The background is a gradient of blue, with decorative white circuit-like lines in the corners. The main title is centered and reads:

North Carolina Personal Income Tax 101 The Basics

**Presented by:
Michael A. Hannah, CPA
Attorney at Law
Bear Creek, NC**

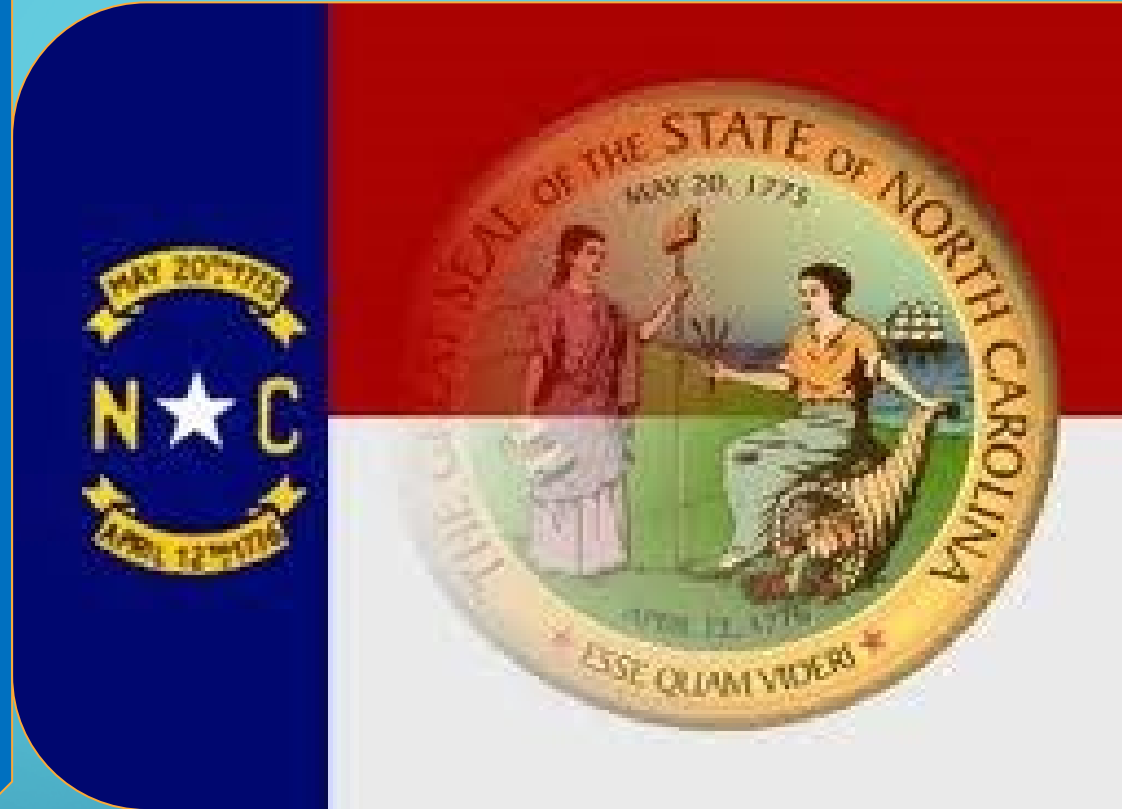
Disclaimer

- **This presentation is for general information only and should not be interpreted as or used as specific tax advice.**
- **Some audience questions may require additional facts before a response may be given.**
- **The presentation does not take into consideration draft or future legislation.**
- **The presentation has not been reviewed by the NC Department of Revenue and does not represent a legal opinion by that agency on any of the issues discussed herein**

**But First, A
Bit of
Christmas
Cheer to
Celebrate
This Festive
Season.....**



Audience Questions During the Presentation



mikeh@mhannahlaw.com

THE NORTH CAROLINA PERSONAL INCOME TAX

- Provides a major percentage of the revenues for the State
- Quite similar to the Federal Income Tax, but there are significant differences that can cause issues
- Revenue Laws in Chapter 105 of the NC General Statutes provide the basic structure
- Major changes to laws starting in 2012 and continuing today
- NCDOR does an excellent job providing resources and assistance to taxpayers and practitioners

The background is a gradient of blue. In the corners, there are decorative white lines that resemble a circuit board or a network diagram, with lines connecting to small circles.

