

**CORPORATION INCOME TAX RETURN**  
**NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER**  
**SFN 28740 (12-2021)**



**FORM 40**  
**2021**

|  |   |  |                                  |
|--|---|--|----------------------------------|
| Check one: <input checked="" type="checkbox"/> <b>Calendar Year</b> (Jan. 1, 2021 - Dec. 31, 2021) | <input checked="" type="checkbox"/> <b>Fiscal Year</b> Beginning <b>MM/DD/2021</b> and ending <b>MM/DD/YYYY</b> |  |                                  |
| Have a federal extension?<br>If yes, must attach   | Name  | Federal EIN*   |                                  |
| <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No                     | XX  | 9999999999999  |                                  |
| Date of incorporation  | Mailing address   | Is this a farming or ranching corporation?                                     |                                  |
| <b>MM/DD/YYYY</b>  | XX  | <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No |                                  |
| Final return   | City, State, Zip Code   | Phone Number   | Business Code (see instructions) |
| <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No                     | XX  | 999-999-9999   | 999999                           |

**Computation of tax liability** **Round off to dollars**

|  |   |   |  |  |  |
|--|---|---|--|--|--|
| <b>1</b> Income from (Mark the <b>ONE</b> box that identifies the filing method - see instructions) _____                              | (LA) 1  | 9999999999999   |  |  |  |
| ▶ a. <input checked="" type="checkbox"/> Single Corp Entity  | b. <input checked="" type="checkbox"/> Combined Report Method | b1. <input checked="" type="checkbox"/> Combined Report Method Consol. Return | c. <input checked="" type="checkbox"/> Water's Edge Method | c1. <input checked="" type="checkbox"/> Water's Edge Method Consol. Return | d. <input checked="" type="checkbox"/> Other |
| <b>2</b> Total additions (Enter amount from Schedule SA, line 7) _____   | (LB) 2  | 9999999999999   |  |  |  |
| <b>3</b> Total subtractions (Enter amount from Schedule SA, line 16) _____   | (LC) 3  | 9999999999999   |  |  |  |
| <b>4</b> North Dakota apportionable income (subtract line 3 from the sum of lines 1 and 2) _____                                       | 4   | 9999999999999   |  |  |  |
| <b>5</b> Apportionment Factor (Factor from Schedule FACT or Schedule CR) _____   | (LE) 5  | 9.999999  |  |  |  |
| <b>6</b> Income apportioned to North Dakota (Line 4 multiplied by line 5) _____  | 6   | 9999999999999   |  |  |  |
| <b>7</b> Income allocated to North Dakota <u>999999999</u> less related expenses <u>999999999</u> _____                                | (LF) 7  | 9999999999999   |  |  |  |
| <b>8</b> North Dakota income (Add lines 6 and 7) _____   | 8   | 9999999999999   |  |  |  |
| <b>9</b> Exemption for new and expanding business (Attach worksheet - for consolidated return, amount from Sch. CR) _____              | (CL) 9  | 9999999999999   |  |  |  |
| <b>10</b> Renaissance zone income exemption (Amount from Sch. RZ - for consolidated return, amount from Sch. CR) _____                 | (RE) 10   | 9999999999999   |  |  |  |
| <b>11</b> North Dakota income after income exemptions (Subtract lines 9 and 10 from line 8) _____                                      | 11  | 9999999999999   |  |  |  |
| <b>12</b> North Dakota loss carryforward (Attach worksheet - for consolidated return, amount from Sch. CR) _____                       | (LH) 12   | 9999999999999   |  |  |  |
| <b>13</b> Subtotal (Subtract line 12 from line 11) _____   | 13  | 9999999999999   |  |  |  |
| <b>14</b> Gross proceeds allocated to North Dakota from sale of research tax credit (See instructions) _____                           | (EF) 14   | 9999999999999   |  |  |  |
| <b>15</b> North Dakota taxable income (See instructions) _____   | (LI) 15   | 9999999999999   |  |  |  |
| <b>16</b> Income tax due (See rates below) _____   | (EE) 16   | 9999999999999   |  |  |  |
| <b>17</b> Surtax on water's edge method election (3.5% of line 15 - Water's edge filers only) _____                                    | (ST) 17   | 9999999999999   |  |  |  |
| <b>18</b> Total income tax due (Add lines 16 and 17) _____   | (LJ) 18   | 9999999999999   |  |  |  |
| <b>19</b> Tax credits (Enter amount from Schedule TC, line 25) _____   | (AZ) 19   | 9999999999999   |  |  |  |
| <b>Balance due or overpayment</b>  |   |   |  |  |  |
| <b>20</b> Net income tax liab. (Subtract line 19 from line 18 - for consolidated return, amount from Sch. CR, Part 1, line 20a) _____  | 20  | 9999999999999   |  |  |  |
| <b>21</b> 2021 estimated income tax payments and payment with extension _____  | (LN) 21   | 9999999999999   |  |  |  |
| <b>22</b> North Dakota income tax withheld on oil and gas royalties (Attach 1099-MISC) _____   | (LW) 22   | 9999999999999   |  |  |  |
| <b>23</b> Total payments and amount withheld (Add lines 21 and 22) _____   | 23  | 9999999999999   |  |  |  |
| <b>24</b> If line 20 is greater than line 23, enter difference as <b>BALANCE DUE</b> (Enter \$0 if less than \$5) _____                | (LR) 24   | 9999999999999   |  |  |  |
| a. Interest and penalty for balance due on line 24 _____   | (LQ) 24a  | 9999999999999   |  |  |  |
| b. Interest on underpayment of estimated tax (Attach Form 40-UT) _____   | (UT) 24b  | 9999999999999   |  |  |  |
| c. Total payment due (Add lines 24, 24a, and 24b - Pay to ND State Tax Commissioner) _____   | 24c   | 9999999999999   |  |  |  |
| <b>25</b> If line 23 is greater than line 20, enter difference less line 24b, as <b>OVERPAYMENT</b> (Enter \$0 if less than \$5) _____ | (LV) 25   | 9999999999999   |  |  |  |
| a. Amount of line 25 to be credited to 2022 estimated tax (Minimum \$5) _____  | (AI) 25a  | 9999999999999   |  |  |  |
| b. Amount of line 25 to be <b>REFUNDED</b> (Subtract line 25a from line 25 - no refund under \$5) _____                                | 25b   | 9999999999999   |  |  |  |

