

**HOUSE BILL NO. 1078**

Introduced by

Finance and Taxation Committee

(At the request of the Tax Commissioner)

1 A BILL for an Act to amend and reenact subsections 1 and 3 of section 57-38-62 of the North  
2 Dakota Century Code, relating to estimated income tax payment requirements; and to provide  
3 an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsections 1 and 3 of section 57-38-62 of the North  
6 Dakota Century Code are amended and reenacted as follows:

- 7 1. An individual, estate, or trust that is subject to section 6654 of the Internal Revenue  
8 Code relating to a failure to pay federal estimated income tax shall, at the time  
9 prescribed in this chapter, pay estimated tax for the current taxable year.  
10 Notwithstanding any other provision of this section, an individual, estate, or trust  
11 whose net tax liability for the preceding taxable year was less than ~~two~~ five  
12 hundred dollars is not required to pay estimated tax for the current taxable year.  
13 Married individuals who file a joint federal income tax return and are subject to  
14 section 6654 of the Internal Revenue Code must each be deemed to be subject to  
15 the federal provision. If payment of estimated tax is required, the individual, estate,  
16 or trust shall, at the time prescribed in this chapter, pay the lesser of the following:
- 17 a. An amount which, when added to the taxpayer's withholding, equals ninety  
18 percent of the taxpayer's current taxable year's net tax liability.
  - 19 b. An amount which, when added to the taxpayer's withholding, equals one  
20 hundred percent of the taxpayer's net tax liability for the immediately  
21 preceding taxable year.
- 22 (1) This subdivision does not apply to any taxpayer who was not required  
23 by this chapter to file a return for the immediately preceding taxable  
24 year, to an individual who moved into this state during the immediately

1 preceding taxable year, or to an estate or trust that was not in existence  
2 for the entire immediately preceding taxable year. The amount under  
3 this subdivision must be deemed to be equal to the amount in  
4 subdivision a if this part applies.

5 (2) In order to satisfy the requirements of this subdivision, married  
6 individuals who are required to file separate state returns for the current  
7 taxable year but who were required to file a joint state return for the  
8 immediately preceding taxable year must each be required to pay  
9 estimated tax in an amount which, when added to the individual's  
10 withholding, equals the net tax liability which would have been  
11 computed for the immediately preceding taxable year if separate state  
12 returns had been required to be filed.

13 (3) In order to satisfy the requirements of this subdivision, married  
14 individuals who are required to file a joint state return for the current  
15 taxable year but were required to file separate state returns for the  
16 immediately preceding taxable year must be required to pay estimated  
17 tax in an amount which, when added to their withholding, equals the  
18 sum of their separate net tax liabilities for the immediately preceding  
19 taxable year.

20 3. The provisions of section 57-38-45, except those provisions relating to the  
21 imposition of a penalty, apply in case of nonpayment, late payment, or  
22 underpayment of estimated tax. For purposes of applying the interest provisions of  
23 section 57-38-45, interest accrues on a per annum basis from the due date of an  
24 installment to the fifteenth day of the fourth month following the end of the current  
25 taxable year or, with respect to any portion of the estimated tax required to be paid,  
26 the date on which the portion thereof is paid, whichever date is earlier.  
27 Notwithstanding the other provisions of this section, no interest is due if the  
28 estimated tax paid on or before each due date under section 57-38-63 by a  
29 corporation is based on the annualized or adjusted seasonal method under section  
30 6655 of the Internal Revenue Code. Notwithstanding the other provisions of this

1 section, no interest is due if the estimated tax of an individual, estate, or trust is  
2 less than ~~two~~ five hundred dollars per income tax return filed.

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