

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**INTEREST AND DIVIDENDS TAX RETURN**  
 GENERAL INSTRUCTIONS

<b>Common Errors</b>	<p>The following is a list of the most common mistakes made by taxpayers when filing a NH Interest and Dividends Tax return. These, along with other errors, may cause the return to be considered an "incomplete return" which may result in the assessment of interest and penalties. To ensure that you have filed a complete return, carefully follow the general and line-by-line instructions and be sure you have done the following:</p> <p><b>Have you signed and dated the return in ink?</b></p> <p><b>If this is a joint return, has your spouse included his/her social security number, signed and dated the return in ink?</b></p> <p><b>If there is a balance due of \$1.00 or greater, have you enclosed a check for the total amount due?</b></p> <p><b>Did you make the check payable to the State of New Hampshire?</b></p> <p><b>Is the written amount on the check the same as the numeric amount?</b></p> <p><b>Have you signed and dated the check?</b></p> <p><b>Have you enclosed both pages of Form DP-10?</b></p> <p><b>Did you mistakenly send a payment in the amount of your credit or refund? If you would like to make an additional payment please use Form DP-10-ES</b></p>
<b>Who Must File A Return</b>	<p><b>INDIVIDUALS:</b> Individuals who are residents or inhabitants of NH for any part of the tax year must file providing they received more than \$2,400 of gross taxable interest and/or dividend income for a single individual or \$4,800 of such income for a married couple filing a joint New Hampshire return. (Part-year residents see below.)</p> <p>To determine whether a return must be filed, you should complete Page 2, Lines 1 - 7.</p> <p>If the amount on Line 7 is \$0 or less you are not required to file an Interest and Dividends Tax Return.</p> <p><b>PARTNERSHIPS, LLC's, ASSOCIATIONS, TRUSTS AND FIDUCIARIES:</b> Please see separate tables in this booklet regarding "WHO" and "WHAT" is taxable.</p>
<b>Joint Filers</b>	<p>To ensure your payments are credited to your account, the sequence of names and social security numbers must be consistent on all Interest and Dividends Tax estimates, extensions and returns.</p>
<b>Part Year Resident</b>	<p>For New Hampshire Interest &amp; Dividends Tax purposes, a "part year resident" is someone who has permanently established residency in New Hampshire during the year or who has permanently abandoned residency in New Hampshire during the year.</p> <p>If you <b>established</b> residency after January 1, 2003, check the "Initial Return" box and enter the date of residency in Step 2. If you <b>abandoned</b> residency during the year, check the "Final Return" box and enter the date in Step 2.</p> <p>A temporary absence for any length of time does not change your state of residency. If you are unsure whether you are a resident of New Hampshire, please call the Taxpayer Assistance Office (603) 271-2186, Monday through Friday, 8:00 a.m. to 4:30 p.m.</p> <p>Only the interest and dividend income earned during that portion of the year for which they were a New Hampshire resident is taxable. Part-year residents are entitled to the full \$2,400 exemption (or \$4,800 for joint filers) and the full amount for the exemptions shown on Line 9 of the return.</p> <p>Part-year residents must file a return if, during the entire year, their adjusted taxable income was over \$2,400 (or over \$4,800 for joint filers).</p>
<b>When To File</b>	<p>Calendar Year: If your return is based on a calendar year, it must be postmarked on or before April 15, 2004. Fiscal Year: If your return is based on a taxable period other than a calendar year, it must be postmarked on or before the 15th day of the fourth month following the end of your taxable period.</p>
<b>Where To File</b>	<p>MAIL NH DEPT OF REVENUE ADMINISTRATION        TO: DOCUMENT PROCESSING DIVISION        PO BOX 2072        CONCORD NH 03302-2072</p> <p style="text-align: right;"><b>FACSIMILE DOCUMENTS ARE NOT ACCEPTED</b></p>
