

HOUSE BILL NO. 1190

Introduced by

Representative Bellew

1 A BILL for an Act to amend and reenact subsection 5 of section 57-38-30.3 of the North Dakota
2 Century Code, relating to recognition of federal income tax child and dependent care credits on
3 the short-form individual income tax return; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 5 of section 57-38-30.3 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 5. For purposes of this section, "federal income tax liability" means the individual's,
8 estate's, or trust's federal income tax computed for the taxable year under Internal
9 Revenue Code sections 1 and 3, relating to the computation of the regular federal
10 income tax before credits, including calculation and tax rate modifications
11 prescribed under other provisions of the Internal Revenue Code, adjusted as
12 follows:

- 13 a. Add the alternative minimum tax computed under Internal Revenue Code
14 section 55;
- 15 b. Add the tax on a lump sum distribution computed under Internal Revenue
16 Code section 402; however, this adjustment does not apply if the lump sum
17 distribution is received while a nonresident of this state and is exempt from
18 taxation by this state under federal law;
- 19 c. Add the tax on an accumulation distribution of a trust computed under Internal
20 Revenue Code section 667;
- 21 d. Add the tax computed under Internal Revenue Code section 72(m)(5) on
22 excess benefits received from a qualified plan under Internal Revenue Code
23 section 401(a) or a qualified annuity under Internal Revenue Code section
24 403(a);

- 1 e. Add the tax computed under Internal Revenue Code section 72(q)(1) on an
2 early distribution from an annuity contract;
- 3 f. Add the tax computed under Internal Revenue Code section 72(t)(1) on an
4 early distribution from a qualified retirement plan;
- 5 g. Add the tax computed under Internal Revenue Code section 4973(a) on
6 excess contributions to an individual retirement account, medical savings
7 account, and certain Internal Revenue Code section 403(b) and annuity
8 contracts; however, this adjustment does not apply if the individual, estate, or
9 trust is a nonresident of this state;
- 10 h. Add the tax computed under Internal Revenue Code section 4974(a) on
11 excess accumulations in a qualified retirement plan; however, this adjustment
12 does not apply if the individual, estate, or trust is a nonresident of this state;
- 13 i. Add the tax computed under Internal Revenue Code section 4980A on excess
14 distributions from a qualified retirement plan; ~~and~~
- 15 j. Subtract the credit for prior year minimum tax computed under Internal
16 Revenue Code section 53- ; and
- 17 k. Subtract the credit for child and dependent care expenses computed under
18 Internal Revenue Code section 21.

19 Unless specifically provided for in this subsection, no federal income tax credit may
20 be subtracted in determining the federal income tax liability for purposes of this
21 section.

22 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
23 December 31, 2000.