



APPLICATION FOR QUALIFICATION OF MACHINERY OR EQUIPMENT FOR THE PURPOSE OF AUTOMATING MANUFACTURING PROCESSES
 NORTH DAKOTA DEPARTMENT OF COMMERCE
 SFN 60289 (6/2016)

ND Department of Commerce
 Economic Development &
 Finance Division Use Only
 Qualified Automation Purchases:
 Approved
 Denied

Taxpayer Information

Applicant Name		Federal Identification Number or Social Security Number	
Primary Contact			Telephone Number
Physical Location of ND Facility	City	State	ZIP Code
Mailing Address	City	State	ZIP Code
Website	Email Address		

Business Information

1. Is the business a certified "primary-sector" business? (refer to qualifications) <input type="checkbox"/> Yes <input type="checkbox"/> No	OFFICE USE ONLY
2. Type of business: <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Subchapter S Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____ <input type="checkbox"/> Sole Proprietorship	

The undersigned certifies that the information provided in this document and its attachments is true and accurate.

Applicant (Please print)	Title
Signature	Date

This application requires your Federal Identification Number or Social Security Number. It is under the authority of N.D.C.C. § 57-38-01.33 that you are required to provide this information. The Federal Identification Number or Social Security Number will be used for identification and qualification purposes, and will be provided to the North Dakota Tax Department. Failure to provide this information may cancel your qualification for this tax credit.

Qualifications

In order to qualify, the following requirements must be met:

- The business must be certified as a "primary sector" business: A primary sector business means a business certified by the Department of Commerce which, through the employment of knowledge or labor, adds value to a product, process, or service that results in the creation of new wealth.
- "Manufacturing machinery and equipment for the purpose of automating manufacturing processes" means new or used automation and robotic equipment.
- Expenditures approved for the automation tax credit may not be used in the calculation of any other **income tax** deduction or credit.

Instructions for qualified business

Use this form only for qualification of machinery or equipment used to automate manufacturing processes as required for the automation tax credit under N.D.C.C. § 57-38-01.33.

On Supplement A, or in separate document, describe in detail each new or used automation or robotic equipment acquired for the purpose of automating manufacturing processes. Describe the current manufacturing process and how each purchase will automate the process. Include invoices or other documentation evidencing the item purchased, the purchase date and purchase cost.

Incomplete applications may be deemed ineligible and not processed. Completed application must be postmarked by January 31st of the year following the year of the equipment purchase and sent to:

North Dakota Department of Commerce
 Economic Development & Finance Division
 Attention: Research Manager
 PO Box 2057
 Bismarck, ND 58502-2057

If you have any questions or wish to withdraw an application...

Call:
 701-328-5300

Write to:
 North Dakota Department of Commerce
 Economic Development & Finance Division
 Attention: Research Manager
 PO Box 2057
 Bismarck, ND 58502-2057

For more information on the Automation Tax Credit, please visit:
<http://www.legis.nd.gov/cencode/t57c38.pdf>.

*Taxpayers choosing to pursue other income tax deductions or credits for the approved equipment must withdraw their automation income tax application before January 31st. (For example, an application for equipment purchased in 2015 must be withdrawn before January 31, 2016.) If an application is not withdrawn, the equipment purchases resulting in a credit will be ineligible for any other income tax incentives. (Please note that accessing the automation credit does not prohibit taxpayers from also applying for sales tax exemptions.)

SUPPLEMENT A

(Add additional pages or replicate this format as needed)

#	Name or Description of Machinery or Equipment	Describe how this item automates the current manufacturing process and explain how the process was done prior to purchasing this machinery/equipment	Vendor(s)	Component(s) <small>(leave blank if the equipment was purchased as a whole unit)</small>	Purchase Date <small>(Defined on p 3)</small>	Invoice amount (\$) <small>(Include copies of invoices or receipts)</small>	Non-qualifying costs (\$) <small>(Defined on p 3)</small>	Net Purchase Cost (\$) <small>(Defined on p 3)</small>
1								
2								
3								
4								
5								

Definitions

Purchase Date – A purchase is considered to be made on the date on which title to the property transfers to the taxpayer. This applies for the following purposes:

- No more than \$2 million in credits is allowed for purchases made in the 2015 calendar year. (For the 2016 and 2017 calendar years, no more than \$500,000 in credits for each year is allowed.)
- If total credits based on purchases made by all taxpayers in a calendar year exceed the credit limit, the credits will be prorated among all claimants. If the maximum amount of allowed credits is not claimed in any calendar year, any remaining unclaimed credits may be carried forward and made available in the next succeeding calendar year.
- A taxpayer must claim an allowable credit in the taxpayer's tax year (which could be a calendar or fiscal year) in which the purchase date falls.

Non-qualifying costs – Delivery, training, assembly, installation costs, interest on financing, training, sales tax and other costs incidental to the machinery or equipment purchase are considered the non-qualifying portion of your invoice costs and are not eligible for the credit. Optional warranties are also not eligible for the credit, but taxpayers do not need to subtract the cost of warranties automatically provided as part of the product purchase.

Purchase Cost – The purchase cost means the full* purchase price of the machinery or equipment item itself and any items, such as computer software, that are necessary to the operation of the machinery or equipment item. If the transaction includes a trade-in of other property, the purchase cost means the otherwise eligible cost of the acquired machinery or equipment item less the trade-in value of the other property. To calculate the purchase cost subtract non-qualifying costs (described above) from the invoice amounts.

- * Enter the full purchase price even if paid in installments that are made in more than one calendar year. For example, if you purchase equipment costing \$100,000 that is delivered in 2015 (that is, you acquire title to the equipment in 2015), enter \$100,000 as the purchase cost on the application filed for the 2015 calendar year, even though the payment schedule calls for payments of \$25,000 in 2013, \$50,000 in 2014, and \$25,000 in 2015. The timing of the payments has no effect on either the purchase date or the purchase cost.

Purchase also includes equipment acquired under a capital lease and only for the taxable year in which the lease is executed. A capital lease is a lease which meets generally accepted accounting principles. The qualifying cost of the equipment acquired under a capital lease is the fair market value of the equipment at the inception of the lease rather than the individual lease payments as they are made over the years. For equipment acquired under a capital lease, also include a copy of the lease agreement.