<b>Extension To File</b>	<p>New Hampshire does not require taxpayers to file an application for an automatic 7-month extension of time to file provided that the taxpayer has paid 100% of the Interest and Dividends Tax determined to be due by the due date of the tax.</p> <p>If you need to make an additional payment, you may file a Form DP-59-A along with the payment or e-file your payment on-line at <a href="http://www.state.nh.us/revenue">www.state.nh.us/revenue</a>. This application and payment must be postmarked on or before the due date of the tax. Failure to pay 100% of the tax due by the original due date will result in the assessment of interest and may result in the assessment of penalties. You are not required to attach a copy of your federal extension to your return.</p>
<b>Confidential Information</b>	<p>Tax information which is disclosed to the New Hampshire Department of Revenue Administration is held in strict confidence by law. The information may be disclosed to the United States Internal Revenue Service, agencies responsible for the administration of taxes in other states in accordance with compacts for the exchange of information, and as otherwise authorized by New Hampshire RSA 21-J:14.</p>
<b>Social Security Numbers</b>	<p>Disclosure of social security numbers is mandatory under Department of Revenue Administration rules Rev. 10/03 221.02, 221.03. This information is required for the purpose of administering the tax laws of this state and authorized by 42 U.S.C.S. § 405 (c)(2)(C)(i). The failure to provide social security numbers may result in a rejection of a return or application. The failure to timely file a return or application complete with social security numbers may result in the imposition of civil or criminal penalties, the disallowance of claimed exemptions, exclusions, credits, deductions or adjustments that may result in increased tax liability.</p>
<b>Amended Returns</b>	<p>If you discover an error was made on your return after it has been filed, an amended New Hampshire return should be promptly filed by completing a corrected Form DP-10 and by checking the "AMENDED" box in Step 2 on the return. New Hampshire does not have a separate form for amended returns.</p>
<b>Rounding</b>	<p>Money items on all Interest and Dividends Tax forms may be rounded off to the nearest whole dollar.</p>
<b>Need Help</b>	<p>Call the Taxpayer Assistance Office at (603) 271-2186, Monday through Friday, 8:00 am to 4:30 pm. All written correspondence to the Department should include the taxpayer name, federal employer identification number or social security number, the name of a contact person and a daytime telephone number.</p>
<b>Need Forms</b>	<p>To obtain additional forms or forms not contained in this booklet, you may visit our web site at <a href="http://www.state.nh.us/revenue">www.state.nh.us/revenue</a> or call (603) 271-2192. Copies of the state tax forms may also be obtained from any of the 21 Depository Libraries located throughout the State. (See page 2 for a list of Depository Libraries.)</p>
<b>Report Of Change</b>	<p>To report a change to your Interest and Dividends Tax Return for years 1994 to present, (which resulted from a federal audit) file a separate report of change, Form ROC-DP-10, for each year. To report a change for taxable periods prior to 1994 contact the Department for the appropriate forms and instructions. To file a report of change on an Interest and Dividends Tax return, you will need to use the federal adjustment and a copy of your return as originally filed or previously adjusted. When filing the completed ROC-DP-10, you must sign in ink and include the IRS form reporting the change. Follow the line by line instructions when filling out the report of change. An incomplete ROC will not be accepted. You may contact the Audit Division at (603) 271-3400 with any report of change questions.</p>

