

Schedule
ND-1TC

North Dakota Office of State Tax Commissioner
Tax Credits



2018

See separate instructions.

Attach to Form ND-1

Name(s) shown on return	Your social security number
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Important! All taxpayers must read this section. If you are claiming a credit on line 2, 3, 4, 6, 7, 8, 9, 10, 11, 17 or 21 of this schedule, you must complete this section. See "Property tax clearance" in instructions for details.

▶ Do you (or does your spouse, if filing jointly) hold a 50 percent or more ownership interest in real property located in North Dakota? ----- Yes No

If yes, enter name of each North Dakota county in which you or your spouse holds a 50% or more interest in real property:

Attach to Form ND-1 the completed Property Tax Clearance Record obtained from each county identified above.

- 1. Family member care tax credit (Attach Schedule ND-1FC) ----- (S2) 1 _____
- 2. Renaissance zone tax credit (Attach Schedule RZ) ----- (S3) 2 _____
- 3. Agricultural commodity processing facility investment tax credit (Attach documentation) --- (NE) 3 _____
- 4. Seed capital investment tax credit (Attach documentation) ----- (NG) 4 _____
- 5. Planned gift tax credit (Attach Schedule ND-1PG) ----- (NM) 5 _____
- 6. Biodiesel or green diesel fuel blending tax credit (Attach documentation) ----- (NN) 6 _____
- 7. Biodiesel or green diesel fuel sales equipment tax credit (Attach documentation) ----- (NO) 7 _____
- 8. a. Employer internship program tax credit (Attach documentation) ----- (NP) 8a _____
 - b. Number of eligible interns hired in 2018 ----- (NQ) 8b _____
 - c. Total compensation paid to eligible interns in 2018 ---- (NR) 8c _____
- 9. a. Research expense tax credit (Attach documentation) ----- (NV) 9a _____
 - b. Research expense tax credit purchased from another taxpayer in 2018 ----- (NW) 9b _____
- 10. Angel fund investment tax credit carryover - only for unused credits attributable to investments made in angel funds organized and certified before July 1, 2017: (Attach documentation)
 - a. Amount of credit ----- (NX) 10a _____
 - b. Carryover of angel fund credit purchased from another taxpayer in tax year 2012 ----- (OJ) 10b _____
- 11. a. Workforce recruitment tax credit (Attach documentation) ----- (OA) 11a _____
 - b. Number of eligible employees whose 12th month of employment ended in 2017 tax year ----- (OB) 11b _____
 - c. Total compensation paid for first 12 months of employment to eligible employees included on line 11b ----- (OC) 11c _____
- 12. Geothermal energy device tax credit (only for devices installed on or after January 1, 2009, and before January 1, 2015): (Attach documentation)
 - a. Date on which installation of device was completed - enter as follows: mm/dd/yyyy ----- (OD) 12a _____
 - b. Amount of credit ----- (OE) 12b _____
- 13. Tax credit for wages paid to a mobilized employee (Attach Schedule ME or ND Schedule K-1) (OF) 13 _____
- 14. Partnership plan long-term care insurance tax credit ----- (OG) 14 _____
- 15. a. Endowment fund tax credit from Schedule ND-1QEC, line 8 (Attach Schedule ND-1QEC) (OK) 15a _____
 - b. Endowment fund tax credit from ND Schedule K-1 (Attach ND Schedule K-1) ----- (NY) 15b _____
 - c. Contribution amount from ND Schedule K-1 ----- (OR) 15c _____



- 16. Housing incentive fund tax credit carryover (*Attach documentation*) ----- (OL) 16 _____
- 17. Automation tax credit carryover (*Attach documentation*) ----- (OM) 17 _____
- 18. Nonprofit private primary school tax credit from passthrough entity (*Attach ND Schedule K-1*) (ON) 18 _____
- 19. Nonprofit private high school tax credit from passthrough entity (*Attach ND Schedule K-1*) ---- (OO) 19 _____
- 20. Nonprofit private college tax credit from passthrough entity (*Attach ND Schedule K-1*) ----- (OP) 20 _____
- 21. Angel investor investment tax credit - *only for credits attributable to investments made in qualified businesses by angel funds organized and certified after June 30, 2017*
(*Attach documentation*) ----- (OQ) 21 _____
- 22. **Total other credits.** Add lines 1 through 8a, 9a through 11a, 12b through 15b, and 16 through 21. Enter the result on Form ND-1, line 23 ----- (NZ) 22 _____

General instructions

If you are claiming any of the income tax credits shown on Schedule ND-1TC, you must complete and attach it to Form ND-1.