Resources Available from NCDOR to Assist Taxpayers And Practitioners

NCDOR/ IRS Tax Calendar

The screenshot shows the NCDOR website header with the logo, a search bar, and navigation links for Home, File & Pay, Taxes & Forms, Received A Notice, News, About Us, and Contact Us. The main content area is titled 'Taxes & Forms' and contains a grid of links for various tax categories: Individual Income Tax, Sales And Use Tax, Withholding Tax, Corporate Income & Franchise Tax, Motor Carrier Tax (IFTA/IN), Privilege License Tax, Motor Fuels Tax, Alcoholic Beverages Tax, Tobacco Products Tax, Partnership Tax, Property Tax, Collections – Past Due Taxes, Business Registration, Information For Tax Professionals, Policies, Other Taxes And Fees, Tax Resources, IFTA Annual Interest Rates, Motor Carrier Seminars, and Customer Education.

Tax Information

[Corporate & Franchise Tax](#)

[Individual Income Tax](#)

[Privilege License Tax](#)

[Sales & Use Tax](#)

Business Taxes

[Business Registration](#)

[NCDOR and IRS Tax Calendar with Due Dates](#)



[Tax Update Alerts](#)

[Information for Tax Professionals](#)

Additional Resources

[NCDOR YouTube Videos](#)

[Income Tax Estimator](#)

[Event Descriptions](#)

[Request a Speaker](#)

Tax Calendar

The Department of Revenue works with the IRS to provide information that is relevant to both agencies. The business tax calendar, produced in conjunction with the IRS, aims to help businesses keep up with important reporting dates for the IRS and DOR.

The screenshot shows a Google Calendar for June 2021. The calendar displays various tax events with color-coded boxes: blue for NCDOR events and green for IRS events. Key events include:

- June 1: File Form 2290 and File Form 730 and (green)
- June 2: Deposit payroll tax (green)
- June 3: NCDOR Deposit pa (blue)
- June 4: Deposit payroll tax (green)
- June 5: NCDOR Deposit pa (blue)
- June 9: Deposit payroll tax (green)
- June 10: Employers: Emplon (green)
- June 11: Deposit payroll tax (green)
- June 12: NCDOR Deposit pa (blue)
- June 15: Corporations: Depi (green)
- June 16: Deposit payroll tax (green)
- June 17: NCDOR Deposit pa (blue)
- June 18: Deposit payroll tax (green)
- June 19: NCDOR Deposit pa (blue)
- June 21: NCDOR--Business (blue)
- June 22: Deposit payroll tax (green)
- June 23: NCDOR Deposit pa (blue)
- June 24: Deposit payroll tax (green)
- June 25: NCDOR Deposit pa (blue)
- June 30: Deposit payroll tax (green)
- June 30: File Form 2290 and File Form 730 and (green)
- June 30: NCDOR Deposit pa (blue)
- July 1: File Form 11-C to (green)
- July 2: Deposit payroll tax (green)

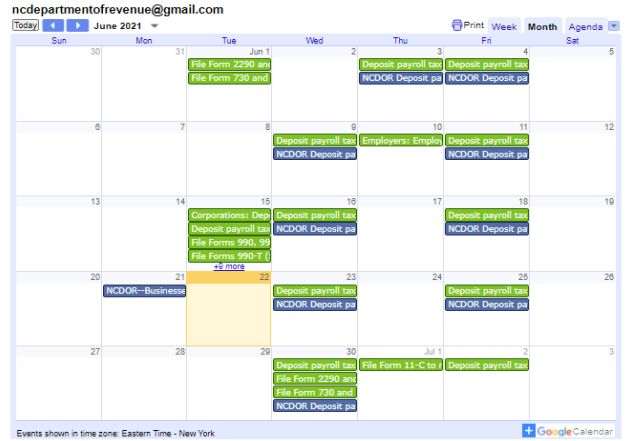
Please note that not all dues dates for every tax type are included on this calendar.

Due dates and filings pertaining to the North Carolina Department of Revenue are highlighted in blue.

Due dates and filings pertaining to the Internal Revenue Service are highlighted in green.

Tax Calendar

The Department of Revenue works with the IRS to provide information that is relevant to both agencies. The business tax calendar, produced in conjunction with the IRS, aims to help businesses keep up with important reporting dates for the IRS and DOR.



Please note that not all dues dates for every tax type are included on this calendar.

Due dates and filings pertaining to the North Carolina Department of Revenue are highlighted in blue.

Due dates and filings pertaining to the Internal Revenue Service are highlighted in green.