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**INTEREST AND DIVIDENDS TAX RETURN**  
LINE-BY-LINE INSTRUCTIONS

<b>STEP 1</b>	Type or print the name and address in the space provided. Individual/Joint returns must include social security number and, if applicable, spouse's social security number in the space provided. For partnership or fiduciary returns, enter the federal employer identification number in the space provided.																																
<b>STEP 2</b>	Entity type. You must check only one box. If a partnership return, enter the percentage of ownership by New Hampshire residents. If a fiduciary return, enter the percentage of NH beneficiaries.  Check the appropriate box(es) that apply and enter the date of the event. If "Final Deceased", enter the date of death.  Forms mailing information: If you will not be at your New Hampshire mailing address when the forms are mailed on approximately January 2nd and if you would like forms mailed to a winter address, please check the box and provide the address. <b>This address will be used for form mailing purposes only.</b>																																
<b>STEP 3</b>	Complete the second page of this return before proceeding to Step 4. <b>LINE 1(a) INTEREST INCOME:</b> Enter on Line 1(a) <b>ALL</b> interest income. For individual and joint filers the amount to be reported on Line 1(a) is from Line 8(a) of IRS Form 1040 or 1040A. For partnerships and fiduciary filers, the amount to be reported on Line 1(a) is the total of all interest income reported on your federal return. NOTE: All interest income which is not taxable to NH will be deducted on Line 4. <b>LINE 1(b) DIVIDEND INCOME:</b> Enter on Line 1(b) <b>ALL</b> ordinary dividend income. For individual and joint filers the amount to be reported on Line 1(b) is from Line 9 of IRS Form 1040 or 1040A. NOTE: All dividend income which is not taxable to NH will be deducted on Line 4. <b>LINE 1(c) FEDERAL TAX-EXEMPT INTEREST INCOME:</b> Enter on Line 1(c) the amount of <b>ALL</b> federally tax-exempt interest income. For individuals and joint filers, the amount is from IRS Form 1040 or 1040A, Line 8 (b). Unless specifically exempt by New Hampshire law, all federally tax-exempt interest income is taxable to New Hampshire. NOTE: All federal tax-exempt interest income that is not taxable to NH will be deducted on Line 4. <b>LINE 1(d)</b> Enter the subtotal of Lines 1(a), 1(b) and 1(c).  <b>LINE 2 DISTRIBUTIONS SUBJECT TO THE NH INTEREST AND DIVIDENDS TAX:</b> In column I, enter the entity code number which represents the type of entity of the payer. See the box below for ENTITY TYPE CODES. In column II, enter the name of the payer. In column III, enter the payer's social security number or federal employer identification number, if known. In column IV, enter the total amount of cash or property distribution received or constructively received. This amount may not correspond to any line on your Federal Form 1040 or your Federal Schedule K-1. NOTE: This is not a tax on pass-through portfolio income, gains or losses from a Federal Schedule K-1. Therefore, do not include any pass-through gains or losses from Federal Schedule K-1.  List on Line 2 the actual cash or property distributions you received or constructively received from "S" corporations, partnerships with transferable shares, trusts or estates with transferable shares, or the return of capital from qualified investment capital companies when the investment is returned within three years of the original deduction. These distributions are subject to tax in NH as a "dividend". (Transferable means that you can freely transfer your shares without causing a dissolution of the organization or without prior approval of the other members.) All publicly traded partnerships fall into this category. <b>ALL NONTAXABLE INCOME WILL BE DEDUCTED ON LINE 4.</b> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width:20%;">Entity Code</td> <td style="width:20%; text-align:center;">2</td> <td style="width:20%; text-align:center;">3</td> <td style="width:20%; text-align:center;">4</td> <td style="width:20%; text-align:center;">5</td> </tr> <tr> <td>Entity Type</td> <td style="text-align:center;">S-Corporations</td> <td style="text-align:center;">Partnerships</td> <td style="text-align:center;">Trusts or Estates</td> <td style="text-align:center;">Other</td> </tr> </table> <b>LINE 3</b> Enter the sum of Line 1(d) plus Line 2.  See Quick Checklist in this booklet for examples of taxable and non-taxable income sources. <b>LINE 4 INTEREST AND DIVIDENDS INCOME NOT TAXABLE TO NH:</b> In column I, enter the reason code number which corresponds to the reason the income is not subject to the Interest and Dividends Tax. (See the box below for reason codes.) In column II, enter the name of the payer. In column III, enter the payer's social security number or federal identification number, if known. In column IV enter the non-taxable amount. These items should only be deducted if they were included on Lines 1(a), 1(b), 1(c) or 2. <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width:15%;">REASON CODE</th> <th>REASON</th> </tr> </thead> <tbody> <tr><td>1 .....</td><td>Direct US government obligations</td></tr> <tr><td>2 .....</td><td>NH municipal bond</td></tr> <tr><td>3 .....</td><td>Long or short term capital gains included in Line 3</td></tr> <tr><td>4 .....