



QUALIFIED ENDOWMENT FUND TAX CREDIT

OFFICE OF STATE TAX COMMISSIONER
SFN 28708 (12-2021)



Schedule ND-1QEC

2021

Attach to Form ND-1

| | |
|------------------------------------|-----------------------------|
| Taxpayer's Name As Shown On Return | Your Social Security Number |
|------------------------------------|-----------------------------|

▶ **If you are only carrying over an unused credit from 2018, 2019, or 2020, skip lines 1 through 5, and go to line 6.**

Qualified endowment fund information

1. Enter the name, address, and the total amount contributed for each qualified endowment fund to which you contributed at least \$5,000 during the 2021 tax year.

▶ **Attach a letter or other documentation obtained from the qualified nonprofit organization holding the qualified endowment fund that states it and the fund meet the requirements under N.D.C.C. § 57-38-01.21.**

| (a) Name of qualified endowment fund | (b) Address (number, street, city, state, ZIP code) | (c) Border state organization | (d) Total amount contributed |
|---|---|----------------------------------|---------------------------------|
| _____ | _____ | <input type="radio"/> | _____ |
| _____ | _____ | <input type="radio"/> | _____ |
| _____ | _____ | <input type="radio"/> | _____ |

Calculation of credit

- 2. Total amount contributed. Add the amounts in column (d) of line 1 ----- 2 _____
- 3. If married filing jointly, enter \$50,000; otherwise, enter \$25,000 ----- 3 _____
- 4. Amount of contribution eligible for credit. Enter smaller of line 2 or line 3 ----- 4 _____
- 5. 2021 credit. Multiply line 4 by 40% (.40) ----- 5 _____
- 6. Unused credit carryover, if any, from prior tax year(s) ----- 6 _____
- 7. Total available credit. Add lines 5 and 6 ----- 7 _____
- 8. Amount of line 7 used to reduce tax in 2021. See instructions. Enter this amount on Schedule ND-1TC, line 15a ----- 8 _____
- 9. Unused credit carryover to 2022 tax year ----- 9 _____

Adjustment to North Dakota taxable income

▶ If there's an amount on line 5 of this schedule and you are also claiming a planned gift credit on Schedule ND-1PG, line 7, or an endowment fund credit from a North Dakota Schedule K-1, do not complete lines 10 through 16 below; instead, see the instructions to Form ND-1, line 4.

- 10. For federal tax purposes, did you complete and attach Schedule A to your 2021 Form 1040 or 1040-SR? If yes, enter the portion of the contribution (on line 2 of this Schedule ND-1QEC) that you were allowed to deduct on Schedule A. If no, skip lines 10 through 12 and go to line 13 -- 10 _____
- 11. a. Enter the amount from Schedule A (Form 1040 or 1040-SR), line 17 **11a** _____
- b. Enter the **federal standard deduction** that you would have been allowed on your 2021 Form 1040 or 1040-SR, line 12a, had you not itemized deductions on Schedule A (Form 1040 or 1040-SR) - see instructions **11b** _____
- c. Subtract line 11b from line 11a. If result is less than zero, enter 0 ----- **11c** _____
- 12. Enter smaller of line 4, line 10, or line 11c ----- **12** _____
- 13. If line 2 includes an amount transferred from an IRA under I.R.C. § 408(d)(8), enter that amount on this line - see instructions. Otherwise, enter -0- on line 15 and go to line 16 ----- **13** _____
- 14. Subtract line 12 from line 4 ----- **14** _____
- 15. Enter smaller of line 13 or line 14 ----- **15** _____
- 16. Adjustment amount. Add lines 12 and 15. Enter this amount on Form ND-1, line 4 ----- **16** _____

General instructions

A partnership, corporation, estate, or trust is allowed an income tax credit for making a charitable contribution to a qualified endowment fund.

Qualified endowment fund. A qualified endowment fund means a permanent, irrevocable fund that meets all of the following criteria:

1. It is held by a qualified nonprofit organization (*as defined below*).
2. It is comprised of cash, securities, mutual funds, or other investment assets.
3. It is established for a specific religious, educational, or other charitable purpose.
4. It may expend only the income generated by, or the increase in value of, the assets contributed to it.

Qualified nonprofit organization. A qualified nonprofit organization means an organization that meets either of the following sets of criteria:

• **North Dakota-based organization.**

An organization is a qualified nonprofit organization if it:

1. Is incorporated in North Dakota, or has an established location in North Dakota;
2. Is tax-exempt under I.R.C. § 501(c); and
3. Is a charitable donee organization as defined under I.R.C. § 170.

• **Border state organization.** An organization is a qualified nonprofit organization if it:

1. Is tax-exempt under I.R.C. § 501(c);
2. Is a charitable donee organization as defined under I.R.C. § 170;
3. Supports or benefits a hospital, nursing home, or medical center, or any combination of these;
4. Is located outside North Dakota; and
5. Is located within five miles of a North Dakota city with a population of 5,000 or more that does not have a hospital.

No double benefit. A charitable contribution that is the basis for this credit may not be used as the basis for any other tax credit allowed for income tax purposes.

Also, if the charitable contribution is claimed as a deduction for federal income tax purposes, the contribution must be added to North Dakota taxable income to the extent it reduced the taxpayer's federal taxable income. This applies to any tax year in which the contribution reduced the taxpayer's federal taxable income. See line 4 on form.

Maximum credit. The maximum credit allowed to an estate, trust, partnership, or corporation on the direct contributions it makes during a tax year is limited to \$10,000.

Unused credit carryover. The unused portion of an otherwise allowable credit may be carried over and used on subsequent years' returns for up to three tax years.

Estates and trusts. For an estate or trust, the allowable credit is determined at the estate or trust entity level. The allowable credit must be allocated to the estate or trust and its beneficiaries in proportion to the amount of the estate's or trust's income allocated among them.

Partnerships and S corporations. For a partnership or S corporation, the allowable credit is determined at the partnership or S corporation entity level and passed through to its partners or shareholders based on their respective interests in the entity.

Specific line instructions

Line 1

In column (c), fill in the circle if the qualified nonprofit organization holding the endowment fund is a border state organization—see “Border state organization” earlier in these instructions.

Line 6

For an estate, trust, or C corporation, enter the allowable portion of any unused endowment fund credits attributable to contributions made in the 2018 through 2020 tax years that are being carried over to the 2021 tax year. For an estate or trust, this only applies to the estate's or trust's allocable portion of the endowment fund credits. For a partnership or S corporation, enter zero on this line.