Attach supporting documentation. If the instructions do not specify an officially-prescribed schedule to be attached, you must attach your own documentation to support your eligibility for the credit and how you calculated the credit, including an unused credit carried over from another tax year.

Property Tax Clearance

North Dakota Century Code § 57-01-15.1 provides that, before certain state tax incentives may be claimed, a taxpayer must obtain a property tax clearance record from each North Dakota county in which the taxpayer holds a 50 percent or more ownership interest in real property. The property tax clearance record(s) must be attached to the North Dakota tax return on which the incentive is claimed. Certain credits on this schedule are subject to this requirement. The credits subject to this requirement are identified in the box at the top of the schedule.

If you are claiming any of the specified credits, you must complete the property tax clearance section at the top of the schedule. If you are required to attach a property tax clearance record from a county, obtain one by using the form Property Tax Clearance Record available on the Office of State Tax Commissioner's website.

Disclosure notification

Upon written request from the chairman of a North Dakota legislative standing committee or Legislative Management, the law requires the Office of State Tax Commissioner to disclose the amount of any deduction or credit claimed on a tax return. Any other confidential information, such as a taxpayer's name or social security number, may not be disclosed.

Specific line instructions

Line 1 - Family member care credit

A tax credit is allowed for paying qualifying expenses for the care of a disabled or elderly family member. See Schedule ND-1FC for details. **Attach Schedule ND-1FC.**

Line 2 - Renaissance zone credit

Income tax credits are allowed under the North Dakota Renaissance Zone Program for qualifying purchases, improvements, or investments made in a state-approved zone. For details, see the Renaissance Zone Act Tax Incentives Guideline and Schedule RZ. **Attach Schedule RZ.**

Line 3 - Ag commodity processing facility investment credit

If you made a qualified investment in a business certified for the agricultural commodity processing facility investment credit program, enter your allowable credit on this line. Attach a copy of the Ag Commodity Processing Facility Investment Reporting Form that the certified business is required to provide to you at the time you made your investment.

For qualified investments that you made directly to a certified business during the 2018 tax year, the credit is equal to 30% of the total amount invested. Include on this line an agricultural commodity investment tax credit from a North Dakota Schedule K-1. The unused portion of a credit based on a 2018 investment may be carried over up to 10 tax years.

Unused credit carryover. Include on this line an unused credit carried over from a prior tax year. For an unused credit based on investments made in tax years 2003 and 2004—however, see the note below for an exception for 2004—the amount you may use from each year is limited to the smaller of (1) the unused credit, (2) 50% of the total credit allowed on the initial investment, (3) \$3,000, or (4) 50% of the tax liability before credits on your 2018 return. Do not include on this line an unused credit based on an investment

made in the 2005 through 2007 tax years. For an unused credit based on investments made in tax years 2008 through 2017, the amount you may use is subject to the annual and lifetime limits—see below.

Note for certain 2004 investments: Do not include on this line an unused credit based on an investment made in the 2004 tax year if it is attributable to the 2004 retroactive relief credit legislation passed by the 2005 North Dakota Legislature.

Annual limit. Of the total credits available, including unused credit carryovers from tax years 2008 and after, you may use no more than \$50,000 on your 2018 return.

Lifetime credit limit. You are allowed no more than \$250,000 in total tax credits for investments made in tax years 2005 and after.

Line 4 - Seed capital investment credit

If you made a qualified investment in a business certified for the seed capital investment credit program, enter your allowable credit on this line. Attach a copy of the Qualified Seed Capital Business Investment Reporting Form that the certified business is required to provide to you at the time you made your investment.

For qualified investments that you made directly to a certified business during the 2018 tax year, the credit is equal to 45% of the total amount invested. Include on this line a seed capital investment tax credit from a North Dakota Schedule K-1. The unused portion of a credit based on a 2018 investment may be carried over up to 4 tax years.

Unused credit carryover. Include on this line an unused credit carried over from a prior tax year. For an unused credit based on investments made in tax years 2014 through 2017, the amount you may use is subject to the annual limit—see below. Do not include on this line any unused credits based on investments made in tax years prior to 2014.

Annual limit. Of the total credits available (including unused credit carryovers from tax years 2014 and after), you may use no more than \$112,500 on your 2018 return.

