

## NC3 e-Filing Questions for NC Department of Revenue

Jan. 11, 2019

1. Can we submit NC-5501 with 1099s we MAIL to the NCDOR to waive the penalty for not e-filing if our preparation software is not compatible with NC? Should we just leave Part 3, "notice number" blank?

**Response:** On January 11, 2019, the Secretary of Revenue announced an automatic waiver of the penalty for failure to file Form NC-3 in the format prescribed by the Secretary. See the Important Notice dated January 11, 2019. Of importance, because the Secretary became aware that some software vendors were not providing support for the electronic filing of Form NC-3 or the required W-2 and 1099 statements (collectively, "Form NC-3"), the Secretary has elected to automatically waive the \$200 penalty for failure to file the 2018 Form NC-3 in the format prescribed by the Secretary.

Thus, if you file a 2018 Form NC-3 either electronically or by paper on or before January 31, 2019, you do not have to submit Form NC-5501. The Department will not impose the \$200 penalty for failure to file an informational return in the format prescribed by the Secretary. Note: If you file a 2018 Form NC-3 after January 31, 2019, the Secretary will impose a failure to timely file penalty against the payer as prescribed under G.S. 105-236(b)(10)(c). The failure to file penalty is \$50 per day, up to a maximum of \$1,000, for failure to file the informational return by the date the informational return is due.

2. For those of us who are not subject to the penalty and do not want to pay for a 1099 service, it appears that we have two choices. 1) Type the information manually into the NCDOR website, or 2) mail in paper copies. Last year I believe we had to include a cover sheet with the Payor Name and EIN number. Could you please confirm the process for filing on paper and identify the name and address for mailing?

**Response:** A person who is not required to file Form NC-3 but is still required to file certain W-2 and 1099 statements can choose to electronically file the statements through the eNC3 and Information Reporting Application, or file the statements on paper. If the person chooses to file the required statements on paper, mail the required statements to:

North Carolina Department of Revenue,  
PO Box 25000  
Raleigh, North Carolina 27640-0001

Do not include a separate cover sheet when submitting the paper 1099 statements.

3. What address do we send paper copies of 1099s (without withholdings) to, and exactly what needs to be included with the paper filing (cover sheet? penalty waiver?)

**Response:** Mail paper copies of Form NC-3 (including paper copies of W-2 and 1099 statements) to:

North Carolina Department of Revenue,  
PO Box 25000  
Raleigh, North Carolina 27640-0001

Do not include a separate cover sheet when submitting paper copies of required W-2 or 1099 statements. Do not submit a photocopy of any NC-3 form filed electronically. Do not submit Form NC-5501 unless Form NC-3 is submitted after the due date of the return (see the response to question number 1).

4. I read some of the FAQ's on the DOR's website. One of the FAQ's stated that 1099s had to be filed by either Web Upload or Manual Entry. At the moment it is my understanding that QuickBooks and ATX (the two software programs I have used in the past) do not produce the file that is needed for the web upload; therefore, filing electronically would require extra work in order to manually enter the data on the DOR's website. NC-5501 reasons for penalty waiver include one for software packages that do not support the electronic filing of the forms; however, 1099MISC is not listed as one of the eligible forms, but there is a blank to write in other form numbers. I called the NCDOR practitioner priority, eNC3 department and withholding department and can't get an answer – can the 1099s be filed on paper along with NC-5501 and avoid the penalty since they are being filed on paper versus electronically?

**Response:** See the response to question number 1.