.

Extension interest. If Form 60 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 60 is obtained and it is expected that there will be a tax due, the expected tax due may be paid on or before the regular due date. To do so, send a check or money order along with a completed 2013 Form 60-EXT, *S Corporation Extension Payment Voucher*, on or before the regular due date of Form 60.

Alternatively, a payment may be sent with a letter containing the following: (1) Name of corporation; (2) Corporation's FEIN; (3) Corporation's address and phone number; and (4) Statement that the payment is a 2013 Form 60-EXT payment.

Penalty and interest

The tax due must be paid by the due date (without extension) of Form 60 to avoid penalty and interest charges. However, if an extension of time to file the return was obtained, the tax due may be paid by the extended due date of the return without penalty, but extension interest will apply at the rate of 12% per year—see **Extension interest** and **Prepayment of tax due** on this page.

If Form 60 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 60 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 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 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

An S corporation may, but is not required to, make estimated tax payments of income tax expected to be due on Form 60. To make an estimated payment for the 2014 tax year, send a check or money order along with a completed 2014 Form 60-ES, *S Corporation Estimated Tax Payment Voucher*.

Withholding from nonresident individual shareholders

An S corporation must withhold North Dakota income tax at the rate of 3.22% (.0322) from the distributive share of North Dakota income of its nonresident individual shareholders. This requirement does not apply to actual distributions made by the corporation to nonresident individual shareholders during the tax year; instead, the withholding amount is calculated on the shareholders' year-end distributive share and is reported on the Form 60 filed for the tax year. An amount less than 3.22% of the distributive share may be withheld if the shareholder meets certain conditions—see Form PWA for details. Withholding is not required if:

- The distributive share of North Dakota income is less than \$1,000; or
- The nonresident individual shareholder elects to have his or her distributive share of North Dakota income included in, and the tax on it calculated under, the composite filing method—see “Composite filing method” in the next section for more information.

The amount withheld for a shareholder is reported in Column 7, Schedule KS, Form 60. The corporation must submit a payment with Form 60 for the total withholding reported on Schedule KS. See the instructions to Schedule KS and Schedule K-1 (Form 60) for more information.

Composite filing method

A composite filing method is available to an S corporation with one or more eligible shareholders. Under this method, an S corporation files one return, called a “composite return,” on behalf of one or more eligible shareholders. The composite return and the S corporation's payment of the income tax calculated on it satisfies the North Dakota income tax filing and payment obligations of the eligible shareholders included in it. Therefore, the electing

shareholders do not have to file their own North Dakota individual income tax return to report or pay tax on their distributive share of North Dakota income.

The use of the composite filing method by an S corporation is optional, and is a choice that it may make on a year-to-year basis. The corporation does not have to obtain prior approval to use the composite filing method, and it may file a composite return regardless of whether it has income or a loss for the tax year.

Exception to withholding. An S corporation does not have to withhold North Dakota income tax from the distributive share of North Dakota income of an eligible shareholder who elects to be included in a composite return.

Eligible shareholder. An eligible shareholder is an individual who:

- Is a nonresident of North Dakota; and
- Does not have any North Dakota income from other than the S corporation or any other partnership, S corporation, trust, or limited liability company (filing as a partnership or S corporation).

An eligible shareholder may elect to be included in a composite return regardless of the amount of the shareholder's distributive share of North Dakota income (or loss). In the case of a loss, the composite tax is zero.

Composite filing method procedure. The distributive share of North Dakota income of an electing shareholder is multiplied by the highest individual income tax rate (3.22% for the 2013 tax year) to determine the shareholder's composite income tax. (If the North Dakota distributive share is a loss, the composite tax is zero.) No North Dakota adjustments, deductions, or tax credits are allowed in calculating the tax due under the composite filing method. The Form 60 serves as the composite return. The composite income tax calculated for a shareholder is reported in Column 8, Schedule KS, Form 60. The corporation must submit a payment with Form 60 for the total composite income tax reported on Schedule KS.

Election. If an eligible shareholder agrees to be included in a composite return, the corporation's calculation and reporting of a composite income tax for the shareholder in Column 8 of Schedule KS of Form 60 constitutes the shareholder's election to be included in the composite return.

Correcting a previously filed return

If a corporation needs to correct an error in Form 60 after it is filed, the corporation must file an amended return. There is no special form for this purpose. See “How to prepare an amended 2013 return” below.

If a corporation paid too much tax because of an error in its 2013 Form 60, the corporation generally has three years from the later of the due date (excluding extensions) of the return or the date the return was actually filed 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 2013 return

1. Obtain a blank 2013 Form 60.
2. Enter the corporation's name, current address, FEIN, etc., in the top portion of page 1 of Form 60.
3. Mark the “Amended return” circle at the top of page 1 of Form 60.
4. Complete Schedules FACT, BG, K, and KS using the corrected information. Then complete lines 1 through 4 on page 1 of Form 60.
5. Complete line 5 on page 1 of Form 60 by entering the total taxes due from the previously filed 2013 Form 60, page 1, line 4.
6. Complete line 6 (overpayment) or line 9 (tax due), whichever applies. If there is an overpayment on line 6, enter the full amount on line 8 (refund). On an amended return, the amount credited to the next year's estimated tax (line 7) 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 corporation or the IRS made to the corporation's 2013 Federal Form 1120S, attach a copy of the amended federal return or IRS notice.
8. Complete and provide a corrected North Dakota Schedule K-1 (Form 60) to the shareholders, as required.

Reporting federal changes. If the Internal Revenue Service (IRS) changes or audits the federal corporation return, or if a corporation files an amended federal corporation return, an amended North Dakota Form 60 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 corporation return with the amended North Dakota Form 60.

Financial institution. An S corporation that was subject to the North Dakota financial institution tax for tax years prior to 2013 must use Form 35 to amend a return for those tax years.

W-2/1099 reporting requirement

Every corporation 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 60 and its attachments is confidential by law and cannot be given to others except as provided by state law. Information about the shareholders is required under state law so the Office of State Tax Commissioner can determine the shareholder's correct North Dakota taxable income and verify if the shareholder has filed a return and paid the tax.

General instructions for completing Form 60

Complete Form 60 as follows:

1. Complete Federal Form 1120S in its entirety.
2. Complete Items A through H at the top of page 1 of Form 60—see page 4.
3. Complete Schedule FACT on page 2 of Form 60—see page 5.
4. Complete Schedule BG, if required, on page 2 of Form 60—see page 5.
5. Complete Schedule K on page 3 of Form 60—see page 5.
6. Complete Schedule KS on page 5 of Form 60—see page 7.
7. Complete lines 1 through 11 on page 1 of Form 60—see page 9.
8. Complete Schedule K-1, if required, for the shareholders—see page 9.

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 2013 Form 60 if the corporation's taxable year began in the 2013 calendar year. **Note:** Use the 2012 Form 60 if the taxable year began in the 2012 calendar year.

Specific line instructions for page 1 of Form 60, Items A-H

Complete Items A through H at the top of page 1 of Form 60. Then complete Schedule FACT, Schedule BG, Schedule K, and Schedule KS before completing lines 1 through 11 on page 1 of Form 60.

Item A Tax year

The same tax year used for federal income tax purposes (as indicated on the federal corporation return) must be used for North Dakota income tax purposes. Mark the applicable circle. If the corporation uses a fiscal year, enter the beginning and ending dates of the fiscal year. Use the 2013 Form 60 only if the corporation's tax year began in the 2013 calendar year.

Item B Name and address

Enter the legal name of the corporation on the first line of the name and address area. If the corporation 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) for identification purposes. Enter the federal employer identification number from page 1 of Federal Form 1120S.

Item D Business code number

Enter the business code from the NAICS code list found on the Office of State Tax Commissioner's web site at www.nd.gov/tax. Enter the code that most closely describes the industry from which the corporation derives the majority of its income.

Item E Date incorporated

Enter the date the business incorporated from page 1 of Federal Form 1120S.

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 corporation.

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

Farming/ranching corporation. Mark this circle if the corporation is registered as a farming or ranching corporation with the North Dakota Secretary of State.

Composite return. Mark this circle if one or more nonresident individual shareholders has elected to be included in a composite return. See "Composite filing method" on page 3 for more information.

Amended return. Mark this circle if this return is being filed to correct a previously filed 2013 Form 60. 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 shareholders

Enter the total number of shareholders. Also enter the number of each type of shareholder. For "Trust/estate shareholders," only include trusts that are not tax-exempt organizations for federal income tax purposes.