I declare that this return is correct and complete to the best of my knowledge and belief. \*Privacy Act Notice - see instructions  I authorize the North Dakota Office of State Tax Commissioner to discuss this return with the preparer.

|   |             |
|---|-------------|
| Date: _____ Signature of Officer: _____ Title: _____    | FEIN: _____ |
| Date: _____ Signature of Preparer: _____ Address: _____ |             |

**Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave. Dept 127, Bismarck, North Dakota 58505-0599**

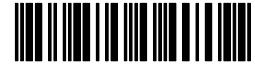
**Tax Rate Table**

|                          |  |
|--------------------------|--|
| \$0 - \$25,000.....      | 1.41% of North Dakota taxable income       |
| \$25,000 - \$50,000..... | \$352.50 + 3.55% of amount over \$25,000   |
| Over \$50,000.....       | \$1,240.00 + 4.31% of amount over \$50,000 |

PLEASE DO NOT WRITE IN THIS SPACE

NACTE **CIT**

**CORPORATION INCOME TAX RETURN**  
**NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER**  
**SFN 28740 (12-2021)**



**FORM 40**  
**2021**

Check one:  **Calendar Year** (Jan. 1, 2021 - Dec. 31, 2021)  
 **Fiscal Year** Beginning \_\_\_\_\_ and ending \_\_\_\_\_

|  |                       |  |
|--|-----------------------|--|
| Have a federal extension?<br>If yes, must attach<br><input type="checkbox"/> Yes <input type="checkbox"/> No | Name                  | Federal EIN*   |
| Date of incorporation  | Mailing address       | Is this a farming or ranching corporation?<br><input type="checkbox"/> Yes <input type="checkbox"/> No |
| Final return<br><input type="checkbox"/> Yes <input type="checkbox"/> No                                     | City, State, Zip Code | Phone Number   |
|  |                       | Business Code (see instructions)   |

**Computation of tax liability** **Round off to dollars**

- 1 Income from (Mark the **ONE** box that identifies the filing method - see instructions) \_\_\_\_\_ (LA) 1
  - a.  Single Corp Entity
  - b.  Combined Report Method
  - b1.  Combined Report Method Consol. Return
  - c.  Water's Edge Method
  - c1.  Water's Edge Method Consol. Return
  - d.  Other
- 2 Total additions (Enter amount from Schedule SA, line 7) \_\_\_\_\_ (LB) 2
- 3 Total subtractions (Enter amount from Schedule SA, line 16) \_\_\_\_\_ (LC) 3
- 4 North Dakota apportionable income (subtract line 3 from the sum of lines 1 and 2) \_\_\_\_\_ 4
- 5 Apportionment Factor (Factor from Schedule FACT or Schedule CR) \_\_\_\_\_ (LE) 5
- 6 Income apportioned to North Dakota (Line 4 multiplied by line 5) \_\_\_\_\_ 6
- 7 Income allocated to North Dakota \_\_\_\_\_ less related expenses \_\_\_\_\_ (LF) 7
- 8 North Dakota income (Add lines 6 and 7) \_\_\_\_\_ 8
- 9 Exemption for new and expanding business (Attach worksheet - for consolidated return, amount from Sch. CR) \_\_\_\_\_ (CL) 9
- 10 Renaissance zone income exemption (Amount from Sch. RZ - for consolidated return, amount from Sch. CR) \_\_\_\_\_ (RE) 10
- 11 North Dakota income after income exemptions (Subtract lines 9 and 10 from line 8) \_\_\_\_\_ 11
- 12 North Dakota loss carryforward (Attach worksheet - for consolidated return, amount from Sch. CR) \_\_\_\_\_ (LH) 12
- 13 Subtotal (Subtract line 12 from line 11) \_\_\_\_\_ 13
- 14 Gross proceeds allocated to North Dakota from sale of research tax credit (See instructions) \_\_\_\_\_ (EF) 14
- 15 North Dakota taxable income (See instructions) \_\_\_\_\_ (LI) 15
- 16 Income tax due (See rates below) \_\_\_\_\_ (EE) 16
- 17 Surtax on water's edge method election (3.5% of line 15 - Water's edge filers only) \_\_\_\_\_ (ST) 17
- 18 Total income tax due (Add lines 16 and 17) \_\_\_\_\_ (LJ) 18
- 19 Tax credits (Enter amount from Schedule TC, line 25) \_\_\_\_\_ (AZ) 19