Line 5 - Planned gift credit

A tax credit is allowed for making a charitable contribution under a qualifying planned gift arrangement to a qualified nonprofit organization or qualified endowment fund in North Dakota. See Schedule ND-1PG for details. **Attach Schedule ND-1PG.**

Line 6 - Biodiesel or green diesel fuel blending credit

A tax credit is allowed to a North Dakota licensed fuel supplier (wholesaler) for blending biodiesel or green diesel fuel in North Dakota with a minimum 5% blend ("B5") that meets ASTM specifications. The credit is equal to 5 cents per gallon blended. Include on this line a biodiesel or green diesel fuel credit from a North Dakota Schedule K-1. The unused portion of a credit based on qualified blending during the 2018 tax year may be carried over up to 5 tax years.

Unused credit carryover. Include on this line an unused credit carried over from tax years 2013 and after.

Line 7 - Biodiesel or green diesel fuel sales equipment credit

A tax credit is allowed to a North Dakota licensed fuel seller (retailer) of biodiesel or green diesel fuel. The credit is equal to 10% of the costs to adapt or add equipment to the seller's facility in North Dakota to enable it to sell biodiesel or green diesel with a minimum 2% blend ("B2") that meets ASTM specifications. The credit is allowed in each of 5 tax years, starting with the tax year in which sales of the eligible fuel begin. Eligible costs incurred before the tax year in which sales of the eligible biodiesel fuel begin may be included. Include on this line a biodiesel or green diesel fuel credit from a North Dakota Schedule K-1. The unused portion of a credit based on qualified costs incurred during the 2018 tax year may be carried over up to 5 tax years.

Unused credit carryover. Include on this line an unused credit carried over from tax years 2013 and after.

Lifetime credit limit. A taxpayer is allowed no more than \$50,000 in total tax credits for eligible costs incurred in all tax years.

Line 8 - Employer internship program credit

A tax credit is allowed to a taxpayer based on compensation paid to an eligible college student hired as an intern under a qualifying internship program set up in North Dakota. The credit is equal to 10% of the compensation paid during the tax year. The credit is allowed for up to 5 eligible interns in a tax year. The intern must be enrolled in an institution of higher education or vocational technical education program in a major field of study closely related to the work to be performed and must be supervised and evaluated by the employer. The internship must qualify for academic credit.

Lifetime credit limit. A taxpayer is allowed no more than \$3,000 in total tax credits for eligible wages paid in all tax years.

Line 8a. Enter the allowable credit on this line. Include on this line an employer internship program credit from a North Dakota Schedule K-1.

Line 8b. Enter the number of eligible interns hired during the 2018 tax year. *Disregard this line if the credit is from a North Dakota Schedule K-1.*

Line 8c. Enter on this line the total amount of wages, salaries, or other compensation paid to eligible interns hired during the 2018 tax year (as shown on their 2018 Form W-2s). *Disregard this line if the credit is from a North Dakota Schedule K-1.*

Line 9 - Research expense credit

If you incurred qualified expenses for qualified research in North Dakota, you may be eligible for a tax credit. The credit is allowed on the excess of qualified research expenses over a base

amount. The terms "qualified research expenses" and "base amount" have the same meanings as those defined under Internal Revenue Code § 41, except that they do not include research activity or sales outside North Dakota. The tax credit is equal to a percentage of the excess of North Dakota qualified research expenses incurred during the tax year over the North Dakota base amount for the tax year. On the first \$100,000 of excess North Dakota qualified research expenses, the percentage is 25%. On excess North Dakota qualified research expenses over \$100,000, the percentage is 8%.

The unused portion of a credit based on qualified research expenses incurred during the 2018 tax year may be carried back 3 tax years and carried over up to 15 tax years. It must be carried back to the earliest tax year first, and then to each succeeding tax year.

Election to sell, assign, or transfer unused credit. If you have an unused research credit and you obtain certification as a qualified research and development company, you may elect to sell, assign, or transfer the unused credit to another taxpayer. For the conditions and procedures, including the reporting requirements, see N.D.C.C. § 57-38-30.5. Application for certification must be made to the North Dakota Commerce Department's Division of Economic Development and Finance (EDF).

Line 9a. Enter the allowable credit on this line. Include on this line an unused credit carried over from a prior tax year and a research credit from a North Dakota Schedule K-1. *Do not include on this line any research credit obtained from another taxpayer through a sale, assignment, or transfer in 2018—report this amount on Line 9b.*

Line 9b. Enter on this line a research credit obtained from a qualified research and development company through a sale, assignment, or transfer in 2018.

Line 10 - Angel fund investment credit carryover

Important! This line is only for unused credits attributable to investments made in angel funds organized and certified before July 1, 2017.