Item H Qualified subchapter S subsidiary

If the corporation is a parent of one or more qualified subchapter S subsidiaries, mark the "Yes" circle. Otherwise, mark "No." If the "Yes" circle is marked, attach a statement to Form 60 on which it lists the name and federal employer identification number of each qualified subchapter S subsidiary.

Instructions for Schedule FACT (Form 60, page 2)

All corporations must complete the applicable portions of Schedule FACT as follows:

- **100% North Dakota corporation**
If the corporation conducted all of its trade or business within North Dakota during the tax year, skip lines 1 through 13 and enter "1.000000" on line 14 of Schedule FACT.
- **Multistate corporation**
If the corporation conducted its trade or business both within and without North Dakota during the tax year, complete lines 1 through 14 of Schedule FACT. However, if all of the shareholders consist of only North Dakota resident individuals, estates, and trusts, and the corporation is not required to complete Schedule BG, skip lines 1 through 13, and enter "1.000000" on line 14 of Schedule FACT.

If the S corporation received a North Dakota Schedule K-1 (Form 58) from a partnership, and the S corporation 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 41 and 42, in the amounts entered on the corresponding lines of Schedule FACT.

For guidance on completing Schedule FACT, see N.D.C.C. § 57-38.1 and N.D. Admin. Code § 81-03-09.

Instructions for Schedule BG (Form 60, page 2)

An S corporation that is subject to the federal income tax on excess net passive income or built-in gains is subject to North Dakota income tax on the same income and must complete Schedule BG.

Line 4 Apportionment factor

If the corporation conducts its trade or business both within and without North Dakota during the tax year (multistate corporation), it must complete lines 1 through 14 of Schedule FACT to calculate an apportionment factor to enter on Schedule BG, line 4.

Line 6 North Dakota NOL deduction

If the corporation has always been an S corporation, enter zero on this line. However, if a corporation changed from a C corporation to an S corporation under an election first made on or after January 1, 1987, it may carry forward an unused North Dakota net operating loss incurred while a C corporation and deduct it from the apportioned built-in gain subject to North Dakota tax. Complete the **Line 6 Worksheet** on this page to calculate the amount to enter on Schedule BG, line 6. **Attach a copy of the worksheet to Form 60.**

Instructions for Schedule K (Form 60, page 3)

All corporations 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 shareholders. These items may be applicable to the preparation of the shareholders' North Dakota income tax returns.

If the corporation is a partner in a 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 partnership.

Line 1 Interest from U.S. obligations

Enter on this line interest income from U.S. obligations and from securities the interest of 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), or Government National Mortgage Association (Ginnie Mae), nor from a federal income tax refund or repurchase agreement. **Attach a statement identifying the specific securities from which the interest was derived.**

Line 6 Worksheet (for Schedule BG) North Dakota net operating loss deduction

1. Net recognized built-in gain from Form 60, Schedule BG, line 2 **1** _____
2. Apportionment factor from Schedule BG, line 4 **2** _____
3. North Dakota apportioned built-in gain. Multiply line 1 by line 2 **3** _____
4. Accumulated North Dakota net operating loss as of the end of the last tax year as a C corporation. **Enter as a positive number** **4** _____
5. Portion of line 4 that was previously deducted for North Dakota income tax purposes by the corporation. **Enter as a positive number** **5** _____
6. Remaining North Dakota net operating loss. Subtract line 5 from line 4. If less than zero, enter -0- **6** _____
7. North Dakota net operating loss deduction. Enter smaller of line 3 or line 6. Enter result on Schedule BG, line 6 **7** _____

2013 Corporation Tax Rate Schedule

If the amount on

Schedule BG, line 7 is:

The tax is equal to:

Over	But not over	
\$ 0	\$ 25,000	1.48% of the amount on line 7
25,000	50,000	370.00 + 3.73% of the amount over \$ 25,000
50,000		1,302.50 + 4.53% of the amount over 50,000

Line 2a
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 2b
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 3
New or expanding business income exemption

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

Line 4a
Renaissance zone historic property preservation tax credit

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

Line 4b
Renaissance fund organization investment tax credit

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

Line 4c
Renaissance zone nonparticipating property owner tax credit

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

Line 5
Seed capital investment tax credit

If the corporation invested in a qualified business for purposes of the seed capital investment tax credit, multiply the total amount invested during the 2013 tax year by 45% and enter the result on this line.

Line 6
Ag commodity investment tax credit

If the corporation invested in a qualified business for purposes of the agricultural commodity processing facility investment tax credit, multiply the total amount invested during the 2013 tax year by 30% and enter the result on this line.

Line 7
Biodiesel or green diesel fuel supplier tax credit

If the corporation 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 8
Biodiesel or green diesel fuel seller tax credit

If the corporation 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 9
Geothermal energy device tax credit

If the corporation installed a qualifying geothermal energy device **after December 31, 2008** 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. Enter the credit on this line. **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 10
Employer internship program credit

If the corporation 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 corporation is allowed no more than \$3,000 of credits for all tax years.

Line 10a. Enter the allowable credit on this line.

Line 10b. Enter the number of eligible interns hired during the 2013 tax year. *Disregard this line if the credit is from a passthrough entity.*

Line 10c. Enter on this line the total compensation paid to eligible interns during the 2013 tax year (as shown on their 2013 Form W-2s). *Disregard this line if the credit is from a passthrough entity.*

Line 11
Microbusiness tax credit

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

Line 11a. Enter the allowable credit on this line.

Line 11b. Enter on this line the amount of qualifying new investment in property made during the 2013 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

Line 11c. Enter on this line the amount of compensation paid for qualifying new employment during the 2013 tax year on which the credit was based. *Disregard this line if the credit is from a passthrough entity.*

Line 12
Research expense tax credit

If the corporation conducted qualified research in North Dakota, it is allowed a tax credit on qualified research expenses in excess of base period research expenses. The credit is equal to 25% of the first \$100,000 of excess qualified expenses plus an additional credit on excess qualified expenses over \$100,000 at a credit rate that is dependent on the tax year in which it first conducted qualified research in North Dakota. For details, see N.D.C.C. § 57-38-30.5.

Line 12a. Enter the allowable credit on this line. *Do not include on this line any research credit obtained from another taxpayer through a sale, assignment, or transfer—report this amount on Line 12b.*

Line 12b. Enter on this line a research credit obtained from another taxpayer through a sale, assignment, or transfer. For details, see N.D.C.C. § 57-38-30.5.

Line 13

Endowment fund tax credit

If the corporation 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 13a. Enter the allowable credit on this line.

Line 13b. Enter on this line the amount of the contribution made to a qualified endowment fund in North Dakota during the 2013 tax year on which the credit is based.

Line 14

Workforce recruitment tax credit

If the corporation 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 14a. Enter the allowable credit on this line.

Line 14b. Enter the number of eligible employees whose first 12 months of employment ended in 2012.

Line 14c. Enter the total compensation paid during the eligible employees' first 12 consecutive months of employment ending in 2012.

Line 15

Credit for wages paid to a mobilized employee

Enter on this line the amount from Schedule ME, line 13. **Attach Schedule ME.**

Line 16

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 17

Housing incentive fund tax credit

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

Line 18

Automation tax credit

A credit is allowed to a primary sector business for purchasing new or used automation machinery or equipment under N.D.C.C. § 57-38-01.33. 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 19

Allocable (nonbusiness) income

Lines 19a and 19b apply only if the corporation:

- Is a multistate corporation, i.e., it carries on its business both within and without North Dakota;
- Has one or more nonresident individual, estate, or trust shareholders; and
- Has nonbusiness income as defined under N.D. Admin. Code § 81-03-09-03.

Nonbusiness income is not apportioned using the apportionment factor 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 that fairly distributes all of the corporation's expenses to its business and nonbusiness income.

If the corporation has an item of nonbusiness income subject to allocation, the corporation must take this into account when calculating the North Dakota distributive share of income or loss reportable on Schedule KS and Schedule K-1 (Form 60) for a nonresident individual, estate, or trust shareholder. See the instructions to Schedule KS, Column 6, for more information. In addition to completing lines 19a and 19b, the corporation must attach the following to Form 60:

- 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 corporation is not required to file an income tax return with the other state, the corporation must indicate this in the attached statement.

Line 19a. Enter the total allocable income (less related expenses) from all sources within and without North Dakota.

Line 19b. Enter the portion of the amount on line 19a that is allocable to North Dakota.