**Balance due or overpayment**

- 20 Net income tax liab. (Subtract line 19 from line 18 - for consolidated return, amount from Sch. CR, Part 1, line 20a) \_\_\_\_\_ 20
- 21 2021 estimated income tax payments and payment with extension \_\_\_\_\_ (LN) 21
- 22 North Dakota income tax withheld on oil and gas royalties (Attach 1099-MISC) \_\_\_\_\_ (LW) 22
- 23 Total payments and amount withheld (Add lines 21 and 22) \_\_\_\_\_ 23
- 24 If line 20 is greater than line 23, enter difference as **BALANCE DUE** (Enter \$0 if less than \$5) \_\_\_\_\_ (LR) 24
  - a. Interest and penalty for balance due on line 24 \_\_\_\_\_ (LQ) 24a
  - b. Interest on underpayment of estimated tax (Attach Form 40-UT) \_\_\_\_\_ (UT) 24b
  - c. Total payment due (Add lines 24, 24a, and 24b - Pay to ND State Tax Commissioner) \_\_\_\_\_ 24c
- 25 If line 23 is greater than line 20, enter difference less line 24b, as **OVERPAYMENT** (Enter \$0 if less than \$5) \_\_\_\_\_ (LV) 25
  - a. Amount of line 25 to be credited to 2022 estimated tax (Minimum \$5) \_\_\_\_\_ (AI) 25a
  - b. Amount of line 25 to be **REFUNDED** (Subtract line 25a from line 25 - no refund under \$5) \_\_\_\_\_ 25b

I declare that this return is correct and complete to the best of my knowledge and belief. \*Privacy Act Notice - see instructions

|   |   |
|---|---|
| Date: _____ Signature of Officer: _____ Title: _____                | I authorize the North Dakota Office of State Tax Commissioner to discuss this return with the preparer. |
| Date: _____ Signature of Preparer: _____ Address: _____ FEIN: _____ |   |

**Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave. Dept 127, Bismarck, North Dakota 58505-0599**

**Tax Rate Table**

|                          |  |
|--------------------------|--|
| \$0 - \$25,000.....      | 1.41% of North Dakota taxable income       |
| \$25,000 - \$50,000..... | \$352.50 + 3.55% of amount over \$25,000   |
| Over \$50,000.....       | \$1,240.00 + 4.31% of amount over \$50,000 |

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**Schedule SA: Statutory adjustments**

***This schedule is to be used by all corporations regardless of filing method.***

**Additions**

- 1. Federal net operating loss deduction (*Federal Form 1120, line 29a*) ..... (CA) **1** \_\_\_\_\_
- 2. Special deductions (*Federal Form 1120, line 29b*) ..... (CB) **2** \_\_\_\_\_
- 3. All income taxes, franchise or privilege taxes measured by income ..... (CC) **3** \_\_\_\_\_
- 4. Interest on state and local obligations (*Excluding North Dakota obligations*) ..... (CF) **4** \_\_\_\_\_
- 5. Contribution to endowment fund credit adjustment ..... (CD) **5** \_\_\_\_\_
- 6. Other additions (Attach worksheet) ..... (CG) **6** \_\_\_\_\_
- 7. Total additions (Add lines 1 through 6. Enter amount here and on page 1, line 2) ..... **7** \_\_\_\_\_

**Subtractions**

- 8. Tax refunds received in 2021 (*Attach worksheet*) ..... (CH) **8** \_\_\_\_\_
- 9. Foreign Derived Intangible Income Deduction (*See instructions*) ..... (CJ) **9** \_\_\_\_\_
- 10. Interest on United States obligations (*Attach statement regarding obligations*) ..... (CI) **10** \_\_\_\_\_
- 11. Allocable income (*Attach worksheet*) ..... (LS) **11** \_\_\_\_\_
- 12. Related expenses (*Attach worksheet*) ..... (LT) **12** \_\_\_\_\_
- 13. Balance (*Subtract line 12 from line 11*) ..... (LD) **13** \_\_\_\_\_
- 14. IC-DISC distribution to a non-corporate owner (*See instructions*) ..... (CM) **14** \_\_\_\_\_
- 15. Others subtractions (*Attach worksheet*) ..... (CO) **15** \_\_\_\_\_
- 16. Total subtractions (*Add lines 8, 9, 10, 13, 14 and 15. Enter amount here and on page 1, line 3*) ..... **16** \_\_\_\_\_