Lifetime credit limit. For investments made in angel funds on or after January 1, 2013, and before July 1, 2017, you are allowed no more than \$500,000 in total credits from your own investments plus any credits you receive from a passthrough entity that invested in an angel fund. If you are married, you and your spouse are considered one taxpayer for this purpose.

Line 10a. Enter on this line an unused credit carried over from tax years 2011 and after. Do not include on this line an unused credit carried over from a prior tax year that was obtained from another taxpayer through a sale, assignment, or transfer made in tax year 2012—report this amount on Line 10b.

Line 10b. Enter on this line an unused credit carried over from a prior tax year that was obtained from another taxpayer through a qualifying sale, assignment, or transfer made in tax year 2012.

Line 11 - Workforce recruitment credit

A tax credit is allowed to an employer for using extraordinary recruitment methods to recruit and hire employees for hard-to-fill positions in North Dakota. The credit is equal to 5% of the compensation paid during the first 12 consecutive months to the employee hired to fill a hard-to-fill position. The credit is allowed in the first tax year following the tax year in which the employee completes the 12th consecutive month of employment.

To be eligible for the credit, the employer must pay an annual salary that is at least 125% of North Dakota's average wage as published by Job Service North Dakota and must have employed all of the following recruitment methods for at

least 6 months to fill a position for which the credit is claimed: (1) contracted with a professional recruiter for a fee; (2) advertised in a professional trade journal, magazine, or other publication directed at a particular trade or profession; (3) provided employment information on a web site for a fee; and (4) offered to pay a signing bonus, moving expenses, or non-typical fringe benefits.

The employer must provide a statement to the employee hired to fill the hard-to-fill position containing the following: (1) name of employer; (2) federal employer identification number of employer; (3) statement that employer qualifies for the workforce recruitment credit based on the employee's employment; (4) amount of signing bonus, moving expense payment, or non-typical fringe benefit payment; and (5) statement that the payment of the bonus, moving expenses, or fringe benefit may be deductible on the employee's North Dakota income tax return.

The unused portion of a credit first allowed in the 2018 tax year may be carried over up to 5 tax years.

Line 11a. Enter the allowable credit on this line. Include on this line an unused credit carried over from tax years 2013 and after and a workforce recruitment credit from a North Dakota Schedule K-1.

Line 11b. Enter the number of eligible employees whose first 12 months of employment ended within the 2017 tax year. Disregard this line if the credit is from a North Dakota Schedule K-1.

Line 11c. For the eligible employees included on line 11b, enter the total compensation paid during the first 12 consecutive months of employment. Disregard this line if the credit is from a North Dakota Schedule K-1.

Line 12 - Geothermal energy device credit

Note: The geothermal energy device income tax credit allowed to individuals expired on December 31, 2014, and is not allowed for a geothermal energy device installed on or after January 1, 2015.

Complete this line only if any of the following apply:

- You installed a qualifying geothermal energy device on or after January 1, 2009, and before January 1, 2015, and
 - the 2018 tax year is one of the five tax years in which the credit is allowed for the installation, or
 - an unused tax credit attributable to the installation is being carried over to the 2018 tax year.
- You own an interest in a partnership, S corporation, or other passthrough entity that installed a qualifying geothermal energy device on or after January 1, 2009, and before January 1, 2015, and the 2018 tax year is one of the five tax years in which the credit is allowable for the installation.

Line 12a. If you installed the qualifying geothermal energy device, enter the date the installation was completed. Enter the date in the following format: mm/dd/yyyy. Disregard this line if the credit is from a North Dakota Schedule K-1.

Line 12b. Enter the allowable credit on this line. Include on this line an allowable geothermal credit from a North Dakota Schedule K-1.

Line 13 - Credit for wages paid to a mobilized employee

If you have an employee who is a member of the National Guard or Reserve, and the employee was mobilized for federal active military duty during the tax year, you may be eligible for a tax credit if you continued to pay part or all of the employee's wages during the period of mobilization. See Schedule ME for details. **Attach Schedule ME.**

Include on this line a credit for wages paid to a mobilized employee from a North Dakota Schedule K-1.

Line 14 - Partnership plan long-term care insurance credit

You are allowed a tax credit for premiums you pay for a partnership plan long-term care insurance policy that covers you or your spouse. To qualify, you must be a North Dakota resident at the time you pay the premiums.

A partnership plan policy is a special type of long-term care insurance policy that meets specific consumer protection and federal income tax law requirements, is recognized by North Dakota for Medicaid benefit purposes, and provides the proper inflation protection based on the insured individual's age at time of purchase.