Line 20

Disposition of I.R.C. Section 179 property

Lines 20a through 20d apply only if the corporation sold, exchanged, or disposed of property for which an I.R.C. Section 179 deduction was passed through to the shareholders. *Note: The corporation is required to report this same information on a separate statement attached to Federal Form 1120S, Schedule K, line 17d.*

For lines 20a through 20d, multiply the corresponding combined amount for all shareholders as reported on Federal Form 1120S, Schedule K, line 17d, by the North Dakota 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 19.

Instructions for Schedule KS (Form 60, page 5)

Schedule KS must be completed to provide information about each shareholder.

In the case of a nonresident individual shareholder only, the schedule must show the shareholder's distributive share of North Dakota income (loss) and the amount of North Dakota income tax withheld or the amount of composite income tax paid on the shareholder's distributive share of North Dakota income. If the corporation has more than seven shareholders, complete and attach additional schedules as needed to list all

shareholders. If more than one Schedule KS 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 Shareholders (Columns 1 through 5)

Columns 1 and 2

Enter the full name, address, and shareholder's identifying number as shown on the shareholder's Federal Schedule K-1. In Column 1, enter the name on the first line, and the complete mailing address on the second line. If the shareholder is a single member limited liability company (LLC) and is treated as 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 shareholder by entering the applicable code letter as follows:

Entity type	Code letter
Individual	I
Trust	T
Decedent's estate	D
Bankruptcy estate	B
Exempt organization	O

If the shareholder is a limited liability company (LLC) that is disregarded as a separate entity for federal income tax purposes, enter the code letter for the type of entity of the LLC's owner.

Note: 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.

Column 4

Enter the shareholder's stock ownership percentage as shown on the shareholder's Federal Schedule K-1.

Column 5

Enter the sum of the following items from the shareholder's Federal Schedule K-1 (Form 1120S), 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** Interest income
- Box 5a** Ordinary dividends
- Box 6** Royalties
- Box 7** Net short-term capital gain (loss)

Column 6 Worksheet

**For nonresident individual shareholders only—
see instructions to Schedule KS, Column 6.**

1. Shareholder's amount from Column 5 **1** _____
2. Allocable income (less related expenses) included in the amount on line 1 **2** _____
3. Interest from U.S. obligations included in the amount on line 1 **3** _____
4. Add lines 2 and 3 **4** _____
5. Apportionable income (loss). Subtract line 4 from line 1 **5** _____
6. Apportionment factor from Schedule FACT, line 14 **6** _____
7. Multiply line 5 by line 6 **7** _____
8. Allocable income (less related expenses) **reportable to North Dakota** **8** _____
9. Add lines 7 and 8. Enter result in Column 6 **9** _____

Box 8a Net long-term capital gain (loss)

Box 9 Net section 1231 gain (loss)

Box 10 Other income (loss)

Box 11 Section 179 deduction

Box 12 Other deductions (*Only include the deductions allowed as a deduction from gross income in calculating adjusted gross income for federal income tax purposes.*)

Box 17 Include the gain (loss) from 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 shareholder, regardless of whether or not the shareholder actually deducted all of it.*)

- The amount in Column 5 includes interest from U.S. obligations.

Column 7

Nonresident individual only

If the shareholder is a nonresident individual, and if the amount 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 individual shareholder completed a Form PWA, enter the amount from line 6 of Form PWA in Column 7, and mark the circle under "Form PWA."
- If the nonresident individual shareholder elected to be included in a composite return, leave Column 7 blank and see the instructions to Column 8.

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

Column 8

Nonresident individual only

Complete Column 8 for each nonresident individual shareholder who elected to be included in a composite return filed by the corporation. Multiply the nonresident individual shareholder's 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 method" on page 3 for more information.

Nonresident Individual and Tax-Exempt Organization Shareholders Only (Columns 6 through 8)

Column 6

Nonresident individual and tax-exempt organization only

Complete Column 6 for each nonresident individual or tax-exempt organization shareholder. Multiply the shareholder's amount in Column 5 by the apportionment factor from Schedule FACT, line 14, and enter the result in Column 6. However, complete the **Column 6 Worksheet** on this page to calculate the amount to enter in Column 6 if either or both of the following apply:

- The corporation has an item of nonbusiness income subject to allocation. See the instructions to North Dakota Schedule K, line 19, on page 7 for more information.

Specific line instructions for page 1 of Form 60, lines 1-11

Complete Schedule FACT, Schedule BG, Schedule K, and Schedule KS before completing lines 1 through 11 on page 1 of Form 60.

Line 5 Estimated tax payments

Enter the amount paid with the 2013 Form 60-EXT and 2013 Form 60-ES plus any overpayment applied from the 2012 return. However, if this is an amended return, do not enter the amount from the 2013 Form 60-EXT or 2013 Form 60-ES, or any overpayment applied from the 2012 return; instead, enter the amount of the total taxes due from line 4 of the previously filed original or amended 2013 Form 60.

Line 7 Application of overpayment to 2014

If there is an overpayment on line 6, the corporation may elect to apply part or all of it as an estimated payment toward its 2014 tax liability. To make the election, enter the portion of line 6 to be applied on line 7. 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 9 Tax due

A tax due must be paid in full with the return when it is filed. See the instructions to line 11 for payment options.

Line 10 Penalty and Interest

The Office of State Tax Commissioner will notify the corporation of any penalty and interest payable on a tax due shown on Form 60. However, the corporation may calculate the penalty and interest amounts and include them in the balance due on Form 60.

Penalty. Calculate the penalty amount as follows:

- If Form 60 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 60 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 60 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 11 Balance due

If paying by paper check or money order, make it payable to "ND State Tax Commissioner." Instead of a paper check or money order, the balance due may be paid electronically through an Automated Clearing House (ACH) credit transaction or online through Link2Gov Corporation, a national electronic payment service.

To pay by means of an ACH transaction, go to 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 Link2Gov Corporation, go to www.ndtaxpayment.com. Link2Gov charges a fee for its 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.

Instructions for Schedule K-1

With the exception of the taxes on excess net passive income and built-in gains (calculated on Schedule BG), an S corporation is not subject to North Dakota income tax. Instead, the shareholders are responsible for reporting and paying any applicable North

Dakota income tax on their shares of the corporation's income reportable to North Dakota.

North Dakota Schedule K-1 (Form 60) must be used by an S corporation to provide information that shareholders will need to complete a North Dakota income tax return. The information to be included in the schedule will depend on the type of shareholder.

North Dakota Schedule K-1 (Form 60) must be completed and given to:

- Each nonresident individual, estate, or trust shareholder.
- Each shareholder to which a share of a North Dakota adjustment or tax credit (from Form 60, Schedule K, lines 1 through 18) is distributed.
- Each shareholder that is a qualified subchapter S trust (QSST) or an electing small business trust (ESBT) with a nonresident individual or estate beneficiary.
- Each tax-exempt organization shareholder.

A North Dakota Schedule K-1 (Form 60) does not have to be given to a North Dakota resident individual, estate, or trust if there are no North Dakota adjustments or tax credits on Schedule K. All income of a North Dakota resident individual, estate, or trust is subject to North Dakota income tax, regardless of its source.

In addition to the North Dakota Schedule K-1 (Form 60), the corporation must provide the shareholder with a copy of the *Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)*.

A copy of all North Dakota Schedule K-1 forms must be enclosed with Form 60 along with any required supplemental statements.

Amended schedule. If a corporation files an amended Federal Form 1120S, or if the IRS makes any changes to the Federal Form 1120S, the corporation must file an amended Form 60 for the same tax year, and must issue amended North Dakota Schedule K-1 forms to its shareholders. Mark the "Amended" circle at the top of the North Dakota Schedule K-1 (Form 60).

Final schedule. Mark the "Final" circle at the top of the North Dakota Schedule K-1 if it is the last one to be issued by the corporation to the shareholder.

Part 1 Corporation information

Items A and B

Enter the name, address, and federal employer identification number (FEIN) of the corporation as shown on the shareholder's Federal Schedule K-1.

Part 2 Shareholder information

Item C

Enter the social security number or federal employer identification number (FEIN) of the shareholder as shown on the shareholder's Federal Schedule K-1. If the shareholder is a single member limited liability company and is treated as a disregarded entity for federal income tax purposes, enter the owner's identifying number.

Item D

Enter the name and address of the shareholder as shown on the shareholder's Federal Schedule K-1. If the shareholder is a single member limited liability company and is treated as a disregarded entity for federal income tax purposes, enter the owner's name and address.