NCDOR/ IRS Tax Calendar

The Department of Revenue works with the IRS to provide pertinent information that applies to both agencies.

One of our partnered documents, a small business calendar, is posted on our website on our “Just for Small Businesses” page.

The calendar produced in conjunction with the IRS aims to help small businesses keep up with important reporting dates for the IRS and DOR.

E-Alerts

The screenshot shows the NCDOR website interface. At the top left is the NCDOR logo (North Carolina Department of Revenue). A search bar is located at the top center. On the top right, there are links for 'NC.GOV', 'AGENCIES', 'JOBS', 'SERVICES', and a notification bell icon with the number '1'. The main navigation bar includes 'Home', 'File & Pay', 'Taxes & Forms', 'Received A Notice', 'News', 'About Us', and 'Contact Us'. The 'Contact Us' link is circled in red. Below the navigation bar, the 'Contact Us' page is displayed, with the 'E-Alerts' link circled in red. A dropdown menu for 'Subscription Topics' is open, listing various categories with checkboxes. A red arrow points from the 'E-Alerts' link to the dropdown menu.

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

Search...

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Subscription Topics

- News and updates
 - News and announcements
 - Sales and Use Tax
 - Excise Tax
 - Withholding Tax
 - Individual Income Tax
 - All Tax Topics
 - Set Off Agencies
 - MVP Tax

Media Requests

Report Tax Fraud

Written Determinations

A taxpayer can request specific written advice (a “private letter ruling”) from NCDOR using Form NC-481 on a state tax question or other issue.

If the taxpayer receives erroneous advice in response, the taxpayer is not liable for any penalty or additional assessment attributable to the erroneous advice if all of the following conditions are satisfied:

- (1) The advice was reasonably relied upon by the taxpayer.
- (2) The penalty or additional assessment did not result from the taxpayer's failure to provide adequate or accurate information.
- (3) The Department provided the advice in writing or the Department's records establish that the Department provided erroneous verbal advice.

Customer Education Workshops

What NCDOR offers:

Business Tax Essentials
Individual Income Tax Seminar

Withholding Seminar
Non-profit Claim for Refund

Who Can Register:

Anyone!

You may select seminars that would be beneficial to you and your business

Cost to Attend:

Free!

Customer Education Workshops

Customer Education




Tax Resource Library
Don't want to attend one of our webinars? Review these eModules on your own!


Seminar/Webinar Descriptions
Find detailed information about all of the seminars and webinars we offer currently.


Educational Toolkit
Coming Soon!


Specialty Seminars
These seminars cover specialized topics and are offered periodically throughout the year.


Business Tax Essentials
Learn the basic laws and obligations for a business to be NC tax compliant. (2 hours)


Sales and Use Tax Webinar
This webinar will help participants better understand their sales and use tax obligations with NCDOR (2 hours)


Withholding Tax Webinar
This webinar will help participants better understand their withholding tax obligations with NCDOR. (2 hours)


Seminarios Web en Español
Algunos de nuestros seminarios web gratuitos ahora están disponibles en español. Encuentre más información aquí.

Accessing Tax Resources

- Visit the NCDOR Website for Tax Law Updates and Important Information: www.ncdor.gov

- Call the Contact Center or visit your local service center

Contact Center: 1-877-252-3052 from 7am – 4:30pm, Monday -

Friday

Service Center: 8am - 5pm, Monday - Friday

Service Center Locations:

- Asheville
- Charlotte
- Durham
- Elizabeth City
- Fayetteville
- Greensboro
- Greenville
- Hickory
- Raleigh
- Rocky Mount
- Wilmington

On-demand Resources and News



North Carolina Department of Revenue

Home Videos Playlists Channels About

Uploads

Understanding a Garnishment Notice
30 views · 2 weeks ago

Tax Resource Library

Available eModules

eModule	Description
Personal Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Individual Income and Withholding taxes, along with changes to the relevant NC forms.
Sales & Use Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Sales & Use taxes, along with changes to the relevant NC forms.
Corporate & Franchise Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Corporate & Franchise taxes, along with changes to the relevant NC forms.



