



Grantor Trust with North Dakota Withholding Reported to its FEIN

How to file with North Dakota when withholding is being reported to a Grantor Trust's FEIN on a Form 1099-MISC or a North Dakota Schedule K-1

When a Grantor Trust (trust) receives a Form 1099-MISC or a North Dakota Schedule K-1 showing North Dakota income tax being withheld on behalf of the trust, the trust must complete the North Dakota Form 38 including Schedule BI and the North Dakota Schedule K-1 passing the income and withholding through to the grantor.

Enter the amount of tax withheld on behalf of the trust on page 1 of Form 38, line 8 and include a copy of the Form 1099-MISC or North Dakota Schedule K-1 with the return. Enter the total amount of the withholding being passed through to the grantor via the North Dakota K-1 on page 1 of Form 38, line 5. The Form 1041, Grantor letter, any accompanying schedules and statements, must be included with the North Dakota Form 38.

The North Dakota Schedule K-1 (Form 38) must be provided to the grantor. The grantor would use this information to complete the North Dakota individual income tax return. Grantor letters will not be accepted as a means to pass withholding through to a grantor.