***The following questions must be answered***

- |  |           | <b>Yes</b> | <b>No</b> |
|--|-----------|------------|-----------|
| 1. Has the IRS issued a Final Determination that affects a previously filed North Dakota return that has not been reported to North Dakota? ..... ▶  | <b>1</b>  | _____      | _____     |
| 2. Is this return for a tax-exempt organization required to report unrelated business taxable income? ..... ▶  | <b>2</b>  | _____      | _____     |
| 3. Is this return for a foreign corporation filing Federal Form 1120-F? ..... ▶  | <b>3</b>  | _____      | _____     |
| 4. Has this corporation filed as a cooperative, a Foreign Sales Corporation, or a Domestic International Sales Corporation for federal purposes? ..... ▶   | <b>4</b>  | _____      | _____     |
| 5. Is this return for an entity, or does the return include an entity, that filed a Financial Institution Tax return (Form 35) for 2012? If yes, mark the circle to indicate if this is an S corporation. ▶ <input type="radio"/>  | <b>5</b>  | _____      | _____     |
| 6. Does this corporation use the combined report method in any other states? If yes, attach a statement showing all states where the combined report method is used ..... ▶  | <b>6</b>  | _____      | _____     |
| 7. Does this corporation file its federal income tax return as a member of a consolidated group? If yes, please enter the Federal Employer I.D. No. under which the consolidated return is filed. (AM) _____ ▶   | <b>7</b>  | _____      | _____     |
| 8. Does the numerator of the apportionment factor on page 1, line 5 include the property, payroll and/or sales of more than one corporation required to file in this state? If yes: ..... ▶  | <b>8</b>  | _____      | _____     |
| <ul style="list-style-type: none"> <li>● Filing method circle on page 1, line 1 must have been marked b1 or c1.</li> <li>● How many corporations are included in the numerator? ▶ _____</li> <li>● Complete North Dakota Schedule CR, Parts I, II and III reporting the activities of each company apportioning income to North Dakota.</li> </ul> |           |            |           |
| 9. If this return is filed using the water's edge method, indicate which year of the five-year election this return represents. (List number: 1 through 5) ▶ _____   |           |            |           |
| 10. Is this a limited liability company? ..... ▶   | <b>10</b> | _____      | _____     |
| 11. Are any single member LLC's with business activity or apportionment factors in North Dakota that are treated as disregarded entities included in this return? ( <i>If yes, attach schedule with names and FEIN</i> ) ..... ▶   | <b>11</b> | _____      | _____     |
| 12. Is this corporation or any of its affiliates included in this return a captive real estate investment trust (REIT)? ( <i>If yes, attach schedule with names and Federal I.D. numbers of all captive REITS</i> ) ..... ▶  | <b>12</b> | _____      | _____     |
| 13. Has this corporation changed names, been involved in a merger, reorganization or takeover during this tax year? If so, provide former name and details of change. .... ▶ _____   |           |            |           |

*(former name)*

**Schedule FACT: Apportionment factor for corporations NOT filing a consolidated North Dakota return**

*This schedule is for corporations that are NOT filing a consolidated North Dakota return, i.e., corporations using filing method a, b, c, or d on page 1, line 1.*

*Corporations that are filing a consolidated North Dakota return—i.e., corporations using filing method b1 or c1 on page 1, line 1— must use Schedule CR, Part II, on page 7. Do not use this schedule.*

*If a sales factor weighting election applies, skip lines 1-8 and complete lines 9-12, 15 and 16.*

**Property factor:** Average value at original cost of real and tangible personal property.

|   | 1. Total     | 2. North Dakota | 3. Factor                                |
|---|--------------|-----------------|--|
| 1. Inventories .....                            | 1 _____      | _____           | (Use 6-digit decimal only)               |
| 2. Buildings and other fixed depreciable assets | 2 _____      | _____           |  |
| 3. Depletable assets .....                      | 3 _____      | _____           | (North Dakota divided by Total = Factor) |
| 4. Land .....                                   | 4 _____      | _____           |  |
| 5. Other assets (Attach detail) .....           | 5 _____      | _____           |  |
| 6. Rented property (Annual rental x 8) .....    | 6 _____      | (BL) _____      |  |
| 7. Total property (Add lines 1 through 6) ..... | (BH) 7 _____ | (BA) _____      |  |

**Payroll factor:**

|  |              |            |  |
|--|--------------|------------|--|
| 8. Wages, salaries, commissions, and other compensation of employees ..... | (BJ) 8 _____ | (BC) _____ |  |
|--|--------------|------------|--|

**Sales factor:**

|   |               |            |          |
|---|---------------|------------|----------|
| 9. Gross receipts or sales (less returns and allowances, if applicable) .....   | 9 _____       |            |          |
| 10. Sales delivered, shipped, or assignable to North Dakota destinations .....  | (BM) 10 _____ |            |          |
| 11. Sales shipped from North Dakota to the U.S. Government, or to purchasers in a state or foreign country where the taxpayer was not subject to a tax measured by net income .....   |               | 11 _____   |          |
| 12. Total sales (Add lines 9 through 11) .....  | (BK) 12 _____ | (BE) _____ |          |
| 13. Sum of factors (Add factors in column 3, lines 7, 8 and 12) .....   |               |            | 13 _____ |
| 14. <b>Apportionment factor</b> —If a sales factor weighting election applies, skip this line and go to line 15. Otherwise, divide line 13 by the number of factors having an amount greater than zero in column 1 on lines 7, 8, and 12. Enter factor here and on page 1, line 5 ..... |               |            | 14 _____ |

**Sales factor weighting election**—If a sales factor weighting election applies, skip lines 1-8 and complete lines 15 and 16. See instructions.

|   |                               |  |            |
|---|-------------------------------|--|------------|
| 15. a. Sales factor weighting election (Mark box) .....   | (BS) <input type="checkbox"/> | b. Year of election period (1-5) ..... | (BO) _____ |
| 16. <b>Apportionment factor</b> —Enter the amount from line 12, column 3. Enter factor here and on page 1, line 5 ..... |                               |  | 16 _____   |

**Schedule TC: Tax credits**

**This schedule is to be used by all corporations to report the total allowable credit(s) regardless of filing method. Corporations filing a consolidated North Dakota tax return, i.e., those corporations using filing method b1 or c1 on page 1, line 1, report each corporation's separate credits on Schedule CR, Part I, line 19 under each corporation's separate column, and on Schedule CR, Part III - Tax Credits.**

If a credit is being claimed on lines 7-15, 17-19, or 22, a property tax clearance is required for each county the corporation has 50% or more interest in real property in North Dakota. The tax clearance requirement also applies to any officer responsible for the corporation's state tax filing or payment obligations. **Failure to attach a copy of the property tax clearance for each county identified below may result in a credit being disallowed.** See instructions for details.