Business Related Videos Available:

- SALES & USE TAX BASICS EMODULE
- ONLINE FILING AND PAYING SALES & USE TAX
- ENC3 TUTORIALS
- UNDERSTANDING YOUR PRIVILEGE LICENSE
- BUSINESS EFILE
- HOW TO COMPLETE A NC-4 EZ FORM
- HOW TO PAY A BILL OR NOTICE

THE NORTH CAROLINA PERSONAL INCOME TAX—A TALE OF TWO STATES

- **State of Florida has no individual income tax**
- **Several airline pilots based in and regularly flew from Charlotte, NC to various cities in Florida, decided to establish that state as their “residence”**
- **They obtained P.O. boxes at various mail service stores and changed their addresses to Florida**
- **However, they continued to own homes & live in NC**
- **NCDOR audits revealed the “tax planning strategy”**
- **Significant failure to file and failure to pay penalties ensued**

NC RESIDENCY STATUTE

- **G.S. § 105-153.3(15)** defines a resident as:

“an individual who is domiciled in this State at any time during the taxable year or who resides in this State during the taxable year for other than a temporary or transitory purpose.”

NC Residency Rules

A resident who moves from the State during a taxable year is considered a resident of North Carolina until the individual has both established a definite domicile elsewhere and abandoned any domicile in North Carolina.

- **A taxpayer may have several places of abode in a year, but at no time can an individual have more than one domicile.**
- **A mere intent or desire to make a change in domicile is not enough; voluntary and positive action must be taken.**
- **The fact of marriage does not raise any presumption as to domicile or residence.**

NC Residency Statute

In the absence of convincing proof to the contrary, an individual who is present within North Carolina for more than 183 days during the taxable year is presumed to be a resident for income tax purposes, but the absence of an individual from the State for more than 183 days raises no presumption that the individual is not a resident.

Factors considered in determining legal residence in NC

Permanent residence of the taxpayer's parents.

Family connections and close friends.

Civic ties, such as church membership, club membership, or lodge membership.

Professional ties, such as licensure by a licensing agency or membership in a business association.

Address used for federal tax returns, military purposes, passports, driver's license, vehicle registrations, insurance policies, professional licenses, credit card statements, utility bills, or any other bill or item that requires a response.

Factors considered in determining legal residence in NC, Continued

Payment of state income taxes.

Place of employment or, if self-employed, place where business is conducted.

Location of healthcare providers, such as doctors, dentists, veterinarians, and pharmacists.

Voter registration and ballots cast, whether in person or by absentee ballot.

Location of pets.

Attendance of the taxpayer or the taxpayer's children at State supported colleges or universities on a basis of residence – taking advantage of lower tuition fees.

SOME OF THE FACTORS TO CONSIDER IN DETERMINING WHEN RESIDENCY MAY HAVE CHANGED:

- **Selling a house and buying a new one.**
- **Directing U.S. Postal Service to forward mail to a new address.**
- **Transferring family medical records to a new health care provider.**
- **Notifying senders of statements, bills, subscriptions, and similar items of new address.**
- **Registering a vehicle in a new jurisdiction.**
- **Transferring memberships for church, health club, lodge, or similar activity.**
- **Applying for professional certifications in a jurisdiction.**

FILING REQUIREMENTS

NC Individual Income Taxes are reported & paid based on an individual's federal adjusted gross income

Individuals, estates & trusts, and fiduciaries must file an individual income tax return if their gross income is greater than a certain amount for their filing status or to request a refund

- **Gross income is defined as all income from whatever source derived (may be in the form of money, goods, services, or property)**

Reference: N.C. Gen. Stat. § 105-153.8

FILING REQUIREMENTS

There are different minimum gross income filing requirements under NC and federal law

Two factors determine which individuals must file:

- **Filing Status**
- **Federal Gross Income (Section 61 of the IRC)**

Reference: N.C. Gen. Stat. § 105-153.8

WHO MUST FILE?

Taxpayers who *must* file a return are:

- **Every resident of NC whose income for the taxable year exceeds the amount for his/her filing status shown in that year's filing requirements chart.**
- **Every part-year resident who received income while a resident of NC or who received income while a nonresident that was:**
 - **Attributable to the ownership of any interest in real or tangible personal property in NC or**
 - **Derived from a business, trade, profession or occupation carried on in NC, or**
 - **Derived from gambling activities in NC, and**
 - **Whose total income for the taxable year exceeds the amount for his/her filing status shown in the filing requirements chart**



- **Tax statements earnings are reported on:**

- **Federal & State Reporting Tax Forms:**

Form NC-1099M Compensation Paid to a Payee

- **1099-MISC: Miscellaneous Income**

- **1099-NEC: Nonemployee Compensation**

- **1099-R: Distribution form Pensions, Annuities, Retirement or Profit Sharing, etc.**

