



Qualified seed capital business investment reporting form

► Applies to investments made on or after January 1, 2007

Instructions for qualified business

Use this form only if you have been certified by the North Dakota Commerce Department's Division of Economic Development and Finance as a qualified business for purposes of the seed capital investment tax credit program under N.D.C.C. ch. 57-38.5.

The information on this form applies to investments made on or after January 1, 2007.

You must complete and file this form for each qualified investment received. **Do not complete or file this form for an investment that does not qualify for the tax credit.** A qualified investment is one that meets all of the following conditions:

- The investment is made in cash.
- The investment is made on or after the date the qualified business was certified.
- The investment is made by an eligible taxpayer.
 - An eligible taxpayer means an individual, estate, trust, partnership, regular ("C") corporation, S corporation, or limited liability company that is required to file a North Dakota income tax return.
 - An eligible taxpayer **does not** include a real estate investment trust, a taxpayer having more than a 50 percent ownership interest in the business, a taxpayer who receives more than 50 percent of the

taxpayer's annual gross income from the business, a government entity, or a tax-exempt organization.

- A spouse, parent, sibling, or child (or the spouse of a sibling or child) of an ineligible individual is also ineligible.
- The investment is at risk. An investment is at risk when it is available to the business for its use. Monies placed in escrow **are not** at risk.

A taxpayer who is a participant in a retirement plan with a separate account maintained for the participant and who controls where the account's assets are invested is deemed to have made a qualified investment in the case of a direct transfer of monies from the account to a qualified business. When completing this form, enter the name, address, and social security number of the individual (participant), not the retirement plan.

Filing instructions. Give a copy of the completed form to the investor. Keep a copy for your files. File a copy of this form with each of the following agencies:

- Office of State Tax Commissioner
600 E. Boulevard Ave. Dept. 127
Bismarck, ND 58505-0599
- Economic Development & Finance
PO Box 2057
Bismarck, ND 58502-2057

Instructions for investor

This form is evidence of your investment in a qualified seed capital business. Keep it for your records.

Amount of tax credit. To determine the amount of the tax credit allowed for your investment, see the instructions to your North Dakota income tax return filed for the tax year in which the date of investment (as shown on this form) falls.

Passthrough entity. If you are a partnership, S corporation, trust, or a limited liability company treated like a passthrough entity, the tax credit must be calculated at the passthrough entity level and passed through to the owners or beneficiaries based on their respective interests in the entity. See the instructions to Form 58 (partnership), Form 60 (S corporation), or Form 38 (trust) for more information.

Angel fund. If you are an angel fund, the tax credit for your investment must be passed through to your investors based on their respective interests in the fund, regardless of whether the fund's income is subject to North Dakota income tax.

Contact Information

If you have questions, contact us at:

- (701) 328-1247
(TDD/TTY call 1-800-366-6888 - ask for 701-328-1247)
- individualtax@nd.gov
- Office of State Tax Commissioner
600 E. Boulevard Ave. Dept. 127
Bismarck, ND 58505-0599

Investment information ▼

Date of investment ►

Amount of investment ►

Investor's tax type: Individual Partnership Corporation S corporation Estate/trust Limited liability company

Name of investor _____

Social security number or FEIN _____

Spouse's name, if joint investment _____

Spouse's social security number _____

Address _____ City _____ State _____ ZIP _____

Business certification ▼

Name of qualified business _____

FEIN _____

Signature of authorized representative _____

Date _____

Printed name of authorized representative _____