**Does this requirement apply?**  Yes  No If yes, enter county name(s)

|   |         |       |
|---|---------|-------|
| County name(s): _____   | (GS)    |       |
| 1. Contributions to nonprofit private colleges credit _____   | (LK) 1  | _____ |
| 2. Contributions to nonprofit private high schools credit _____   | (LL) 2  | _____ |
| 3. Contributions to nonprofit private primary schools credit _____  | (EL) 3  | _____ |
| 4. Geothermal, solar, wind, biomass energy device credits carried forward (Attach worksheet) _____            | (LM) 4  | _____ |
| 5. Wind energy device credit generated after Dec. 31, 2014 and before Jan. 1, 2017 (Attach worksheet) _____   | (EW) 5  | _____ |
| 6. Employment of individuals with developmental disabilities or severe mental illness credit _____            | (LX) 6  | _____ |
| 7. Research and experimental expenditure credits generated by taxpayer (Attach worksheet) _____               | (LY) 7  | _____ |
| 8. Research and experimental expenditure credits purchased by taxpayer (Attach worksheet) _____               | (TO) 8  | _____ |
| 9. Renaissance Zone credits (Enter amount from Schedule RZ and attach) _____                                  | (RC) 9  | _____ |
| 10. Biodiesel or green diesel fuel production credit (Attach worksheet) _____                                 | (LO) 10 | _____ |
| 11. Soybean and canola crushing equipment costs credit (Attach worksheet) _____                               | (TB) 11 | _____ |
| 12. Seed capital business investment credit (Attach documentation) _____                                      | (TS) 12 | _____ |
| 13. Biodiesel or green diesel fuel blending credit (Attach worksheet) _____                                   | (TD) 13 | _____ |
| 14. Biodiesel or green diesel fuel sales equipment costs credit (Attach worksheet) _____                      | (TF) 14 | _____ |
| 15. Agricultural commodity processing facility investment credit (Attach documentation) _____                 | (TE) 15 | _____ |
| 16. Endowment fund contribution credit (Attach documentation) _____   | (TG) 16 | _____ |
| 17. Internship employment credit (Attach worksheet) _____   | (TI) 17 | _____ |
| 18. Angel fund investment credit prior to July 1, 2017 carried forward (Attach documentation) _____           | (TJ) 18 | _____ |
| 19. Workforce recruitment credit (Attach worksheet) Number of qualified employees hired (TT) _____            | (TW) 19 | _____ |
| 20. Wages paid to a mobilized military employee credit (Attach Schedule ME) _____                             | (TQ) 20 | _____ |
| 21. Housing Incentive Fund credit carried forward (Attach documentation) _____                                | (TU) 21 | _____ |
| 22. Automation tax credit earned prior to January 1, 2018, carried forward (Attach documentation) _____       | (TX) 22 | _____ |
| 23. Automation tax credit - only for credits attributable to purchases made on or after January 1, 2019 _____ | (TZ) 23 | _____ |
| 24. Contributions to Rural Leadership ND scholarship tuition program credit _____                             | (TY) 24 | _____ |
| 25. Total tax credits (Add lines 1 through 24. Enter amount here and on page 1, line 19) _____                | 25      | _____ |

**Schedule WW: Combined report method income schedule**

**This schedule is to be used by all corporations using filing methods b or b1 on Page 1, Line 1.**

|  |         |       |
|--|---------|-------|
| 1. Federal taxable income (Consolidated Federal Form 1120, line 30) _____  | (LP) 1  | _____ |
| 2. Taxable income or loss included on line 1 from <b>nonunitary</b> corporations (Attach worksheet) _____  | (WN) 2  | _____ |
| 3. Balance (Subtract line 2 from line 1) _____   | 3       | _____ |
| 4. Taxable income or loss not included on line 1 from <b>unitary</b> U.S. corporations required to file a federal income tax return (Attach worksheet) _____                         | (WU) 4  | _____ |
| 5. Book income before income taxes of unitary foreign corporations (Attach worksheet) _____  | 5       | _____ |
| 6. Optional: Book to tax reconciliation (Attach worksheet) _____   | 6       | _____ |
| 7. Subtotal (Add lines 5 and 6) _____  | (WF) 7  | _____ |
| 8. Income or loss from Foreign Sales Corporations, Interest Charge DISCs, and affiliated corporations incorporated in a Possession of the U.S. (Attach worksheet) _____              | 8       | _____ |
| 9. Intercompany eliminations for members of the unitary group (Attach worksheet) _____   | 9       | _____ |
| 10. Total income (Add lines 3, 4, 7, and 8, and then subtract line 9 from result. Enter amount here and on Form 40, page 1, line 1, and mark circle b or b1 on page 1, line 1) _____ | (WW) 10 | _____ |