</td><td>Individual retirement account/Keogh plans/other exempt retirement plans</td></tr> <tr><td>5 .....</td><td>Liquidating distributions</td></tr> <tr><td>6 .....</td><td>100% of K-1 interest or dividend income from a partnership/trust with non-transferable shares which is subject to I&amp;D tax</td></tr> <tr><td>7 .....</td><td>A portion of interest or dividend income from a partnership/trust with non-transferable shares which is <u>not</u> subject to I&amp;D tax</td></tr> <tr><td>8 .....</td><td>Allocation to non-NH residents</td></tr> <tr><td>9 .....</td><td>Specifically exempted Puerto Rico, Guam and Virgin Island bonds.</td></tr> <tr><td>10 .....</td><td>Distributive share of the entity's interest or dividend income indicated on Schedule K-1 and included in the partner, beneficiary or shareholder's federal income tax return.</td></tr> </tbody> </table> <b>REASON CODE 7 CALCULATION:</b> Example: a resident/inhabitant receives a \$5,000 distribution from a partnership that has no usual place of business in New Hampshire and the Partnership has non-transferrable shares or from a fiduciary that is not a New Hampshire trust and the Fiduciary has non-transferrable shares.  The partnership or fiduciary's total gross income is \$100,000 and its interest and dividend income is \$10,000. The amount of the distribution that is non-taxable to the resident is \$4,500; \$100,000 - \$10,000 = \$90,000/\$100,000 x \$5,000. <b>Line 4(d) PART-YEAR RESIDENT NON-TAXABLE PRO RATA SHARE:</b> A part-year resident is a resident who established or abandoned residency during the year. Part-year residents may prorate interest and dividends income. Individuals filing as part-year residents may deduct the amount of taxable income earned while not a resident of New Hampshire. To determine the annual taxable income for the prorata share calculation, subtract Line 4(c), the subtotal of non-taxable income from Line 3, then apply the following calculation to that figure to determine the amount to enter on Line 4(d), part-year resident prorata share. <div style="text-align: right; margin-right: 20px;"><math display="block">\text{Annual taxable income} \times \frac{\text{number of days a Non-NH Resident}}{365 \text{ days of the year}}</math></div> Enter the total of Line 4(c) plus Line 4(d) on Line 4.	Entity Code	2	3	4	5	Entity Type	S-Corporations	Partnerships	Trusts or Estates	Other	REASON CODE	REASON	1 .....	Direct US government obligations	2 .....	NH municipal bond	3 .....	Long or short term capital gains included in Line 3	4 .....	Individual retirement account/Keogh plans/other exempt retirement plans	5 .....	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<b>STEP 3</b> Con- tinued	<p><b>LINE 5 GROSS TAXABLE INCOME:</b> Enter the amount of Line 3 minus Line 4. To figure your Net Taxable Income, complete Lines 6 through 10. For Individual /Joint filers ONLY, if Line 7 is zero, you are not required to file a return. Check the box under Line 7 if you would like to be removed from the forms mailing list.</p> <p><b>LINE 6</b> Enter the income exemption. \$2,400 for individual, partnership or fiduciary or \$4,800, for joint filer.</p> <p><b>LINE 7</b> Calculate your Adjusted Taxable Income, Line 5 minus Line 6. If the result is \$0 you are not required to file this return. If you wish to be removed from our mailing list please check the box.</p> <p><b>LINE 8</b> Deduct here the amount of any cash contribution made during the taxable period to a qualified investment capital company as defined in RSA 77-A:1,XXIV. (The return of any such contributions received within the next three subsequent periods is taxable and should subsequently be included as a taxable distribution.)</p> <p><b>LINE 9</b> Check the exemptions that apply. Multiply the number of boxes checked by \$1,200 and enter the result.</p> <p><b>LINE 10</b> Calculate the Net Taxable Income by subtracting Lines 8 and 9 from Line 7.</p>																																		
<b>STEP 4</b>	<p><b>LINE 11</b> Enter the amount from Page 2, Line 10.</p> <p><b>LINE 12</b> Figure your Interest &amp; Dividends Tax by multiplying Line 11 by 5% (.05).</p> <p><b>LINE 13</b> Enter your payments on Lines 13(a) through 13(d). Enter the sum of your payments on Line 13.</p> <p><b>LINE 14</b> Calculate the balance of the tax due (Line 12 minus Line 13). Enter the remainder, balance of tax due, on Line 14.</p> <p><b>LINE 15</b> Calculate your interest and penalties, if any, as follows, and enter them on Lines 15(a) through 15(d).</p> <p><b>(a) INTEREST:</b> Interest is calculated on the balance of tax due from the original due date to the date paid at the applicable rate listed below. Tax due x number of days from due date to date tax was paid x daily rate decimal equivalent.</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">x _____</td> <td style="text-align: center;">x _____</td> <td style="text-align: center;">= _____</td> <td style="text-align: right;">Enter on Line 15(a).