Item E

Enter the same code letter shown in Column 3 of Schedule KS of Form 60.

Item F

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

Item G

For only a nonresident individual shareholder, indicate whether the shareholder is included in a composite return filed by the corporation by marking the applicable circle.

Item H

Enter the shareholder's stock ownership percentage as shown on the shareholder's Federal Schedule K-1.

Part 3 All shareholders— North Dakota adjustments and tax credits

If there are any North Dakota adjustments or tax credits on Form 60, Schedule K, lines 1 through 18, complete this part for all shareholders.

Lines 1 through 18

Enter the shareholder's share of each amount shown on Form 60, Schedule K, lines 1 through 18, on the corresponding lines of Part 3, lines 1 through 18.

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

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

Line 19

Corporation's apportionment factor
Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 20 through 32 Income and loss items

Except as explained under **Exception 1** and **Exception 2** below, multiply the corresponding amount from the shareholder's Federal Schedule K-1, Part III, boxes 1 through 12, and any I.R.C. § 179 property disposition gain (loss) included in box 17 by the corporation's apportionment factor from Schedule FACT, line 14, and enter the result on the corresponding line of Part 4, lines 20 through 32.

For "Other deductions" from box 12 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 17 of the Federal Schedule K-1, include all of the Section 179 deduction passed through to the shareholder, regardless of whether or not the shareholder actually deducted all of it.

Exception 1: Allocable (nonbusiness) income. If the corporation treated any distributable item of income from the shareholder'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 corporation'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 60).

Exception 2: Interest from U.S. obligations. Do not include interest from U.S. obligations in determining the amount to enter on Part 4, line 23.

If the calculation of any amount on lines 20 through 32 of Part 4 was affected by the removal or inclusion of net nonbusiness income, attach a statement to the shareholder's North Dakota Schedule K-1 (Form 60) identifying the net nonbusiness income and showing the calculation of the amount entered on the applicable line(s) of Part 4.

Part 5 Nonresident individual or tax-exempt organization shareholder only

Complete Part 5 for a nonresident individual or tax-exempt organization shareholder only.

Line 33 ND distributive share of income (loss)

Enter the shareholder's North Dakota distributive share of income (loss) from Form 60, Schedule KS, Column 6.

Line 34 ND income tax withheld

Enter the amount of North Dakota income tax withheld from the shareholder's North Dakota distributive share of income from Form 60, Schedule KS, Column 7.

Line 35**ND composite income tax**

Enter the amount of North Dakota composite income tax on the shareholder's North Dakota distributive share of income from Form 60, Schedule KS, Column 8.

Before you file Form 60

Signatures

The return must be signed and dated by a corporate officer or an authorized representative of the corporation.

If the corporation pays someone other than one of its employees to prepare the return, the paid preparer also must sign and date the return.

Preparer authorization check-off

The corporation may authorize the North Dakota Office of State Tax Commissioner (Tax Department) to discuss matters pertaining to its 2013 Form 60 with the preparer who signed it. To do so, mark the circle in the lower right-hand corner of page 1

of Form 60 next to the signature area. This authorization applies only to the individual whose signature and printed name appears in the paid preparer section of the signature area. It does not apply to the firm, if any, shown in that section.

By marking the circle, the corporation authorizes the Tax Department to contact the preparer to answer any questions that may arise during the processing of the corporation'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 corporation shares with the preparer pertaining to math errors or return preparation. *(Tax Department notices will not be sent directly to the preparer.)*

This authorization automatically expires on the due date (excluding extensions) for filing the **2014 Form 60**.

This authorization **does not** authorize the preparer to receive a refund check, to bind the corporation in any way (including any additional tax liability), or to represent the corporation before the Tax Department for any other purpose. To expand the preparer's authorization, the corporation must complete and file North Dakota Form 500, *Authorization to Disclose Tax Information and Designation of Representative*, with the Tax Department.

Assembling a paper return

Please assemble Form 60 and its required attachments in the following order:

1. Form 60.
2. Schedule FACT / Schedule BG.
2. Schedule K.
3. Schedule KS.
4. North Dakota Schedule K-1 forms.
5. Required supporting statements.
6. Complete copy of Form 1120S including Federal Schedule K-1 forms.

Staple all documents (except check or money order) together at the **top center** of Form 60. Enclose a check or money order made payable to: ND State Tax Commissioner. **Do not send cash.**



Form North Dakota Office of State Tax Commissioner

60 S corporation income tax return**2013****A** This return is ☐ **Calendar year 2013** (Jan. 1 - Dec. 31, 2013)filed for: ☐ **Fiscal year:** _____, 2013, and ending _____, 20____**B** Corporation'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
incorporated _____ month _____ day _____ year

City

State

Zip Code

F Check all that apply:**G TOTAL number of shareholders** -----▶

Enter number of —

Resident individual
shareholders -----▶Trust/estate
shareholders -----▶Nonresident individual
shareholders -----▶Tax-exempt
organization -----▶

- ☐ Initial return
- ☐ Final return
- ☐ Farming/ranching corporation ☐ Amended return
- ☐ Composite return ☐ Extension

H Does this return include a qualified subchapter S subsidiary (QSSS)? If "Yes," attach a statement listing the name and federal employer identification number of each QSSS -----☐ Yes ☐ No

- **Before completing lines 1 through 11 on this page, complete the applicable schedules on pages 2 through 5.**
- **After completing Form 60, complete North Dakota Schedule K-1 (Form 60) for the shareholders.**

1 Tax on excess net passive income and built-in gains, if any (from page 2, Schedule BG, line 8) -----▶ **1** _____**2** Income tax withheld from nonresident individual shareholders (from page 5, Schedule KS, line 3) ---▶ **2** _____**3** Composite income tax for electing nonresident individual shareholders (from page 5, Schedule KS, line 4) -----▶ **3** _____**4** Total taxes due. Add lines 1, 2, and 3 -----▶ **4** _____**5** Estimated tax paid on 2013 Forms 60-ES and 60-EXT plus any overpayment applied from 2012 return (If an amended return, enter total taxes due from line 4 of previously filed return) -----▶ **5** _____**6 Overpayment.** If line 5 is more than line 4, subtract line 4 from line 5 and enter result; otherwise, go to line 9. If result is less than \$5.00, enter -0- -----▶ **6** _____**7** Amount of line 6 to be applied to 2014 estimated tax -----▶ **7** _____**8 Refund.** Subtract line 7 from line 6. If result is less than \$5.00, enter -0- ----- **REFUND** ▶ **8** _____**9 Tax due.** If line 4 is more than line 5, subtract line 5 from line 4. If result is less than \$5.00, enter -0- ▶ **9** _____**10** Penalty ▶ _____ Interest ▶ _____ Enter total penalty and interest **10** _____**11 Balance due.** Add lines 9 and 10 ----- **BALANCE DUE** **11** _____

- **Attach a complete copy of the 2013 Form 1120S (including Federal Schedule K-1s)**
- **Attach a copy of all North Dakota Schedule K-1s (Form 60)**

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 officer

Date

Print name of officer

Phone

Paid preparer signature

Date

Print name of paid preparer

EIN/SSN/PTIN

Phone

☐ I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer.**For Tax
Department
Use Only****SCOR****Mail to:** Office of State Tax Commissioner, 600 E. Blvd. Ave., Dept. 127,
Bismarck, ND 58505-0599



Enter name of corporation _____

FEIN _____

Schedule FACT Calculation of North Dakota apportionment factor

IMPORTANT: All corporations must complete the applicable portions of this schedule.
See Schedule FACT instructions beginning on page 5 of the 2013 Form 60 Booklet.

Property factor

Average value at original cost of real and tangible personal property used in the business.

