



CREDIT FOR WAGES PAID TO MOBILIZED EMPLOYEE

OFFICE OF STATE TAX COMMISSIONER
SFN 28712 (12-2025)

Schedule ME 2025

Attach to Form ND-1,
38, 40, 58 or 60

Taxpayer's Name As Shown On Return

Social Security Number Or FEIN

Name of mobilized employee	Social security number
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Employee 1 _____

Employee 2 _____

Employee 3 _____

Employee 1

Employee 2

Employee 3

From _____ **To** _____ **From** _____ **To** _____ **From** _____ **To** _____

1. Enter beginning and ending dates for portion of mobilization period falling into your 2025 tax year

2. Amount of wages that you would have paid during the period of mobilization (shown on line 1) **if the employee had not been mobilized**

3. Amount of federal active duty wages received by employee during the period of mobilization (shown on line 1)

4. Subtract line 3 from line 2. **If zero or less, stop here; you are not eligible for the credit**

5. Amount of wages that you **actually paid** during the period of mobilization (shown on line 1)

6. Enter smaller of line 4 or line 5

7. Multiply line 6 by 25% (.25)

8. Maximum credit

9. Credit. Enter smaller of line 7 or line 8

10. Add the credit amounts on line 9 for all employees and enter result

11. Unused credit carryover, if any, from prior tax year(s). If Form 58 or 60 filer, enter -0-

12. Total available credit. Add lines 10 and 11

13. Amount of line 12 used to reduce tax in 2025. See instructions. Enter this amount on the applicable form below

If you are filing: Enter amount from line 13 of this schedule on:

Form ND-1 Schedule ND-1TC, line 13

Form 38 Schedule 38-TC, line 11

Form 40 Form 40, Schedule TC, line 19, or Schedule CR, Part III, line 19

Form 58 Form 58, Schedule K, line 16

Form 60 Form 60, Schedule K, line 13

14. Unused credit carryover to 2026. See instructions. If Form 58 or 60 filer, enter zero

Who is eligible?

You may be eligible for an income tax credit if you have an eligible employee who was mobilized for active duty in the U.S. armed forces during the tax year.

An eligible employee is an individual who is:

- a legal resident of North Dakota,
- a member of the National Guard or a reserve component of any branch of the U.S. armed forces, and
- mobilized for federal active duty under Title 10 of the United States Code during the employer's tax year.

You are eligible for the credit if, during the period of mobilization:

- you continue to pay part or all of the eligible employee's wages, and
- the federal active duty wages received by the eligible employee are less than the wages that **you would have paid if the eligible employee had not been mobilized.**

For this purpose, "wages" means the sum of:

- gross wages before reduction by payroll taxes, elective contributions to a defined contribution plan, and any other payroll deduction, plus
- employer's contributions to the employee's defined contribution plan.

"Defined contribution plan" means a 401(k), 403(b), profit-sharing, stock bonus, money purchase, or any other plan meeting the definition of a defined contribution plan under Internal Revenue Code Section 414.

Specific line instructions

Eligible employee information

Enter the name and social security number for each eligible employee. If you have more than three eligible employees, complete additional schedules as needed.

Line 1 - Mobilization period

Enter the beginning and ending dates during your 2025 tax year that the eligible employee was in mobilization status.

Example 1. You file on a calendar year basis (January through December), and the eligible employee's mobilization period runs from October 1, 2025, to November 30, 2026. Enter "10/01/2025" and "12/31/2026" in the spaces for "From" and "To," respectively.

Example 2. You file on a calendar basis, and the employee's mobilization period began on March 1, 2024, and ended June 30, 2025. Enter "1/01/2025" and "6/30/2025" in the applicable spaces.

The credit is not allowed if no part of the mobilization period falls within your 2025 tax year.

Line 2 - Employer's deemed wages for mobilization period

Enter the amount of wages you would have paid to the eligible employee during the period of mobilization (shown on line 1) **if the employee had not been mobilized.**

Example 3. You are a calendar year filer, and you have an eligible employee who was mobilized from October 1, 2025, through December 31, 2025. Prior to mobilization, you paid the employee gross wages of \$1,500 on the 15th and the last working day of each month. Under a salary reduction arrangement, the employee contributed \$60 to a 401k plan each pay period, which you matched. The 401k contributions were deposited into the plan account each pay day. Enter \$9,360 on line 2, which is the amount you would have paid had the employee not been mobilized. This is the sum of the gross wages of \$9,000 (\$1,500 x 6) plus your matching 401k contributions of \$360 (\$60 x 6).

Line 3 - Federal active duty pay

Enter the amount of wages the eligible employee actually received during the period of mobilization (shown on line 1) for his or her federal active duty service. You will need to obtain this information from the employee or his or her designated representative, depending on the situation. The

amount of military pay received during the period of mobilization can be determined from the employee's military Leave and Earnings Statement(s).

Example 4. Assume the same facts as in Example 3 (in the line 2 instruction). Based on the employee's military Leave and Earnings Statements, the employee received military wages of \$3,750 during the period October 1, 2025, through December 31, 2025. Enter \$3,750 on line 3.

Line 5 - Employer's actual wage payments

Enter the amount of wages you actually paid to the eligible employee during the period of mobilization (shown on line 1).

Example 5. Assume the same facts as in Example 3 (in the line 2 instruction). During the mobilization period, you continued to pay a reduced gross wage of \$250 plus a 401k contribution match of \$10 on each pay day. Enter \$1,560 on line 5. This is the sum of the gross wages of \$1,500 (\$250 x 6) plus your matching 401k contributions of \$60 (\$10 x 6).

Line 11 - Prior year carryover

Enter the portion of an unused mobilized employee income tax credit, if any, from the 2024 tax year. **If filing Form 58 or 60, enter zero.**

Line 13 - Current year credit

Enter on this line the portion of the total available tax credit on line 12 that is being used to reduce the 2025 tax. If there is an unused credit carryforward from a prior tax year on line 11, use the credits in the order that is most beneficial. If the taxpayer is a partnership, S corporation, or limited liability company treated like a partnership or S corporation, enter the amount from line 12, and skip line 14.

Line 14 - Carryover to 2026

If the total available tax credit on line 12 exceeds the amount on line 13, enter on this line the portion of the excess that is eligible for carryover to the 2026 tax year. Unused credits from the 2023, 2024 and 2025 tax years are eligible for carryover to 2026. **If filing Form 58 or 60, enter zero.**