



QUALIFIED ENDOWMENT FUND TAX CREDIT

OFFICE OF STATE TAX COMMISSIONER
SFN 28708 (12-2022)



Schedule ND-1QEC

2022

Attach to Form ND-1

Taxpayer's Name As Shown On Return	Your Social Security Number
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▶ **If you are only carrying over an unused credit from 2019, 2020, or 2021, 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 2022 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. 2022 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 2022. See instructions. Enter this amount on Schedule ND-1TC, line 15a ----- **8** _____
- 9. Unused credit carryover to 2023 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 2022 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 2022 Form 1040 or 1040-SR, line 12, 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

An individual is allowed an income tax credit for making one or more charitable contributions totaling at least \$5,000 to a qualified endowment fund.

If the entire credit cannot be used on the 2022 return, the unused portion may be carried over and used on subsequent tax years' returns for up to three years.

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

1. It is held by a qualified nonprofit organization (defined below) or by a bank or trust company on behalf of a qualified nonprofit organization.
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 North Dakota income tax purposes.

Specific line instructions

Line 1

In columns a and b, enter the name and address of each qualified endowment fund to which you made one or more charitable contributions totaling at least \$5,000 during the 2022 tax year. See below for examples of the application of the \$5,000 minimum contribution requirement. In column c, fill in the circle if the qualified endowment fund is held by a border state organization - see "Border state organization" under "Qualified nonprofit organization." In column d, enter the total amount contributed to the qualified endowment fund.

Example 1—A taxpayer makes one or more charitable contributions totaling \$4,000 to Qualified Endowment Fund A. Because the total amount contributed is less than \$5,000, none of it qualifies for the credit. Do not enter any information for Qualified Endowment Fund A on Schedule ND-1QEC.

Example 2—A taxpayer makes one or more charitable contributions totaling \$4,000 to Qualified Endowment Fund A and one or more charitable contributions totaling \$1,000 to Qualified Endowment Fund B. Because the total amount contributed to each fund is less than \$5,000, none of the contributions qualify for the credit. Do not enter any information for either of the funds on Schedule ND-1QEC.

Example 3—A taxpayer makes one or more charitable contributions totaling \$5,000 to Qualified Endowment Fund A and one or more charitable contributions totaling \$1,000 to Qualified Endowment Fund B. Only the \$5,000 contributed to Qualified Endowment Fund A qualifies for the credit. The \$1,000 contributed to Qualified Endowment Fund B does not qualify for the credit because it

is less than \$5,000. Only enter the information for Qualified Endowment Fund A on Schedule ND-1QEC.

Example 4—A taxpayer makes a charitable contribution of \$500 at the beginning of each month to Qualified Endowment Fund A for a total contribution of \$6,000 for the tax year. Because the total amount contributed to Qualified Endowment Fund A is at least \$5,000, the tax credit is allowed on the entire \$6,000. Enter the information for Qualified Endowment Fund A on Schedule ND-1QEC.

Line 6

Enter the allowable portion of an unused qualified endowment fund credit, if any, based on contributions made in the 2019 through 2021 tax years.

Line 8

Enter on this line only that portion of the total available credit on line 7 that is used to reduce the tax on the 2022 return. For example, if the available credit on line 7 is \$1,000, but only \$400 is needed to reduce the tax to zero, enter \$400 on line 8.

Line 9

Enter the portion of an unused endowment fund tax credit, if any, based on qualified contributions made in the 2020 through 2022 tax years that is being carried over to the 2023 tax year.

Line 11b

To determine the amount of the federal standard deduction to enter on this line, see the instructions to the 2022 Form 1040 or 1040-SR, line 12.

Line 13

If the amount on line 2 includes a charitable contribution made to a qualified endowment fund by means of a trustee-to-donee transfer of monies from an individual retirement account (IRA) under Internal Revenue Code section 408(d), enter that amount on this line. A charitable contribution made in this manner reduces federal taxable income because the transferred monies, which would be subject to federal income tax had they not been contributed, are excluded from federal taxable income. To the extent these monies are the basis for the qualified endowment fund tax credit, they must be added back into North Dakota taxable income.