Column 1
Total

Column 2
North Dakota

Column 3
Factor
(Col. 2 ÷ Col. 1)

Result must be
carried to six
decimal places

1 Inventories -----	1 _____	_____	
2 Buildings and other fixed depreciable assets -----	2 _____	_____	
3 Depletable assets -----	3 _____	_____	
4 Land -----	4 _____	_____	
5 Other assets (Attach schedule) -----	5 _____	_____	
6 Rented property (Annual rental multiplied by 8) -----	6 _____	_____	
7 Total property (Add lines 1 through 6) ----- ▶	7 _____ ▶	_____ ▶	_____

Payroll factor

8 Wages, salaries, commissions and other compensation of employees reported on Federal Form 1120S (If the amount in Column 2 does not agree with the compensation reported for North Dakota unemployment insurance purposes, attach an explanation) ----- ▶

8 _____ ▶ _____ ▶ _____

Sales factor

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 corporation 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 Apportionment factor 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 _____ ▶		_____

Schedule BG Tax on excess passive income and built-in gains

1 Excess net passive income subject to federal tax on Federal Form 1120S ----- ▶	1 _____
2 Built-in gains subject to federal tax on Federal Form 1120S, Schedule D ----- ▶	2 _____
3 Add lines 1 and 2 -----	3 _____
4 Apportionment factor from Schedule FACT, line 14 ----- ▶	4 _____
5 North Dakota apportioned income. Multiply line 3 by line 4 -----	5 _____
6 North Dakota NOL deduction from worksheet in instructions (Attach worksheet) ----- ▶	6 _____
7 North Dakota taxable income. Subtract line 6 from line 5 ----- ▶	7 _____
8 Tax from 2013 Corporation Tax Rate Schedule on page 5 of instructions. Enter on Form 60, page 1, line 1 ----- ▶	8 _____



Form North Dakota Office of State Tax Commissioner

60 S corporation income tax return**2013****A** This return is ☐ **Calendar year 2013** (Jan. 1 - Dec. 31, 2013)filed for: ☐ **Fiscal year:** _____, 2013, and ending _____, 20____**B** Corporation'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
incorporated _____ month _____ day _____ year

City

State

Zip Code

F Check all that apply:**G TOTAL number of shareholders** -----▶

Enter number of —

Resident individual
shareholders -----▶Trust/estate
shareholders -----▶Nonresident individual
shareholders -----▶Tax-exempt
organization -----▶

- ☐ Initial return
- ☐ Final return
- ☐ Farming/ranching corporation ☐ Amended return
- ☐ Composite return ☐ Extension

H Does this return include a qualified subchapter S subsidiary (QSSS)? If "Yes," attach a statement listing the name and federal employer identification number of each QSSS -----☐ Yes ☐ No

- **Before completing lines 1 through 11 on this page, complete the applicable schedules on pages 2 through 5.**
- **After completing Form 60, complete North Dakota Schedule K-1 (Form 60) for the shareholders.**

1 Tax on excess net passive income and built-in gains, if any (from page 2, Schedule BG, line 8) -----▶ **1** _____**2** Income tax withheld from nonresident individual shareholders (from page 5, Schedule KS, line 3) ---▶ **2** _____**3** Composite income tax for electing nonresident individual shareholders (from page 5, Schedule KS, line 4) -----▶ **3** _____**4** Total taxes due. Add lines 1, 2, and 3 -----▶ **4** _____**5** Estimated tax paid on 2013 Forms 60-ES and 60-EXT plus any overpayment applied from 2012 return (If an amended return, enter total taxes due from line 4 of previously filed return) -----▶ **5** _____**6 Overpayment.** If line 5 is more than line 4, subtract line 4 from line 5 and enter result; otherwise, go to line 9. If result is less than \$5.00, enter -0- -----▶ **6** _____**7** Amount of line 6 to be applied to 2014 estimated tax -----▶ **7** _____**8 Refund.** Subtract line 7 from line 6. If result is less than \$5.00, enter -0- ----- **REFUND** ▶ **8** _____**9 Tax due.** If line 4 is more than line 5, subtract line 5 from line 4. If result is less than \$5.00, enter -0- ▶ **9** _____**10** Penalty ▶ _____ Interest ▶ _____ Enter total penalty and interest **10** _____**11 Balance due.** Add lines 9 and 10 ----- **BALANCE DUE** **11** _____

- **Attach a complete copy of the 2013 Form 1120S (including Federal Schedule K-1s)**
- **Attach a copy of all North Dakota Schedule K-1s (Form 60)**

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 officer

Date

Print name of officer

Phone

Paid preparer signature

Date

Print name of paid preparer

EIN/SSN/PTIN

Phone

☐ I authorize the ND Office of State Tax Commissioner to discuss this return with the paid preparer.**For Tax
Department
Use Only****SCOR****Mail to:** Office of State Tax Commissioner, 600 E. Blvd. Ave., Dept. 127,
Bismarck, ND 58505-0599



Enter name of corporation _____

FEIN _____

Schedule FACT Calculation of North Dakota apportionment factor

IMPORTANT: All corporations must complete the applicable portions of this schedule.
See Schedule FACT instructions beginning on page 5 of the 2013 Form 60 Booklet.

	Column 1 Total	Column 2 North Dakota	Column 3 Factor (Col. 2 ÷ Col. 1) Result must be carried to six decimal places
Property factor			
Average value at original cost of real and tangible personal property used in the business.			
1 Inventories -----	1 _____	_____	
2 Buildings and other fixed depreciable assets -----	2 _____	_____	
3 Depletable assets -----	3 _____	_____	
4 Land -----	4 _____	_____	
5 Other assets (Attach schedule) -----	5 _____	_____	
6 Rented property (Annual rental multiplied by 8) -----	6 _____	_____	
7 Total property (Add lines 1 through 6) ----- ▶	7 _____	_____ ▶	_____
Payroll factor			
8 Wages, salaries, commissions and other compensation of employees reported on Federal Form 1120S (If the amount in Column 2 does not agree with the compensation reported for North Dakota unemployment insurance purposes, attach an explanation) ----- ▶			
	8 _____	_____ ▶	_____
Sales factor			
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 corporation 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 Apportionment factor 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 _____

Schedule BG Tax on excess passive income and built-in gains

1 Excess net passive income subject to federal tax on Federal Form 1120S ----- ▶	1 _____
2 Built-in gains subject to federal tax on Federal Form 1120S, Schedule D ----- ▶	2 _____
3 Add lines 1 and 2 -----	3 _____
4 Apportionment factor from Schedule FACT, line 14 ----- ▶	4 _____
5 North Dakota apportioned income. Multiply line 3 by line 4 -----	5 _____
6 North Dakota NOL deduction from worksheet in instructions (Attach worksheet) ----- ▶	6 _____
7 North Dakota taxable income. Subtract line 6 from line 5 ----- ▶	7 _____
8 Tax from 2013 Corporation Tax Rate Schedule on page 5 of instructions. Enter on Form 60, page 1, line 1 ----- ▶	8 _____



Enter name of corporation _____

FEIN _____

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

North Dakota subtraction adjustments

- 1** Interest from U.S. obligations **1** _____
- 2** Renaissance zone business or investment income exemption:
- a** For projects approved *before August 1, 2013* **2a** _____
- b** For projects approved *after July 31, 2013* **2b** _____
- 3** New or expanding business income exemption **3** _____

North Dakota tax credits

- 4** Renaissance zone tax credits:
- a** Renaissance zone: Historic property preservation or renovation tax credit **4a** _____
- b** Renaissance zone: Renaissance fund organization investment tax credit **4b** _____
- c** Renaissance zone: Nonparticipating property owner tax credit **4c** _____
- 5** Seed capital investment tax credit **5** _____
- 6** Agricultural commodity processing facility investment tax credit **6** _____
- 7** Supplier (wholesaler) biodiesel or green diesel fuel tax credit **7** _____
- 8** Seller (retailer) biodiesel or green diesel fuel tax credit **8** _____
- 9** Geothermal energy device tax credit - devices installed after December 31, 2008 **9** _____
- 10 a** Employer internship program tax credit **10a** _____
- b** Number of eligible interns hired in 2013 **10b** _____
- c** Total compensation paid to eligible interns in 2013 **10c** _____
- 11 a** Microbusiness tax credit **11a** _____
- b** Qualifying new investment **11b** _____
- c** Qualifying new employment **11c** _____
- 12 a** Research expense tax credit **12a** _____
- b** Research expense tax credit purchased from another taxpayer **12b** _____
- 13 a** Endowment fund tax credit **13a** _____
- b** Contribution amount on which the credit was based **13b** _____
- 14 a** Workforce recruitment tax credit **14a** _____
- b** Number of eligible employees whose 12th month of employment ended in 2012 **14b** _____
- c** Total compensation paid during the eligible employees' first 12 months of
 employment ending in 2012 **14c** _____
- 15** Credit for wages paid to a mobilized employee **15** _____



Enter name of corporation _____

FEIN _____

Schedule K *continued* . . .