</td> </tr> <tr> <td style="text-align: center;">Tax Due</td> <td style="text-align: center;">Number of days</td> <td style="text-align: center;">Daily decimal rate equivalent (see below for applicable rates)</td> <td style="text-align: center;">Interest due</td> <td></td> </tr> </table> <p><b>NOTE:</b> The interest rate is recomputed each year under the provisions of RSA 21-J:28, II. Applicable rates are as follows (contact the Department for applicable rates for any other years):</p> <table border="1" style="width:100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: center;">PERIOD</th> <th style="text-align: center;">RATE</th> <th style="text-align: center;">DAILY RATE DECIMAL EQUIVALENT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1/1/2004 - 12/31/2004</td> <td style="text-align: center;">7%</td> <td style="text-align: center;">.000191</td> </tr> <tr> <td style="text-align: center;">1/1/2003 - 12/31/2003</td> <td style="text-align: center;">8%</td> <td style="text-align: center;">.000219</td> </tr> <tr> <td style="text-align: center;">1/1/2002 - 12/31/2002</td> <td style="text-align: center;">9%</td> <td style="text-align: center;">.000247</td> </tr> <tr> <td style="text-align: center;">1/1/2001 - 12/31/2001</td> <td style="text-align: center;">11%</td> <td style="text-align: center;">.000301</td> </tr> <tr> <td style="text-align: center;">1/1/1999 - 12/31/2000</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">.000274</td> </tr> <tr> <td style="text-align: center;">1/1/1998 - 12/31/1998</td> <td style="text-align: center;">11%</td> <td style="text-align: center;">.000301</td> </tr> <tr> <td style="text-align: center;">Prior to 1/1/98</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">.000411</td> </tr> </tbody> </table> <p><b>(b) FAILURE TO PAY:</b> A penalty equal to 10% of any nonpayment or underpayment of taxes shall be imposed if the taxpayer fails to pay the tax when due. If the failure to pay is due to fraud, the penalty shall be 50% of the amount of the nonpayment or underpayment.</p> <p><b>(c) FAILURE TO FILE:</b> A taxpayer failing to timely file a complete return may be subject to a penalty equal to 5% of the tax due for each month or part thereof that the return remains unfiled or incomplete. The total amount of this penalty shall not exceed 25% of the balance of tax due. Calculate this penalty starting from the original due date of the return until the date a complete return is filed.</p> <p><b>(d) UNDERPAYMENT PENALTY:</b> As of January 1, 2004 if your tax is more than \$500 you are required to make estimated tax payments during the tax year. To calculate your penalty for nonpayment or underpayment of estimated tax or to determine if you qualify for an exception from making estimated payments, complete and <b>attach</b> Form DP-2210/2220. Form DP-2210/2220 may be obtained from our web site at <a href="http://www.state.nh.us/revenue">www.state.nh.us/revenue</a> or by calling the Department of Revenue Administration forms line at (603) 271-2192.</p> <p><b>NOTE:</b> Taxpayers who substantially understate their tax may be assessed a penalty by the Department in the amount of 25% of any underpayment of the tax resulting from such understatement. There is a substantial understatement of tax if the amount of the understatement exceeds 10 percent of the tax required to be shown on the return or \$5,000.</p>	_____	x _____	x _____	= _____	Enter on Line 15(a).	Tax Due	Number of days	Daily decimal rate equivalent (see below for applicable rates)	Interest due		PERIOD	RATE	DAILY RATE DECIMAL EQUIVALENT	1/1/2004 - 12/31/2004	7%	.000191	1/1/2003 - 12/31/2003	8%	.000219	1/1/2002 - 12/31/2002	9%	.000247	1/1/2001 - 12/31/2001	11%	.000301	1/1/1999 - 12/31/2000	10%	.000274	1/1/1998 - 12/31/1998	11%	.000301	Prior to 1/1/98	15%	.000411
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<b>STEP 5</b>	<p><b>LINE 16(a)</b> Enter the subtotal of amount due. (Line 14 plus Line 15)</p> <p><b>LINE 16(b)</b> Enter the amount of any return payment made electronically.</p> <p><b>LINE 16</b> Calculate your net balance due. Line 16(a) minus Line 16(b). Enter the result on Line 16. Make check or money order payable to: State of New Hampshire. Payment must accompany the return; <b>HOWEVER, PLEASE ENCLOSE, BUT DO NOT STAPLE OR TAPE, YOUR PAYMENT TO THE RETURN.</b> To ensure your check is credited to your account, please put your social security number or federal employer identification number on the check.</p> <p>If you have a \$0 balance due or tax due, you may file this return on-line by logging on to <a href="http://www.state.nh.us/revenue">www.state.nh.us/revenue</a>. If the net balance due is less than \$1.00, do not pay <b>but still file the return.</b></p> <p><b>LINE 17</b> If the total payments (Line 13, plus Line 16(b)) are greater than total tax (Line 12) plus interest and penalties (Line 15) then you have over paid. Enter the overpayment amount on Line 17.</p> <p><b>LINE 18</b> The taxpayer has an option of applying any part of the overpayment or the total amount of the overpayment as a credit to next year's return. Enter the desired credit on Line 18(a). The remainder, which will be refunded, should be entered on Line 18(b). If Line 18(a) is not completed, the entire overpayment will be refunded. <b>Please allow up to 12 weeks for the Department to process the refund.</b></p>																																		
<b>SIGNATURE(S)</b>	<p>You <b>MUST SIGN IN INK AND DATE</b> your return. If you are filing a joint return, both husband and wife must sign in ink and date the return even if only one of you had income. If you paid a preparer to complete this return, then the preparer must also sign in ink and date the return. The preparer must also provide his/her federal employer identification number, social security number or federal preparer tax identification number and complete address.</p>																																		