- **1042-S: Foreign Person's U.S. Source Income Subject to Withholding**

- **W-2: Employee wage and tax statement**

- **W-2G: Gambling winnings tax statement**



FORMS USED

NCDOR Web 12-21 **D-400** 2021 Individual Income Tax Return **AMENDED RETURN**

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2021, or fiscal year beginning (MM-DD) 21 and ending (MM-DD-YY) 21

Your Social Security Number: [] Spouse's Social Security Number: []

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.I. Your Last Name

If a Joint Return, Spouse's First Name M.I. Spouse's Last Name

Mailing Address Apartment Number

City State Zip Code Country (if not U.S.) Country (show the address)

N.C. Education Endowment Fund: You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. To make a contribution, enclose Form NC-EDU and your payment of \$ [] To designate your overpayment to the Fund, enter the amount of your designation on Page 2, Line 31. (See instructions for information about the Fund.)

Out of Country Fill in circle if you, or if married filing jointly, your spouse were out of the country on April 15, 2022, and a U.S. citizen or resident.

Deceased Taxpayer Information Enter date of death of deceased taxpayer or deceased spouse. Fill in circle if return is filed and signed by Executor, Administrator, or Court-Appointed Personal Representative.

Residency Status Were you a resident of N.C. for the entire year? Yes No **If No, complete and attach Form D-400 Schedule PN.** Was your spouse a resident for the entire year? Yes No

Veteran Information Are you a veteran? Yes No Is your spouse a veteran? Yes No

Federal Extension Were you granted an automatic extension to file your 2021 federal income tax return, e.g., Form 1040? Yes No

Filing Status (Fill in one circle only)

- Single
- Married Filing Jointly
- Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name: [] SSN: []
- Head of Household
- Qualifying Widow(er) (Year spouse died: []) Enter Whole U.S. Dollars Only

6. Federal Adjusted Gross Income

7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15)

8. Add Lines 6 and 7

9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 38)

10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)

11. N.C. Standard Deduction OR N.C. Itemized Deductions (Fill in one circle only. See Form D-400 Schedule A.)

12. a. Add Lines 9, 10b, and 11. **12b. Subtract the amount on Line 12a from Line 8.**

13. Part-year Residents and Nonresidents Taxable Percentage (From Form D-400 Schedule PN, Line 24. Enter amount as decimal.)

14. North Carolina Taxable Income Full-year residents enter the amount from Line 12b. Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13.

15. North Carolina Income Tax Multiply Line 14 by 5.25% (0.0525). If zero or less, enter a zero.

22222 a Employee's social security number OMB No. 1545-0008

b Employer identification number (EIN) 1 Wages, tips, other compensation 2 Federal income tax withheld

c Employer's name, address, and ZIP code 3 Social security wages 4 Social security tax withheld

5 Medicare wages and tips 6 Medicare tax withheld

7 Social security tips 8 Allocated tips

d Control number 9 10 Dependent care benefits

e Employee's first name and initial Last name Suffix 11 Nonqualified plans 12a

13 Statutory employee Retirement plan Third-party sick pay 12b

14 Other 12c

12d

f Employee's address and ZIP code

15 State Employer's state ID number 16 State wages, tips, etc. 17 State income tax 18 Local wages, tips, etc. 19 Local income tax 20 Locality name

Form W-2 Wage and Tax Statement 2022 Department of the Treasury—Internal Revenue Service

Copy 1—For State, City, or Local Tax Department

NCDOR Web-Fill 1-20 **NC-1099M** Compensation Paid to a Payee

General Instructions for Non-Wage Compensation Paid to Certain Payees

A payer is required to withhold North Carolina income tax from non-wage compensation paid to a payee. A payer is an individual or entity that pays non-wage compensation in the course of their trade or business.

A payee is any of the following:

- A nonresident contractor: a nonresident individual or a nonresident entity that performs services in this State which are in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program.
- An ITIN contractor: an individual who performs services in this State for compensation other than wages, and whose taxpayer identification number is an Individual Taxpayer Identification Number (ITIN), including applied for and expired numbers. An ITIN is issued by the IRS to a person who is required to have a taxpayer identification number but does not have and is not eligible to obtain a social security number.

An individual or entity that fails to provide the payer with a taxpayer identification number.