- 16** Angel fund investment tax credit **16** _____
- 17** Housing incentive fund tax credit **17** _____
- 18 NEW!** Automation tax credit **18** _____

Other items

Line 19 applies only to a multistate corporation — see instructions

- 19 a** Total allocable income from all sources (net of related expenses) **19a** _____
- b** Portion of line 19a that is allocable to North Dakota **19b** _____

Line 20 applies to all corporations — see instructions

- 20** For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts:
- a** Gross sales price or amount realized **20a** _____
- b** Cost or other basis plus expense of sale **20b** _____
- c** Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) **20c** _____
- d** I.R.C. Section 179 deduction related to property that was passed through to shareholders **20d** _____



Enter name of corporation _____

FEIN _____

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

North Dakota subtraction adjustments

- 1 Interest from U.S. obligations 1 _____
- 2 Renaissance zone business or investment income exemption:
- a For projects approved *before August 1, 2013* 2a _____
- b For projects approved *after July 31, 2013* 2b _____
- 3 New or expanding business income exemption 3 _____

North Dakota tax credits

- 4 Renaissance zone tax credits:
- a Renaissance zone: Historic property preservation or renovation tax credit 4a _____
- b Renaissance zone: Renaissance fund organization investment tax credit 4b _____
- c Renaissance zone: Nonparticipating property owner tax credit 4c _____
- 5 Seed capital investment tax credit 5 _____
- 6 Agricultural commodity processing facility investment tax credit 6 _____
- 7 Supplier (wholesaler) biodiesel or green diesel fuel tax credit 7 _____
- 8 Seller (retailer) biodiesel or green diesel fuel tax credit 8 _____
- 9 Geothermal energy device tax credit - devices installed after December 31, 2008 9 _____
- 10 a Employer internship program tax credit 10a _____
- b Number of eligible interns hired in 2013 10b _____
- c Total compensation paid to eligible interns in 2013 10c _____
- 11 a Microbusiness tax credit 11a _____
- b Qualifying new investment 11b _____
- c Qualifying new employment 11c _____
- 12 a Research expense tax credit 12a _____
- b Research expense tax credit purchased from another taxpayer 12b _____
- 13 a Endowment fund tax credit 13a _____
- b Contribution amount on which the credit was based 13b _____
- 14 a Workforce recruitment tax credit 14a _____
- b Number of eligible employees whose 12th month of employment ended in 2012 14b _____
- c Total compensation paid during the eligible employees' first 12 months of
 employment ending in 2012 14c _____
- 15 Credit for wages paid to a mobilized employee 15 _____



Enter name of corporation _____

FEIN _____

Schedule K *continued . . .*

- 16** Angel fund investment tax credit **16** _____
- 17** Housing incentive fund tax credit **17** _____
- 18 NEW!** Automation tax credit **18** _____

Other items

Line 19 applies only to a multistate corporation — see instructions

- 19 a** Total allocable income from all sources (net of related expenses) **19a** _____
- b** Portion of line 19a that is allocable to North Dakota **19b** _____

Line 20 applies to all corporations — see instructions

- 20** For disposition(s) of I.R.C. Section 179 property, enter the North Dakota apportioned amounts:
- a** Gross sales price or amount realized **20a** _____
- b** Cost or other basis plus expense of sale **20b** _____
- c** Depreciation allowed or allowable (excluding I.R.C. Section 179 deduction) **20c** _____
- d** I.R.C. Section 179 deduction related to property that was passed through to shareholders **20d** _____



Enter name of corporation _____

FEIN _____

Schedule KS Shareholder information

All corporations must complete this schedule

- Complete Columns 1 through 5 for EVERY shareholder
- Complete Column 6 if shareholder is a nonresident individual or tax-exempt organization
- If applicable, complete Column 7 or Column 8 for a nonresident individual shareholder only

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

Shareholder	All Shareholders <i>Complete this column for ALL shareholders</i>	Nonresident Individuals and Tax Exempt Organizations	Nonresident Individual Shareholders Only		
	Column 5	Column 6	Column 7		Column 8
	Federal distributive share of income (loss)	North Dakota distributive share of income (loss)	North Dakota income tax withheld (3.22%)	Form PWA (attach copy)	North Dakota composite income tax (3.22%)
A				<input type="radio"/>	
B				<input type="radio"/>	
C				<input type="radio"/>	
D				<input type="radio"/>	
E				<input type="radio"/>	
F				<input type="radio"/>	
G				<input type="radio"/>	

1 Total for **Column 5** . . . 1

2 Total for **Column 6** 2

3 Total for **Column 7**. Enter this amount on Form 60, page 1, line 2 3

4 Total for **Column 8**. Enter this amount on Form 60, page 1, line 3 4



Enter name of corporation _____

FEIN _____

Schedule KS Shareholder information

All corporations must complete this schedule

- Complete Columns 1 through 5 for EVERY shareholder
- Complete Column 6 if shareholder is a nonresident individual or tax-exempt organization
- If applicable, complete Column 7 or Column 8 for a nonresident individual shareholder only

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

Shareholder	All Shareholders <i>Complete this column for ALL shareholders</i>	Nonresident Individuals and Tax Exempt Organizations	Nonresident Individual Shareholders Only		
	Column 5	Column 6	Column 7		Column 8
	Federal distributive share of income (loss)	North Dakota distributive share of income (loss)	North Dakota income tax withheld (3.22%)	Form PWA (attach copy)	North Dakota composite income tax (3.22%)
A				<input type="radio"/>	
B				<input type="radio"/>	
C				<input type="radio"/>	
D				<input type="radio"/>	
E				<input type="radio"/>	
F				<input type="radio"/>	
G				<input type="radio"/>	

1 Total for **Column 5** . . . 1

2 Total for **Column 6** 2

3 Total for **Column 7**. Enter this amount on Form 60, page 1, line 2 3

4 Total for **Column 8**. Enter this amount on Form 60, page 1, line 3 4

**North Dakota
Schedule K-1
(Form 60)****2013****Shareholder's Share of North Dakota Income (Loss),
Deductions, Adjustments, Credits, and Other Items**

▶ See separate instructions

Part 1 Corporation information**A** Corporation's federal EIN _____**B** Corporation's name, address, city, state, and ZIP code _____**Part 2 Shareholder information****C** Shareholder's SSN or FEIN (from Federal Schedule K-1) _____**D** Shareholder's name, address, city, state, and ZIP code
(from Federal Schedule K-1) _____**E** What type of entity is this shareholder? _____**F** If shareholder is an individual, estate, or trust, shareholder is a:

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

G Is shareholder included in a composite return? ☐ Yes ☐ No**H** Shareholder's stock ownership percentage: _____ %**Part 3 All shareholders - North Dakota adjustments
and tax credits**

- 1** Interest from U.S. obligations _____
- 2** Renaissance zone income exemption _____
- a** For projects approved **before August 1, 2013** _____
- b** For projects approved **after July 31, 2013** _____
- 3** New or expanding business exemption _____
- 4 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 _____
- 5** Seed capital investment tax credit _____
- 6** Agricultural commodity processing facility investment tax credit _____
- 7** Supplier biodiesel or green diesel fuel tax credit _____
- 8** Seller biodiesel or green diesel fuel tax credit _____

☐ Final ☐ Amended

Corporation's tax year: ☐ **Calendar year 2013** (Jan. 1 - Dec. 31, 2013)

☐ **Fiscal year:** Beginning _____, 2013

Ending _____, 20 ____

Part 3 continued . . .

- 9** Geothermal credit - after 12/31/08 _____
- 10** Employer internship program tax credit _____
- 11** Microbusiness tax credit _____
- 12** Research expense tax credit _____
- 13 a** Endowment fund tax credit _____
- b** Endowment fund contribution adjustment _____
- 14** Workforce recruitment tax credit _____
- 15** Credit for wages paid to mobilized employee _____
- 16** Angel fund investment tax credit _____
- 17** Housing incentive fund tax credit _____
- 18** Automation tax credit _____

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

- 19** Corporation's apportionment factor _____
- 20** Ordinary income (loss) _____
- 21** Net rental real estate income (loss) _____
- 22** Other net rental income (loss) _____
- 23** Interest income _____
- 24** Ordinary dividends _____
- 25** Royalties _____
- 26** Net short-term capital gain (loss) _____
- 27** Net long-term capital gain (loss) _____
- 28** Net section 1231 gain (loss) _____
- 29** Other income (loss) _____
- 30** Section 179 deduction _____
- 31** Other deductions _____
- 32** I.R.C. Section 179 property disposition gain (loss) _____

**Part 5 Nonresident individual or tax-exempt
organization shareholder only**

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

North Dakota Schedule K-1 (Form 60)

2013

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

▶ See separate instructions

Part 1 Corporation information

A Corporation's federal EIN _____

B Corporation's name, address, city, state, and ZIP code _____

Part 2 Shareholder information

C Shareholder's SSN or FEIN (from Federal Schedule K-1) _____

D Shareholder's name, address, city, state, and ZIP code
(from Federal Schedule K-1) _____

E What type of entity is this shareholder? _____

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

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

G Is shareholder included in a composite return? ☐ Yes ☐ No

H Shareholder's stock ownership percentage: _____ %

Part 3 All shareholders - North Dakota adjustments and tax credits

- 1 Interest from U.S. obligations _____
- 2 Renaissance zone income exemption _____
- a For projects approved **before August 1, 2013** _____
- b For projects approved **after July 31, 2013** _____
- 3 New or expanding business exemption _____
- 4 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 _____
- 5 Seed capital investment tax credit _____
- 6 Agricultural commodity processing facility investment tax credit _____
- 7 Supplier biodiesel or green diesel fuel tax credit _____
- 8 Seller biodiesel or green diesel fuel tax credit _____

☐ Final ☐ Amended

Corporation's ☐ Calendar year 2013 (Jan. 1 - Dec. 31, 2013)
tax year: ☐ Fiscal year: Beginning _____, 2013
Ending _____, 20 ____

Part 3 continued . . .

