



REPORT OF IMPROVED JOB QUALITY OR INCREASED PRODUCTIVITY FOR AUTOMATION CREDIT

OFFICE OF STATE TAX COMMISSIONER
SFN 28264 (12-2023)

2023 Credit

Taxpayer Information

Name of Taxpayer as Shown on Return		Federal Identification Number from Return		
Name of Primary Contact Person	Email Address		Telephone Number	
Physical Location of North Dakota Facility		City	State	ZIP Code
Mailing Address		City	State	ZIP Code

Qualifying Condition

Check the box for the condition which was satisfied to qualify for the credit. Only one of the four conditions must be satisfied to qualify. See instructions for details on each condition.

Improved job quality conditions

- A. Increased average wages in North Dakota by 5%.
- B. Increased workforce safety in North Dakota by 5%.

Increased productivity conditions

- C. Increased aggregate North Dakota production output by 5%.
- D. Increased production output per affected production line in North Dakota by 5%.

Description

See the separate instructions for what information is required to be provided for the qualifying condition checked above. (Attach additional pages as needed. Alternatively, attach separate document with full description.)

Privacy Act Notification—In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 57-01-15 and 57-38-01.36, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Purpose of form

The 2023 Report of Improved Job Quality or Increased Production Output for Automation Credit must be filed by a taxpayer who applied for and received the automation income tax credit under N.D.C.C. § 57-38-01.36 for qualified purchases in the 2023 calendar year. Its purpose is to document satisfaction of the requirement that the acquisition and installation of the qualifying automation and/or robotic equipment (qualified equipment) resulted in improved job quality or increased productivity in North Dakota. This report must be filed with the Office of State Tax Commissioner (Tax Department) within one year after filing the North Dakota income tax return for the tax year in which the credit was earned—see “When and where to file” for more information. If the taxpayer is a passthrough entity, such as a partnership or S corporation, the report is filed by the passthrough entity, not its owners.

Satisfaction of the requirement to improve job quality or increased productivity in North Dakota can be met in one of the following ways:

- **Increase average wages in North Dakota by 5%.** This condition is met if there is a 5% increase in the average wages paid to employees filling positions associated with the production line(s) in North Dakota affected by the qualified equipment.
- **Increase workforce safety in North Dakota by 5%.** This condition is met if the taxpayer successfully completes participation in a North Dakota Workforce Safety & Insurance (WSI) safety incentive program.
- **Increase aggregate North Dakota production output by 5%.** This condition is met if there is a 5% increase in the aggregate production output in North Dakota.
- **Increase production output per affected production line by 5%.** This condition is met if there is a 5% increase in the production output from each production line in North Dakota affected by the qualified equipment.

See “Qualifying condition and description” later in these instructions for more information and what is required to show satisfaction of each condition.

When and where to file

The report must be filed within one year after the due date (including extensions) of the North Dakota income tax return filed for the tax year in which the credit was earned, or within one year after the date on which that return is actually filed, whichever date is later. See “Acknowledgement and acceptance.”

The completed form may be submitted in any of the following ways:

Mail to:

Corporate Income Tax Section
Office of State Tax Commissioner
600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

Fax: 701-328-1942

Email: corptax@nd.gov

Acknowledgement and acceptance

The Office of State Tax Commissioner will provide written notification to the taxpayer to acknowledge receipt of the report and whether it satisfies the qualifying condition. If the information provided in the report is insufficient, the written notification will specify the reason(s) and provide the taxpayer an opportunity to respond or provide additional information.

Failure to file report and disallowance of credit. Failure to file the report by its due date is cause for disallowance of the credit. The Office of State Tax Commissioner must provide written notice of the disallowance of the credit to the taxpayer. Within 90 days after the date of the written notice of disallowance, the taxpayer must file an amended return to remove the disallowed credit for each tax year the credit was claimed and pay the resulting tax due. If an amended return is not timely filed, the Office of State Tax Commissioner must issue an assessment for the tax due, which is final and irrevocably fixed.