**Schedule WE: Water's edge method income schedule**

|   |               |   |
|---|---------------|---|
| 1. Federal taxable income ( <i>Consolidated Federal Form 1120, line 30</i> ) -----  | (LZ) 1 _____  | <b>Worksheets<br/>containing<br/>details of lines 2<br/>through 7 and<br/>10 are required</b> |
| 2. Income or loss not included in line 1 from affiliated U.S. corporations required to file a federal income tax return ( <i>Attach worksheet</i> ) -----   | 2 _____       |   |
| 3. Total income or loss from Foreign Sales Corporations, Interest Charge DISCs, affiliated corporations incorporated in a Possession of the U.S., and includable foreign affiliates ( <i>Attach worksheet</i> ) ----- | 3 _____       |   |
| 4. Reversal of intercompany eliminations between water's edge corporations and non-water's edge corporations ( <i>Attach worksheet</i> ) -----  | 4 _____       |   |
| 5. Intercompany eliminations for water's edge group corporations ( <i>Attach worksheet</i> ) -----  | 5 _____       |   |
| 6. Total foreign dividends included in lines 1 through 4 ( <i>Attach worksheet</i> ) -----  | 6 _____       |   |
| 7. Taxable income or loss included on lines 1 or 2 from 80/20 corps. ( <i>Attach worksheet</i> ) -----  | 7 _____       |   |
| 8. Balance ( <i>Add lines 1 through 4, and then subtract lines 5, 6 and 7 from result</i> ) -----   | 8 _____       |   |
| 9. Foreign dividends to be included in water's edge income ( <i>Multiply line 6 by 30%</i> ) -----  | 9 _____       |   |
| 10. Total net book income of 80/20 corporations ( <i>Attach worksheet</i> ) -----   | 10 _____      |   |
| 11. Net book income of 80/20 corporations to be included in water's edge income ( <i>Multiply line 10 by 30%</i> ) -----  | 11 _____      |   |
| 12. Total water's edge income ( <i>Add lines 8, 9, and 11. Enter amount here and on Form 40, page 1, line 1, and mark circle c or c1 on page 1, line 1</i> ) -----  | (WE) 12 _____ |   |

**Water's edge method election instructions**

A corporation required to file its North Dakota return using the worldwide unitary combined report method must do so unless it elects to apportion its income using the water's edge method.

A corporation elects the water's edge method by marking the circle entitled "Water's Edge Method" (C or C1) on page 1, line 1, for the first year of a five-year election.

• An election must be made on the return as originally and timely filed.

- Returns for years two through five are then required to be filed under the water's edge method, and circle C or C1 should be marked for each year.
- Marking the circle for years two through five does NOT constitute new, rolling five-year elections.
- Marking the circle for a sixth year is a new five-year election.
- If an election is not made for year six, the prior five-year election period lapses, and the filing method would be the worldwide unitary combined report method.

- Any affiliated unitary foreign or domestic corporation that has income from North Dakota sources and is excluded from the water's edge group because it has less than twenty percent of its average property and payroll inside the U.S. is covered by the water's edge election and must file its water's edge return computing its income based on its single company pro forma federal taxable income.

A corporation electing the water's edge method must include only the apportionment factors and statutory adjustments of the water's edge group.

**Schedule WE general definitions**

**"Water's edge group"** includes a U.S. parent corporation, affiliated corporations incorporated in the U.S. (excluding 80/20 corporations), affiliated corporations incorporated in a possession of the U.S., IC DISCs, FSCs, export trade corporations and foreign affiliated corporations which meet a defined minimum of U.S. activity.

**"Affiliated corporation"** means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the water's edge group.

**"Reversal of intercompany eliminations between water's edge corporations and 80/20 corporations"** means the reversal of eliminations made between water's edge corporations and 80/20 corporations that are included in the federal consolidated return. Dividends, interest, royalties, capital gains and losses, intercompany profit on sales, etc. between water's edge corporations and 80/20 corporations that have been eliminated in preparing the consolidated federal return must be reversed.

**"Intercompany eliminations for water's edge group corporations"** are eliminations of intercompany transactions between companies included in the water's edge group.

**"80/20 corporation"** is a corporation that is incorporated in the U.S., is eligible to be included in the federal consolidated return as defined in N.D.C.C. § 57-38.4-01(5) and has 20 percent or less of its average property and payroll for the tax year assigned to locations inside the fifty states, the District of Columbia, and possessions of the United States.

**"Foreign dividends"** means any dividend received by a member of the water's edge group from any affiliated corporation incorporated outside the fifty states and District of Columbia, including amounts included in income computed under sections 951 through 954 of the Internal Revenue Code (IRC) of 1986, as amended. The

amount of global intangible low taxed income under IRC section 951A is considered a foreign dividend. IRC section 78 gross up is not a foreign dividend.

**"Net book income of an 80/20 corporation"** means net book income after taxes for financial statement purposes. However, a corporation's net book income cannot be offset by a net book loss from another 80/20 corporation.

**"Rescission of a water's edge election"**. A corporation's water's edge election is rescinded if:

- It has had more than 50% of its voting stock acquired by a nonaffiliated corporation;
- It was formed as the result of a reorganization or spinoff and is no longer a member of the water's edge group; or
- It is completely liquidated. The water's edge election of any corporation receiving liquidated assets is not affected.

**Schedule CR, Part I: Computation of tax due for corporations included in a North Dakota consolidated return**

| Corporation | Name of corporation | Federal Employer I.D. |
|-------------|---------------------|-----------------------|
| A ▶         | _____ ▶             | _____ ▶               |
| B ▶         | _____ ▶             | _____ ▶               |
| C ▶         | _____ ▶             | _____ ▶               |

List corporations apportioning income to North Dakota with a factor greater than -0- first. Also list each company it declares to have filed a North Dakota tax return. See instructions.