- 9 Geothermal credit - after 12/31/08 _____
- 10 Employer internship program tax credit _____
- 11 Microbusiness tax credit _____
- 12 Research expense tax credit _____
- 13 a Endowment fund tax credit _____
- b Endowment fund contribution adjustment _____
- 14 Workforce recruitment tax credit _____
- 15 Credit for wages paid to mobilized employee _____
- 16 Angel fund investment tax credit _____
- 17 Housing incentive fund tax credit _____
- 18 Automation tax credit _____

Part 4 Nonresident individual, estate or trust shareholder only - North Dakota income (loss)

- 19 Corporation's apportionment factor _____
- 20 Ordinary income (loss) _____
- 21 Net rental real estate income (loss) _____
- 22 Other net rental income (loss) _____
- 23 Interest income _____
- 24 Ordinary dividends _____
- 25 Royalties _____
- 26 Net short-term capital gain (loss) _____
- 27 Net long-term capital gain (loss) _____
- 28 Net section 1231 gain (loss) _____
- 29 Other income (loss) _____
- 30 Section 179 deduction _____
- 31 Other deductions _____
- 32 I.R.C. Section 179 property disposition gain (loss) _____

Part 5 Nonresident individual or tax-exempt organization shareholder only

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

2013**Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)****Purpose of schedule**

North Dakota Schedule K-1 (Form 60) is provided to you by the corporation to show your share of the income, gains, losses, deductions, tax credits, and other items from the corporation that you need to complete your North Dakota income tax return. These instructions will assist you in transferring the amounts from the schedule to your North Dakota income tax return.

Resident individual, estate, or trust

shareholder. If you are a North Dakota resident individual, estate, or trust, you must report to North Dakota your entire share of the corporation's income, gains, losses, and deductions included in your federal taxable income. You have received North Dakota Schedule K-1 only to show your share of the corporation's North Dakota statutory adjustments and tax credits that may affect the preparation of your North Dakota income tax return.

Nonresident individual, estate, or trust

shareholder. If you are a nonresident individual, estate, or trust, you must report to North Dakota your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota based on the corporation's activity in North Dakota. These items are shown in Part 4 of North Dakota Schedule K-1. Unless you are a nonresident individual who elected to include your share of these items in a composite return filed on your behalf by the corporation, you must file a North Dakota income tax return to report and pay the required income tax on them.

Tax-exempt organization. If you are a tax-exempt organization, you have received North Dakota Schedule K-1 to show your North Dakota distributive share of income. It also shows your share of the corporation's North Dakota statutory adjustments and tax credits that may affect the preparation of the North Dakota income tax return, if you are required to file one. See the instructions to Part 5, line 33, below for more information on whether or not you have to file a North Dakota return.

Composite return election. If you are a nonresident individual who elected to include your share of the corporation's North Dakota income, gains, losses, and deductions in a composite return filed by the corporation, you are not required to file a North Dakota individual income tax return. North Dakota Schedule K-1 shows your share of these items

and the composite income tax paid on them. If you later choose to file your own North Dakota individual income tax return, follow the instructions below to transfer the amounts from North Dakota Schedule K-1 to your return.

Amended Schedule K-1 (Form 60). If you received an amended North Dakota Schedule K-1 (Form 60) from the corporation, and you previously filed a North Dakota income tax return, you must file an amended North Dakota income tax return to report the changes in income, gains, losses, deductions, and other items. You also must attach a copy of the amended North Dakota Schedule K-1 (Form 60) to your amended North Dakota income tax return.

***Note:** Any reference to another North Dakota form and line number contained in these instructions generally refers to the form to be used for the 2013 tax year. Therefore, report the amounts from the 2013 North Dakota Schedule K-1 on your 2013 North Dakota return. However, if you and the S corporation do not have the same tax year, enter the amounts on the North Dakota return that you file for the tax year in which the S corporation's tax year ends. For example, if you file on a calendar year basis, and the S corporation's year ends in February 2014, report the amounts on your 2014 return.*

Part 3**All shareholders—North Dakota adjustments and tax credits**

***Note:** The terminology "Not applicable" in the right-hand column of the following lists means that the item does not apply to the return being completed; do not enter the item on the return.*

Lines 1–18

Form ND-1 filer:

Include the amount

from this schedule: On:

Line 1	Form ND-1, line 7
Line 2a	Sch. RZ, Part 1, line 19a
Line 2b	Sch. RZ, Part 1, line 19b
Line 3	Form ND-1SA, line 2
Line 4a	Sch. RZ, Part 4, line 7
Line 4b	Sch. RZ, Part 5, line 4
Line 4c	Sch. RZ, Part 6, line 6
Line 5	Sch. ND-1TC, line 4
Line 6	Sch. ND-1TC, line 3
Line 7	Sch. ND-1TC, line 6
Line 8	Sch. ND-1TC, line 7
Line 9	Sch. ND-1TC, line 14b
Line 10	Sch. ND-1TC, line 8a

Line 11	Sch. ND-1TC, line 9a
Line 12	Sch. ND-1TC, line 10a
Line 13a	Sch. ND-1TC, line 12
Line 13b	See instructions to Form ND-1, line 4a
Line 14	Sch. ND-1TC, line 13a
Line 15	Sch. ND-1TC, line 15
Line 16	Sch. ND-1TC, line 11a
Line 17	Sch. ND-1TC, line 19
Line 18	Sch. ND-1TC, line 20

Form 38 filer:

Include the amount

from this schedule: On:

Line 1	Form 38, page 2, Part 1, line 4a
Line 2a	Sch. RZ, Part 1, line 19a
Line 2b	Sch. RZ, Part 1, line 19b
Line 3	Form 38, page 2, Part 1, line 4d
Line 4a	Sch. RZ, Part 4, line 7
Line 4b	Sch. RZ, Part 5, line 4
Line 4c	Sch. RZ, Part 6, line 6
Lines 5-8	Form 38, page 1, line 3
Line 9	Not applicable
Lines 10-12	Form 38, page 1, line 3
Line 13a	Form 38, page 1, line 3
Line 13b	See instructions to Form 38, page 2, Part 1, line 2
Lines 14-18	Form 38, page 1, line 3

Part 4**Nonresident individual, estate, or trust shareholders only—North Dakota income (loss)****Line 19**

Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 20-32

If you are a nonresident individual, estate, or trust, lines 20 through 32 of Part 4 show your share of the corporation'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 60) 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 20-22	Line 6
Lines 23-24	Line 2
Line 25	Line 6
Lines 26-28	Line 4
Line 29	Line 8
Lines 30-31	Line 6
Line 32	Line 4

Form 38 filer (nonresident only):

Include the amount from this schedule: On Tax Computation Schedule, Part 2, Column B:

Lines 20-22	Line 5
Line 23	Line 1
Line 24	Line 2
Line 25	Line 5
Lines 26-27	Line 4
Line 28	Line 4 or 7
Line 29	Line 8
Lines 30-31	Line 5
Line 32	Line 4 or 7

Part 5

Nonresident individual or tax-exempt organization shareholders only

Line 33

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

Nonresident individual only. If you have a North Dakota distributive share of income of \$1,000 or more, the corporation was required to withhold North Dakota income tax from it at the rate of 3.22% unless you elected to include it in a composite return filed by the corporation.