An insurance company is required to provide you with a statement certifying the policy as a partnership plan policy at time of issuance. If you are filing a paper return, attach copies of the certification statement and the first page of the policy which identifies the insurance company and the name(s) of the insured. If you are electronically filing your return, you must be able to provide these copies upon request by the Office of State Tax Commissioner.

Important: *There are long-term care insurance policies that ARE NOT partnership plan policies for which the premiums are not eligible for this credit. You must look for the certification statement in your policy, or contact your insurance company or the North Dakota Insurance Department for assistance in verifying your policy's eligibility.*

The credit is equal to the premiums you paid during the tax year, up to a maximum credit of \$250 (or \$500, if both you and your spouse are insured).

Line 15 - Endowment fund credit

A tax credit is allowed for making a qualifying charitable contribution to a qualified endowment fund. See Schedule ND-1QEC for details. *Note: If*

you have an unused endowment fund credit carried over from a prior year's Schedule ND-1QEC, it should be entered on the 2018 Schedule ND-1QEC, line 6. Attach Schedule ND-1QEC.

Line 15a. Enter on this line the credit amount from Schedule ND-1QEC, line 8.

Line 15b. If you own an interest in a partnership or S corporation, or you are the beneficiary of an estate or trust, enter on this line an endowment fund credit, if any, from a North Dakota Schedule K-1 received from that entity.

Line 15c. If you entered an amount on line 15b, enter on this line the associated contribution amount from the North Dakota Schedule K-1 received from the entity.

Line 16 - Housing incentive fund credit carryover

Enter on this line an unused housing incentive fund credit carried over from tax years 2011 through 2016.

Adjustment to taxable income—Your North Dakota taxable income must be increased by the amount of the contribution to the Housing Incentive Fund to the extent it reduced your federal taxable income. See the instructions to the 2018 Form ND-1, line 4b.

Line 17 - Automation credit carryover

Enter on this line an unused automation credit carried over from tax years 2013 through 2017.

Line 18 - Nonprofit private primary school contribution credit from passthrough entity

If you owned an interest in a partnership, S corporation, or other passthrough entity that qualified for the income tax credit for making a charitable contribution to a North Dakota nonprofit private primary school, enter on this line the lesser of the following:

- Total of nonprofit private primary school tax credits from all North Dakota Schedule K-1 forms.
- 20% of the tax on Form ND-1, line 20.
- \$2,500.

The amount of the credit in excess of the above limitation is not allowed in any other tax year.

Line 19 - Nonprofit private high school contribution credit from passthrough entity

If you owned an interest in a partnership, S corporation, or other passthrough entity that qualified for the income tax credit for making a charitable contribution to a North Dakota nonprofit private high school, enter on this line the lesser of the following:

- Total of nonprofit private high school tax credits from all North Dakota Schedule K-1 forms.
- 20% of the tax on Form ND-1, line 20.
- \$2,500.

The amount of the credit in excess of the above limitation is not allowed in any other tax year.

Line 20 - Nonprofit private college contribution credit from passthrough entity

If you owned an interest in a partnership, S corporation, or other passthrough entity that qualified for the income tax credit for making a charitable contribution to a North Dakota nonprofit private college, enter on this line the lesser of the following:

- Total of nonprofit private college tax credits from all North Dakota Schedule K-1 forms.
- 20% of the tax on Form ND-1, line 20.
- \$2,500.

The amount of the credit in excess of the above limitation is not allowed in any other tax year.

Line 21 - Angel investor investment credit

Important! This line is only for credits attributable to investments made in qualified businesses by angel funds organized and certified on or after July 1, 2017.

Enter on this line the amount of your allowable angel investor investment credit. Your allowable credit is equal to the smaller of (1) \$45,000 or (2) the sum of the following:

- Angel investor credit from a *Participating Angel Investor Investment Statement*, on which the investment date falls within your 2018 tax year. Multiply the investment amount by the applicable credit rate shown on the statement. If you receive more than one statement, calculate the credit for each statement and add the separately calculated credit amounts.
- Angel investor investment credit from a North Dakota Schedule K-1.

If the sum of all angel investor credits for the 2018 tax year exceed \$45,000, the excess credits are not allowed in any tax year. Do not include any credits reportable on line 10 of this schedule in this calculation.

If you are unable to use all of your allowable credit for the 2018 tax year, the unused portion may be carried over and used on subsequent tax years' returns for up to 5 tax years.

Lifetime credit limit. For qualified investments made in qualified businesses on or after July 1, 2017, you are allowed no more than \$500,000 in total credits from your own investments plus any angel investor credits you receive from a passthrough entity in which you have an ownership interest.