| Corporation A            | Corporation B            | Corporation C            |
|--------------------------|--------------------------|--------------------------|
| _____<br>(name)          | _____<br>(name)          | _____<br>(name)          |
| _____<br>FEIN            | _____<br>FEIN            | _____<br>FEIN            |
| ▶ _____<br>Business Code | ▶ _____<br>Business Code | ▶ _____<br>Business Code |

|  |          |       |       |
|--|----------|-------|-------|
| 4. North Dakota apportionable income (Enter amount in Columns A, B & C from Form 40, page 1, line 4) _____   | (CX) 4   | _____ | _____ |
| 5. Apportionment factor (Enter factor from Part II, line 14 or 16)   | (LE) 5   | _____ | _____ |
| 6. Income apportioned to North Dakota (Line 4 multiplied by line 5)  | 6        | _____ | _____ |
| 7. Income allocated to North Dakota \$ _____ less related expenses \$ _____  | (LF) 7   | _____ | _____ |
| 8. North Dakota income (Add lines 6 and 7)   | 8        | _____ | _____ |
| 9. Exemption for new and expanding business (Attach worksheet)   | (CL) 9   | _____ | _____ |
| 10. Renaissance zone income exemption  | (RE) 10  | _____ | _____ |
| 11. ND income after income exemptions (Subtract lines 9 and 10 from line 8)  | 11       | _____ | _____ |
| 12. North Dakota loss carryforward (Attach worksheet)  | (LH) 12  | _____ | _____ |
| 13. Subtotal (Subtract line 12 from line 11)   | 13       | _____ | _____ |
| 14. Gross proceeds allocated to ND from sale of research tax credit (See instructions)   | (EF) 14  | _____ | _____ |
| 15. North Dakota taxable income (See instructions)   | (LI) 15  | _____ | _____ |
| 16. Income tax due (See tax rate table on Form 40, page 1)   | (EE) 16  | _____ | _____ |
| 17. Surtax on water's edge method election (3.5% of line 15)   | (ST) 17  | _____ | _____ |
| 18. Total income tax due (Add lines 16 and 17)   | (LJ) 18  | _____ | _____ |
| 19. Tax credits (Enter each company's credits from Schedule CR, Part III, line 25)   | (AZ) 19  | _____ | _____ |
| 20. Net income tax liability (Subtract line 19 from line 18)   | 20       | _____ | _____ |
| <b>a. Net income tax due</b> (Add amounts on line 20, for all corporations. Enter total here and on page 1, line 20 and complete lines 21 through 23, on page 1) | (GA) 20a | _____ | _____ |

**Instructions for consolidated return using the combined report method**

All corporations filing a consolidated North Dakota return (i.e. unitary groups including more than one company on this return) must complete the three parts of Schedule CR and attach the completed schedule to Form 40 when filed.

Space has been provided for three corporations (corporations A, B & C) having activity within North Dakota. If

space is needed for additional corporations having activity within North Dakota, additional copies of Schedule CR can be obtained by photocopying both parts of this original schedule or by printing additional copies from our website at [www.nd.gov/tax](http://www.nd.gov/tax).

Complete page 1, lines 1-4 before starting to complete Schedule CR, part I.

Schedule CR has been designed so the instructions for Form 40 in the booklet also apply to the line numbers on Schedule CR. For example, the instructions for page 1, lines 5-20 also apply to Schedule CR, part I, lines 5-20.

After completing Schedule CR, part I, total lines 5 through 19 and enter each total on the corresponding line on page 1.

**Schedule CR, Part II: Computation of factor for corporations filing a North Dakota consolidated return**

Note: When dividing numbers, carry the result out to six decimal places. If a sales factor weighted election applies, skip lines 1-8 and complete lines 9-12, 15 and 16

|  | All Combined Corporations          | Corporation A                        | Corporation B | Corporation C |
|--|------------------------------------|--------------------------------------|---------------|---------------|
|  |                                    | (Name)                               | (Name)        | (Name)        |
|  |                                    | FEIN                                 | FEIN          | FEIN          |
| <b>Property Factor:</b>  | <b>Everywhere Average Property</b> | <b>North Dakota Average Property</b> |               |               |
| Average value at original cost of real and tangible personal property  |                                    |                                      |               |               |
| 1. Inventories   | 1                                  |                                      |               |               |
| 2. Buildings and other depreciable assets                              | 2                                  |                                      |               |               |
| 3. Depletable assets   | 3                                  |                                      |               |               |
| 4. Land  | 4                                  |                                      |               |               |
| 5. Other assets (Attach detail)  | 5                                  |                                      |               |               |
| 6. Rented property (Annual rent x 8)                                   | 6                                  | (BL)                                 |               |               |
| 7. Total average property (Add lines 1 through 6)                      | (BH) 7                             | (BA)                                 |               |               |
| a. Property factor (Divide ND property by Everywhere property)         |                                    | 7a                                   |               |               |
| b. Total property factor (Add amounts on line 7a, columns A, B, and C) |                                    |                                      |               | 7b            |

|   | Everywhere Payroll | North Dakota Payroll |
|---|--------------------|----------------------|
| 8. Payroll  | (BJ) 8             | (BC)                 |
| a. Payroll factor (Divide ND payroll by Everywhere payroll)           |                    | 8a                   |
| b. Total payroll factor (Add amounts on line 8a, columns A, B, and C) |                    | 8b                   |

|  | Everywhere Sales | North Dakota Sales |
|--|------------------|--------------------|
| 9. Everywhere sales  | 9                |                    |
| 10. Sales delivered, shipped, or assignable to ND destinations   | (BM) 10          |                    |
| 11. Sales shipped from ND to the U.S. Government, or to purchasers in a state or foreign country where the taxpayer was not subject to a tax measured by net income  | 11               |                    |
| 12. Total sales (Add lines 9 through 11)   | (BK) 12          | (BE)               |
| a. Sales factor (Divide ND sales by Everywhere sales)  |                  | 12a                |
| b. Total sales factor (Add amounts on line 12a, columns A, B, and C)   |                  | 12b                |
| 13. Sum of the factors (Add lines 7a, 8a and 12a)  | 13               |                    |
| 14. Apportionment factor—If a sales factor weighting election applies, skip lines 14 and 14a and go to line 15. Otherwise, divide line 13 by the number of factors having an amount greater than zero in the Everywhere column on lines 7, 8, and 12. Enter factor here and on Schedule CR, Part I, line 5 | 14               |                    |
| a. Total factor (Add amounts on line 14, columns A, B, and C). Enter result here and on page 1, line 5   |                  | 14a                |