Tax-exempt organization only. The North Dakota distributive share of income shown on this line includes your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota. If part or all of your distributive share of income from the corporation is taxable under federal income tax law, the North Dakota portion of that taxable income is taxable under North Dakota income tax law. If you have North Dakota taxable income, you must file a North Dakota income tax return (using Form 40) to report the income and pay any tax due on it.

Line 34

Nonresident individual only

If applicable, the amount shown on this line is the amount of North Dakota income tax withheld by the corporation from your North Dakota distributive share of income. Include this amount on Form ND-1, line 28. **Attach a copy of North Dakota Schedule K-1 (Form 60) to your return.**

Line 35

Nonresident individual only

If you elected to include your North Dakota distributive share of income (loss) in a composite return, the amount shown on this line is the amount of North Dakota composite income tax paid on your behalf by the corporation. If you made this election, you are not required to file your own North Dakota individual income tax return. ***This is for your information only.***

Note: *If you later choose to file your own North Dakota individual income tax return, you may claim this amount as a tax payment on Form ND-1, line 28. Attach a copy of the North Dakota Schedule K-1 (Form 60) to your return to support the amount claimed.*

2013**Shareholder's Instructions for North Dakota Schedule K-1 (Form 60)****Purpose of schedule**

North Dakota Schedule K-1 (Form 60) is provided to you by the corporation to show your share of the income, gains, losses, deductions, tax credits, and other items from the corporation that you need to complete your North Dakota income tax return. These instructions will assist you in transferring the amounts from the schedule to your North Dakota income tax return.

Resident individual, estate, or trust shareholder.

If you are a North Dakota resident individual, estate, or trust, you must report to North Dakota your entire share of the corporation's income, gains, losses, and deductions included in your federal taxable income. You have received North Dakota Schedule K-1 only to show your share of the corporation's North Dakota statutory adjustments and tax credits that may affect the preparation of your North Dakota income tax return.

Nonresident individual, estate, or trust shareholder.

If you are a nonresident individual, estate, or trust, you must report to North Dakota your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota based on the corporation's activity in North Dakota. These items are shown in Part 4 of North Dakota Schedule K-1. Unless you are a nonresident individual who elected to include your share of these items in a composite return filed on your behalf by the corporation, you must file a North Dakota income tax return to report and pay the required income tax on them.

Tax-exempt organization. If you are a tax-exempt organization, you have received North Dakota Schedule K-1 to show your North Dakota distributive share of income. It also shows your share of the corporation's North Dakota statutory adjustments and tax credits that may affect the preparation of the North Dakota income tax return, if you are required to file one. See the instructions to Part 5, line 33, below for more information on whether or not you have to file a North Dakota return.

Composite return election. If you are a nonresident individual who elected to include your share of the corporation's North Dakota income, gains, losses, and deductions in a composite return filed by the corporation, you are not required to file a North Dakota individual income tax return. North Dakota Schedule K-1 shows your share of these items

and the composite income tax paid on them. If you later choose to file your own North Dakota individual income tax return, follow the instructions below to transfer the amounts from North Dakota Schedule K-1 to your return.

Amended Schedule K-1 (Form 60). If you received an amended North Dakota Schedule K-1 (Form 60) from the corporation, and you previously filed a North Dakota income tax return, you must file an amended North Dakota income tax return to report the changes in income, gains, losses, deductions, and other items. You also must attach a copy of the amended North Dakota Schedule K-1 (Form 60) to your amended North Dakota income tax return.

***Note:** Any reference to another North Dakota form and line number contained in these instructions generally refers to the form to be used for the 2013 tax year. Therefore, report the amounts from the 2013 North Dakota Schedule K-1 on your 2013 North Dakota return. However, if you and the S corporation do not have the same tax year, enter the amounts on the North Dakota return that you file for the tax year in which the S corporation's tax year ends. For example, if you file on a calendar year basis, and the S corporation's year ends in February 2014, report the amounts on your 2014 return.*

Part 3**All shareholders—North Dakota adjustments and tax credits**

***Note:** The terminology "Not applicable" in the right-hand column of the following lists means that the item does not apply to the return being completed; do not enter the item on the return.*

Lines 1–18

Form ND-1 filer:

Include the amount from this schedule: On:

Line 1	Form ND-1, line 7
Line 2a	Sch. RZ, Part 1, line 19a
Line 2b	Sch. RZ, Part 1, line 19b
Line 3	Form ND-1SA, line 2
Line 4a	Sch. RZ, Part 4, line 7
Line 4b	Sch. RZ, Part 5, line 4
Line 4c	Sch. RZ, Part 6, line 6
Line 5	Sch. ND-1TC, line 4
Line 6	Sch. ND-1TC, line 3
Line 7	Sch. ND-1TC, line 6
Line 8	Sch. ND-1TC, line 7
Line 9	Sch. ND-1TC, line 14b
Line 10	Sch. ND-1TC, line 8a

Line 11	Sch. ND-1TC, line 9a
Line 12	Sch. ND-1TC, line 10a
Line 13a	Sch. ND-1TC, line 12
Line 13b	See instructions to Form ND-1, line 4a
Line 14	Sch. ND-1TC, line 13a
Line 15	Sch. ND-1TC, line 15
Line 16	Sch. ND-1TC, line 11a
Line 17	Sch. ND-1TC, line 19
Line 18	Sch. ND-1TC, line 20

Form 38 filer:

Include the amount

from this schedule: On:

Line 1	Form 38, page 2, Part 1, line 4a
Line 2a	Sch. RZ, Part 1, line 19a
Line 2b	Sch. RZ, Part 1, line 19b
Line 3	Form 38, page 2, Part 1, line 4d
Line 4a	Sch. RZ, Part 4, line 7
Line 4b	Sch. RZ, Part 5, line 4
Line 4c	Sch. RZ, Part 6, line 6
Lines 5-8	Form 38, page 1, line 3
Line 9	Not applicable
Lines 10-12	Form 38, page 1, line 3
Line 13a	Form 38, page 1, line 3
Line 13b	See instructions to Form 38, page 2, Part 1, line 2
Lines 14-18	Form 38, page 1, line 3

Part 4**Nonresident individual, estate, or trust shareholders only—North Dakota income (loss)****Line 19**

Enter the corporation's apportionment factor from Schedule FACT, line 14.

Lines 20-32

If you are a nonresident individual, estate, or trust, lines 20 through 32 of Part 4 show your share of the corporation'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 60) 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 20-22	Line 6
Lines 23-24	Line 2
Line 25	Line 6
Lines 26-28	Line 4
Line 29	Line 8
Lines 30-31	Line 6
Line 32	Line 4

Form 38 filer (nonresident only):

Include the amount from this schedule: On Tax Computation Schedule, Part 2, Column B:

Lines 20-22	Line 5
Line 23	Line 1
Line 24	Line 2
Line 25	Line 5
Lines 26-27	Line 4
Line 28	Line 4 or 7
Line 29	Line 8
Lines 30-31	Line 5
Line 32	Line 4 or 7

Part 5 Nonresident individual or tax-exempt organization shareholders only

Line 33

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

Nonresident individual only. If you have a North Dakota distributive share of income of \$1,000 or more, the corporation was required to withhold North Dakota income tax from it at the rate of 3.22% unless you elected to include it in a composite return filed by the corporation.

Tax-exempt organization only. The North Dakota distributive share of income shown on this line includes your share of the corporation's income, gains, losses, and deductions that are apportioned and allocated to North Dakota. If part or all of your distributive share of income from the corporation is taxable under federal income tax law, the North Dakota portion of that taxable income is taxable under North Dakota income tax law. If you have North Dakota taxable income, you must file a North Dakota income tax return (using Form 40) to report the income and pay any tax due on it.

Line 34

Nonresident individual only

If applicable, the amount shown on this line is the amount of North Dakota income tax withheld by the corporation from your North Dakota distributive share of income. Include this amount on Form ND-1, line 28. **Attach a copy of North Dakota Schedule K-1 (Form 60) to your return.**

Line 35

Nonresident individual only

If you elected to include your North Dakota distributive share of income (loss) in a composite return, the amount shown on this line is the amount of North Dakota composite income tax paid on your behalf by the corporation. If you made this election, you are not required to file your own North Dakota individual income tax return. ***This is for your information only.***

Note: *If you later choose to file your own North Dakota individual income tax return, you may claim this amount as a tax payment on Form ND-1, line 28. Attach a copy of the North Dakota Schedule K-1 (Form 60) to your return to support the amount claimed.*