Qualifying condition and description

Check the applicable box to indicate the qualifying condition used to qualify for the credit. In the space under “Description,” describe how the condition was satisfied, including supporting calculations. See the instructions to Boxes A through D below for what information is required to show satisfaction of the condition.

Attach additional pages as needed, or, alternatively, attach a separate document with the full description.

Box A

5% increase in average wages

This condition is met if there is a 5% or more increase in the average wages paid to operate the production line(s) in North Dakota affected by the qualified equipment. Wages paid to operate the production line(s) means wages paid to employees filling the job positions necessary to the day-to-day operation and supervision of the affected production line(s).

Wages means gross wages, salary, or other compensation. This is the amount before payroll taxes, deferred compensation contributions, flexible spending plan contributions, and other payroll deductions are subtracted. Do not include amounts paid for employee benefit plans that are not reportable on Form W-2, Box 1. An employee is an individual treated as an employee under the usual common law rules, which generally mirror an individual’s status for purposes of unemployment compensation and the Federal Insurance Contribution Act.

Average wages means the aggregate wages paid to the employees filling the identified job positions divided by the number of identified job positions.

Under “Description,” provide the following:

- Brief description of the manufacturing process in North Dakota and the product produced.
- If there is more than one production line, identify the line(s) affected by the qualified equipment. Separate production processes in which component parts are made or assembled before incorporation into the final product are considered part of a single production line.

- List of the job positions necessary to the operation and supervision of the affected production line(s) both before and after the installation of the qualified equipment. Include any change in the number or types of job positions.
- Wages for each of the listed job positions both before and after the installation of the qualified equipment. Measure the amount of wages using any time period that reasonably reflects the change in wages attributable to the installation of the qualified equipment.
- Calculation of the percentage change in average wages.

Box B
5% increase in workforce safety

This condition is met by successfully completing participation in one of the safety incentive programs administered by WSI. For qualified equipment purchases made in the 2023 calendar year, this condition can be met by successfully completing participation in an eligible program in any one of the taxpayer's WSI annual premium periods beginning in the 2023 or 2024 calendar year, or 2025 if within one year of the date the return is filed.

A copy of a letter or other document from WSI confirming the taxpayer's successful completion of a program must be attached to the report filed with the Office of State Tax Commissioner.

If a taxpayer obtained approval to participate in a WSI safety incentive program and the participation period extends past the due date for filing the report with the Office of State Tax Commissioner, the taxpayer must still file the report by the due date. Check Box B and, in the space under "Description," write "Completion Pending" and provide the end date of the participation period. Within thirty days following the end of the participation period, provide to the Office of State Tax Commissioner a copy of a letter or other document from WSI evidencing successful completion of the program.

Box C
5% increase in aggregate North Dakota production output

This condition is met if there is a 5% or more increase in the aggregate production output in North Dakota. Production output means the actual volume or number of units of the finished product produced, not production capacity or sales of the product.

Under "Description," provide the following:

- Brief description of the manufacturing process in North Dakota and the product produced.
- Aggregate production output both before and after the installation of the qualified equipment.
- Calculation of the percentage change in aggregate production output.

Box D
5% increase in production output per affected production line

This condition is met if there is a 5% or more increase in the production output from each production line in North Dakota affected by the qualified equipment. If there is more than one distinct production line, only the production output from the line(s) affected by the qualified equipment is evaluated, and there must be a 5% increase in production output from each affected line. Exclude production output from any production line(s) which are not affected by the qualified equipment.

Production output means the actual volume or number of units of the finished product produced, not production capacity or sales of the product.

Under "Description," provide the following:

- Brief description of the manufacturing process in North Dakota and the product produced.
- If there is more than one production line, identify the line(s) affected by the qualified equipment and the qualified equipment associated with each affected line. Separate production processes in which component parts are made or assembled before incorporation into the final product are considered part of a single production line.
- Production output from each affected production line both before and after the installation of the qualified equipment. Measurement of the production output may be based on any time period that reasonably reflects the impact of the qualified equipment.
- Calculation of the percentage change in production output from each affected production line.