**Sales factor weighting election**—If a sales factor weighting election applies, skip lines 1-8 and complete lines 15a-16a. See instructions.

|  |                               |                                 |            |
|--|-------------------------------|---------------------------------|------------|
| 15. a. Sales factor weighting election (Mark box)  | (BS) <input type="checkbox"/> | b Year of election period (1-5) | (BO) _____ |
| 16. Apportionment factor— Enter the amount from line 12a. Enter the factor here and on Schedule CR, Part I, line 5 | 16                            |                                 |            |
| a. Total factor (Add amounts on line 16, columns A, B, and C). Enter result here and on page 1, line 5             |                               |                                 | 16a _____  |



**Schedule CR, Part III: Tax credits for corporations filing a North Dakota consolidated return using the combined report method**

If a credit is being claimed on lines 7-15, 17-19, or 22, a property tax clearance is required for each county the corporation has 50% or more interest in real property in North Dakota. The tax clearance requirement also applies to any officer responsible for the corporation's state tax filing or payment obligations. **Failure to attach a copy of the property tax clearance for each county identified below may result in a credit being disallowed.** See instructions for details. **Does this requirement apply?** Yes  No   
 If yes, enter county name(s).

| County name(s): _____ (GS)  | Corporation A | Corporation B | Corporation C |
|---|---------------|---------------|---------------|
|   | (name)        | (name)        | (name)        |
|   | FEIN          | FEIN          | FEIN          |
| 1. Contributions to nonprofit private colleges credit _____ (LK) 1  | _____         | _____         | _____         |
| 2. Contributions to nonprofit private high schools credit _____ (LL) 2  | _____         | _____         | _____         |
| 3. Contributions to nonprofit private primary schools credit _____ (EL) 3   | _____         | _____         | _____         |
| 4. Geothermal, solar, wind, biomass energy device credits carried forward (Attach worksheet) _____ (LM) 4                 | _____         | _____         | _____         |
| 5. Wind energy device credit generated after December 31, 2014 and before January 1, 2017 (Attach worksheet) _____ (EW) 5 | _____         | _____         | _____         |
| 6. Employment of individuals with developmental disabilities or severe mental illness credit _____ (LX) 6                 | _____         | _____         | _____         |
| 7. Research and experimental expenditure credits generated by taxpayer (Attach worksheet) _____ (LY) 7                    | _____         | _____         | _____         |
| 8. Research and experimental expenditure credits purchased by taxpayer (Attach worksheet) _____ (TO) 8                    | _____         | _____         | _____         |
| 9. Renaissance Zone credits (Enter amount from Schedule RZ and attach) _____ (RC) 9                                       | _____         | _____         | _____         |
| 10. Biodiesel or green diesel fuel production credit (Attach worksheet) (LO) 10   | _____         | _____         | _____         |
| 11. Soybean and canola crushing equipment costs credit (Attach worksheet) _____ (TB) 11                                   | _____         | _____         | _____         |
| 12. Seed capital business investment credit (Attach documentation) (TS) 12  | _____         | _____         | _____         |
| 13. Biodiesel or green diesel fuel blending credit (Attach worksheet) (TD) 13   | _____         | _____         | _____         |
| 14. Biodiesel or green diesel fuel sales equipment costs credit (Attach worksheet) _____ (TF) 14                          | _____         | _____         | _____         |
| 15. Agricultural commodity processing facility investment credit (Attach documentation) _____ (TE) 15                     | _____         | _____         | _____         |
| 16. Endowment fund contribution credit (Attach documentation) _____ (TG) 16   | _____         | _____         | _____         |
| 17. Internship employment credit (Attach worksheet) _____ (TI) 17   | _____         | _____         | _____         |
| 18. Angel fund investment credit prior to July 1, 2017 carried forward (Attach documentation) _____ (TJ) 18               | _____         | _____         | _____         |
| 19. Workforce recruitment credit (Attach worksheet) _____ (TW) 19   | _____         | _____         | _____         |
| a. Number of qualified employees hired (TT) _____   |               |               |               |
| 20. Wages paid to a mobilized military employee credit (Attach Sch. ME) _____ (TQ) 20                                     | _____         | _____         | _____         |
| 21. Housing incentive fund credit carried forward (Attach documentation) _____ (TU) 21                                    | _____         | _____         | _____         |
| 22. Automation tax credit earned prior to January 1, 2018 carried forward _____ (TX) 22                                   | _____         | _____         | _____         |
| 23. Automation tax credit - only for credits attributable to purchases made on or after January 1, 2019 _____ (TZ) 23     | _____         | _____         | _____         |
| 24. Contributions to Rural Leadership ND scholarship tuition program credit _____ (TY) 24                                 | _____         | _____         | _____         |
| 25. Total tax credits (Add lines 1 through 24. Enter amount here and on page 6, line 19) _____ 25                         | _____         | _____         | _____         |