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
**INTEREST AND DIVIDENDS TAX RETURN**  
INSTRUCTIONS (continued)

**WHO IS TAXABLE**  
RSA 77:3 and Rev 902.06

INDIVIDUALS	PARTNERSHIPS, LLC'S, ASSOCIATIONS	TRUSTS/FIDUCIARIES
<p><b>IF:</b> Inhabitants or residents of NH for any part of the taxable period; and  Gross interest and dividend income from all sources exceeds \$2,400 during the taxable period.</p>	<p><b>IF:</b> Entity has non-transferable shares;  Gross interest and dividend income from all sources exceeds \$2,400 during the taxable period;  Primary or central place of business in NH; and  Any partner, trustee, member or owner is an inhabitant or resident of NH.</p>	<p><b>IF:</b> Entity has non-transferable shares;  Gross interest and dividend income from all sources exceeds \$2,400 during the taxable period;  Fiduciaries derived their appointment from a NH court or the trust property is located in NH; and  Trustee is an inhabitant or resident of NH.</p>

**WHAT IS TAXABLE**  
To the Individual Filer

The actual cash or property distributions you receive from partnerships, LLCs, associations, estates or trusts fall into one of the following three categories: entirely NOT taxable to New Hampshire, entirely taxable to New Hampshire, or taxable in part to New Hampshire. In general, you can determine which category your income falls into by answering the questions below.

- (A) **Is the organization required to file its own New Hampshire Interest and Dividends Tax return?** If yes, your entire distribution is NOT taxable to New Hampshire. See (1) below. Use reason code 6. If no, move on to question B.
- (B) **Does the organization have transferable shares?** Can you freely transfer your shares without causing a dissolution of the organization or without obtaining prior member approval? If yes, your entire ACTUAL distribution from this organization is taxable. See (2) below. If no, move on to (C), below.
- (C) **If the organization is not required to file its own New Hampshire Interest & Dividends Tax return AND the organization has non-transferable shares,** then the distribution you received from them is taxable to you as if it had come from its original source. The interest and dividend income subject to tax shall be imposed on the portion of the actual distribution which represents interest or dividends received by the entity. See (3) below. Use reason code 7.

INCOME FROM	WHAT IS TAXABLE	HOW TO SHOW THE TAXABLE PORTION
Partnerships LLC's Associations Trusts or Estates	(1) No part of your distribution is taxable to NH.	Not applicable.
	(2) All of your actual and constructive receipt of distribution (including non-cash distributions) from this entity is taxable to NH regardless of the original source of the income.	On page 2, Line 2, enter its entity code, list the name of the entity and its federal employer identification number. In Column IV enter the total amount of the distribution you received.
	(3) A portion of the distribution you received is taxable to you. The taxable portion is determined by multiplying the amount of the actual distribution received by a fraction. The numerator is the total interest and dividends received by the entity. The denominator is the total amount of gross income received by the entity.	On page 2, Line 2, enter its entity code, list the name of the entity and its federal employer identification number. In Column IV enter the total amount of the distribution you received. Enter the non-taxable amount on Line 4 and use Reason Code 7.
"S" Corporations	All actual and constructive receipt of distributions (including non-cash distributions) from an "S" corporation are taxable to NH regardless of the original source of the income.	On page 2, Line 2, enter entity code 2, list the name of the "S" corporation and its federal employer identification number. In Column IV enter the total amount of the distribution you received.

