



**QUALIFIED ENDOWMENT FUND TAX CREDIT
FOR BUSINESSES AND FIDUCIARIES**
OFFICE OF STATE TAX COMMISSIONER
SFN 28700 (12-2025)

Schedule QEC
2025
Attach to Form 38,
40, 58 OR 60

Taxpayer's Name As Shown On Return	Federal Employer Identification Number
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► **Estates, trusts and C corporations:** If only carrying over an unused credit from the 2022, 2023 or 2024 tax year, skip lines 1 through 5 and go to line 6.

Part 1 Qualified endowment fund information

1. Enter the name, address, and the total amount contributed for each qualified endowment fund during the 2025 tax year. If the qualified nonprofit organization holding the qualified endowment fund is a border state organization, fill in the circle in column (c) - see the instructions for more information.

(a) Name of qualified endowment fund	(b) Address (number, street, city, state, ZIP code)	(c) Border state organization	(d) Total amount contributed
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► **Attach a copy of a letter or other documentation received from each qualified endowment fund containing name of the fund, the date and amount of the contribution(s), and a statement that it meets the qualified endowment fund criteria under N.D.C.C. § 57-38-01.21.**

Part 2 Credit

2. Total amount contributed in 2025 tax year. Add the amounts in column (d) of line 1	2	
3. Maximum contribution eligible for credit	3	25,000
4. Amount of contribution eligible for credit. Enter smaller of line 2 or line 3	4	
Estates, trusts and C corporations. The amount on line 4 of this schedule must be added to North Dakota taxable income to the extent it reduced federal taxable income. See the instructions to Form 38, Tax Computation Schedule, line 2, or Form 40, Schedule SA, line 5.		
Partnerships and S corporations. Enter the amount from line 4 of this schedule on Form 58, Schedule K, line 14b, or Form 60, Schedule K, line 11b.		
5. Credit on current year contributions. Multiply line 4 by 40% (.40)	5	
6. Estates, trusts and C corporations only. Enter amount of an unused credit, if any, carried over from a prior tax year. For a partnership or S corporation, enter -0-	6	
7. Total available credit. Add lines 5 and 6. Enter the amount from this line on the applicable return as instructed below	7	

If filing:	Enter the amount from line 7 of this schedule on:
Form 38	Schedule 38-TC, line 12a
Form 40	Form 40, Schedule TC, line 15, or on Schedule CR, Part III, line 15
Form 58	Form 58, Schedule K, line 14a
Form 60	Form 60, Schedule K, line 11a

General instructions

A partnership, corporation, estate, or trust is allowed an income tax credit for making a charitable contribution to a qualified endowment fund.

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

- 1. It is held by a qualified nonprofit organization (as defined below).
- 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 income tax purposes.

Also, if the charitable contribution is claimed as a deduction for federal income tax purposes, the contribution must be added to North Dakota taxable income to the extent it reduced the taxpayer’s federal taxable income. This applies to any tax year in which the contribution reduced the taxpayer’s federal taxable income. See line 4 on form.

Maximum credit. The maximum credit allowed to an estate, trust, partnership, or corporation on the direct contributions it makes during a tax year is limited to \$10,000.

Unused credit carryover. The unused portion of an otherwise allowable credit may be carried over and used on subsequent years’ returns for up to three tax years.

Estates and trusts. For an estate or trust, the allowable credit is determined at the estate or trust entity level. The allowable credit must be allocated to the estate or trust and its beneficiaries in proportion to the amount of the estate’s or trust’s income allocated among them.

Partnerships and S corporations. For a partnership or S corporation, the allowable credit is determined at the partnership or S corporation entity level and passed through to its partners or shareholders based on their respective interests in the entity.

Specific line instructions

Line 1
In column c, fill in the circle if the qualified nonprofit organization holding the endowment fund is a border state organization—see “Border state organization” earlier in these instructions.

Line 6
For an estate, trust, or C corporation, enter the allowable portion of any unused endowment fund credits attributable to contributions made in the 2022 through 2024 tax years that are being carried over to the 2025 tax year. For an estate or trust, this only applies to the estate’s or trust’s allocable portion of the endowment fund credits. For a partnership or S corporation, enter zero on this line.