

Income Tax Newsletter

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

Ryan Rauschenberger, Tax Commissioner



Nov. 2021

IN THIS ISSUE

Business Filing Requirements.....	2
Nonprofit Private Schools.....	2
Individuals with Disability.....	3
Contact Information.....	3

2021 LEGISLATIVE RECAP

The following are highlights of income tax legislation approved by the 2021 Legislative Assembly and signed into law by Governor Doug Burgum. The bill text and additional information for the 67th Legislative Assembly are available at www.legis.nd.gov/assembly/67-2021/regular.

INCOME TAX LEGISLATION

HB 1082 – BUSINESS FILING REQUIREMENTS

House Bill 1082 made the following changes affecting businesses:

- **Pass-through entities:** Starting with the 2022 return, a partnership, S corporation, or trust with 10 or more owners or beneficiaries must file its North Dakota income tax return and pay any tax due on it by electronic means. This affects filers of Forms 58, 60, and 38.
- **Information returns:** The law in effect through the 2021 calendar year requires Forms W-2, W-2G, 1042-S, and 1099 to be electronically filed if there are 10 or more forms to be filed. Starting with the 2022 information returns due in 2023, these information returns must be electronically filed regardless of the number filed.
- **Wage withholding:** The law in effect through the 2021 calendar year allows an employer to file Form 306, Income Tax Withholding Return, and pay the tax due on it on an annual basis (instead of quarterly) if North Dakota income tax withheld in the previous year was less than \$500. This threshold has been increased to \$1,000 for calendar years 2022 and after.

- **Wage withholding:** Starting with returns filed for the 2022 calendar year, Form 306, Income Tax Withholding Return, and the tax due on it must be submitted electronically on a quarterly basis if the amount of North Dakota income tax withheld in the previous calendar year was \$1,000 or more.
- **Royalty withholding:** starting with returns filed for the 2022 calendar year, Form RWT-941, Royalty Withholding Return, and the tax due on it must be submitted electronically on a quarterly basis if the amount of North Dakota income tax withheld in the previous calendar year was \$1,000 or more.

Statutory change: Amends the information return filing requirements under N.D.C.C. § 57-38-42, and amends the income tax withholding requirements under N.D.C.C. § 57-38-60.

Effective date: Taxable years beginning on or after January 1, 2022.

HB 1137 – NONPROFIT PRIVATE SCHOOLS

House Bill 1137 reinstated the changes made by the 2019 North Dakota legislature to the law governing the income tax credits for contributing to nonprofit private primary schools, high schools, and colleges in North Dakota.

The 2019 changes, which made the credits available to individuals for direct contributions and increased the limit on how much tax could be offset by a credit from 20% to 25%, expired at the end of the 2020 tax year. In addition to reinstating the 2019 changes, the 2021 legislation increased the tax liability limit from 25% to 50% and made the changes effective for tax years 2021 and after.

Statutory change: Amends the nonprofit private school income tax credits under N.D.C.C. § 57-38-01.7.

Effective date: Taxable years beginning on or after January 1, 2021.



HB 1405 – INDIVIDUALS WITH DISABILITY

House Bill 1405 reinstated the changes made by the 2019 North Dakota legislature to the law governing the income tax credit for hiring a qualifying individual with developmental disability or mental illness.

The 2019 changes expanded eligibility for the credit, increased the credit rate from 5% to 25%, and allowed the credit on the first \$6,000 of wages paid in each tax year (instead of \$6,000 paid in the first 12 months of employment only). The 2019 changes expired at the end of the 2020 tax year. The 2021 legislation reinstated the 2019 changes for two additional tax years—2021 and 2022—after which the changes will expire, and the law will revert to how it read prior to 2019.

Statutory change: Amends the disabled and mentally ill employment income tax credit under N.D.C.C. § 57-38-01.16.

Effective date: First two taxable years beginning on or after January 1, 2021. Expires after 2022 taxable year.

CONTACT INFORMATION

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

600 E. Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599
www.nd.gov/tax

INCOME TAX

Email: individualtax@nd.gov


Phone: 701-328-1247



OUR VISION: To provide exceptional service while enhancing compliance with the tax laws of North Dakota.

OUR MISSION: To fairly and effectively administer the laws of North Dakota

 @ndtaxdepartment  @ndtaxdepartment

 North Dakota Office of State Tax Commissioner