**WHAT IS TAXABLE**

To the Partnership, Limited Liability Company, Association or Trust

	WHAT IS TAXABLE	HOW TO SHOW THE TAXABLE PORTION
Partnership, Limited Liability Company, Association or Trust when <b>all</b> of the interest holders are residents or inhabitants of NH.	<b>All</b> interest and dividends received which would be taxable if received by a resident individual.	List the interest and dividend income on Lines 1(a), (b) and (c) and Line 2. Enter the non-taxable amounts on 4, with the reason code and the payer's name and federal employer identification number.
Partnership, Limited Liability Company, Association or Trust when <b>some</b> of the interest holders are residents or inhabitants of NH.	Of the interest and dividends received, which would be taxable if received by a resident individual an amount proportionate to the aggregate interest of the partners or members who are inhabitants of this state.	List the interest and dividend income on Lines 1(a), (b) and (c) and Line 2. Enter the non-taxable amounts on Line 4, with the reason code and the payer's name and federal employer identification number. Use reason code 8 to reflect non-taxable interest and dividends allocated to non-NH residents interest holder.

## QUICK CHECKLIST

### Taxable to New Hampshire

### Not Taxable to New Hampshire

#### — INTEREST —

- All banks, credit unions, building & loan associations, trust companies.
- Bonds, notes and money at interest and from all debts due the person being taxed unless specifically exempt
- Personal life insurance interest
- Personal mortgages and loans
- Repurchase agreements
- Municipal bonds, EXCEPT New Hampshire
- Deemed interest
- Indirect obligations of the US Government including: Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation, and Farmers Home Administration
- Annuities (except as part of an employee benefit plan as defined in ERISA of 1974 Sec. 3, or the principal portion of life insurance proceeds)
- Annual calculated interest from zero coupon bonds
- OID interest as shown on your 1099
- Interest paid on income tax refunds

- New Hampshire State and New Hampshire Municipal bonds
- Individual Retirement Accounts
- Keogh Plans
- Tax Deferred Investment Plans
- Employee Benefit Plans defined by ERISA of 1974, Sec. 3
- Specifically exempted Puerto Rico, Guam & Virgin Islands bonds
- Direct obligations of the US Government including: Treasury Bills, US Savings Bonds, Treasury Bonds, Federal Home Loan Banks, US Postal Securities, Small Business Administration, Tennessee Valley Authority, Farm Credit System, Federal Financing Bank, General Services Administration, Student Loan Marketing Association (SLMA), and Resolution Funding Corporation
- New Hampshire Housing Authority Bonds, Industrial Development Authority, New Hampshire Higher Education and Health Facilities Authority, Firemen's Retirement, New Hampshire Retirement System, State Retirement Allowance
- Interest received from qualified funds invested in College Tuition Savings Plans.

#### — DIVIDENDS —

- Banks and bank holding companies
- All dividends unless specifically exempt by law
- Corporations (including NH Corporations)
- Mutual funds EXCEPT portion generated from direct obligations of the US Government or from capital gains
- Automatic reinvestments
- Actual cash or property distributions from "S" Corporations (see instructions)
- Fair market value of distributed property by a business organization
- Forgiveness of debt by an organization
- Personal expenditures made by an organization for an individual and the fair market value of any property transferred
- World Bank dividends
- Deemed dividends

- Capital gains, or any portion of the dividend that represents capital gain
- Return of capital, or any portion of the dividend that represents return of capital
- Stock dividends paid in new stock (not automatic reinvestment of mutual funds)
- Liquidating dividends
- Individual Retirement Accounts
- Keogh Plans
- Tax deferred investment plans
- Sale or exchange of transferable shares
- 1099 PATR (Patronage Dividends)
- Mutual funds which invest solely in New Hampshire tax-exempt instruments
- Dividends received from qualified funds invested in College Tuition Savings Plans.