An individual or entity that provides an invalid taxpayer identification number to the payer and the payer is notified by the Department that the taxpayer identification number is invalid.

The requirement to withhold applies to payers who pay more than \$1,500 of non-wage compensation to an above mentioned payee. These payers must withhold North Carolina income tax at the rate of four percent (4%) from the compensation. See **NC-30, Income Tax Withholding Tables and Instructions for Employers**, for additional information.

Specific Instructions for Payer

General. Complete this form to report the non-wage compensation paid to a payee for services performed in North Carolina and the North Carolina tax withheld from that income. If you are required to complete a federal Form 1099-MISC or Form 1099-NEC to report the non-wage compensation paid to a payee, you do not have to complete this form. Do not use this form to report the payment of wages.

Furnish two copies of Form NC-1099M to the payee by January 31 following the calendar year in which the non-wage compensation was paid. Include a copy of these instructions with the payee's copies of Form NC-1099M. Note: If the services are completed before the end of the year, furnish two copies of Form NC-1099M to the payee within 30 days of the last payment of non-wage compensation.

For your records, retain a copy of each Form NC-1099M that you furnished to a payee.

Payee's federal taxpayer identification number. Enter the federal taxpayer identification number provided to you by the payee. If the payee does not provide you with their federal taxpayer identification number, leave this field blank and enter "03" for the Compensation Code. If you have been notified by the Department that the payee's federal taxpayer identification number is not valid, enter the federal taxpayer identification number provided to you by the payee and "04" for the Compensation Code.

Compensation Code. Enter the number that corresponds with the compensation reported on Form NC-1099M.

01 - Compensation paid to a nonresident contractor
02 - Compensation paid to an ITIN contractor

03 - Compensation paid to an individual or entity that failed to provide the payer with its taxpayer identification number.
04 - Compensation paid to an individual or entity that failed to provide the payer with a valid taxpayer identification number.

Form NC-3, Annual Withholding Reconciliation. Electronically submit Form NC-3 and the required Form W-2 and 1099 statements, including Form NC-1099M, to the North Carolina Department of Revenue by January 31 of the succeeding year. Note: If you terminate your business or permanently cease paying wages and non-wage compensation subject to North Carolina income tax withholding, Form NC-3 and the required W-2 and 1099 statements must be filed within 30 days of the last payment of wages or non-wage compensation.

See **NC-30, North Carolina Income Tax Withholding Tables and Instructions for Employers**, for additional information.

Specific Instructions for Payee

Withholding of income tax from a payee's non-wage compensation does not relieve the payee from their responsibility to file a North Carolina income tax return. Individuals and C-corporations may claim the tax withheld reported in Box 2 against the income tax liability for the year. Partnerships may claim only the portion of tax withheld that is attributable to nonresident partners on whose behalf the managing partner is required to pay the tax. S-corporations may claim only the portion of the tax withheld attributable to its nonresident shareholders on whose behalf a composite income tax return is filed. Attach a copy of Form NC-1099M without the instructions to the income tax return to support North Carolina tax withholding.

Cut and mail original form to:
N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0001

Form NC-1099M to be completed by Payer only

Form NC-1099M Compensation Paid to a Payee

PAYER'S name, street address, city, state and ZIP code TAX YEAR Form NC-1099M Compensation Paid to a Payee

Compensation Code

1. Compensation paid for services in North Carolina

PAYER'S federal taxpayer identification no. PAYEE'S federal taxpayer identification no.

2. North Carolina income tax withheld

PAYEE'S name, address, (incl. apt. no.), city, state and ZIP code

3. PAYER'S North Carolina withholding account no.

● Give two copies to payee
● Keep one copy for your records

Form NC-1099M Rev. 1-20 (Web-Fill) North Carolina Department of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0001

WHO MUST FILE, CONTINUED

Every nonresident who received income for the taxable year from NC sources that was:

- **Attributable to the ownership of any interest in real or tangible personal property in NC or**
- **Derived from a business, trade, profession or occupation carried on in NC, or**
- **Derived from gambling activities in NC, and**
- **Whose total income from all sources both inside and outside of NC equals or exceeds the amount for his filing status shown in the filing requirements chart**

WHO MUST FILE, CONTINUED

Remember!!

Taxpayers who had NC income tax withheld during the year but their income was below the amount required for filing, **must file a return to get a refund**

FILING STATUSES

**File using one
of the
following filing
statuses:**

- **Single**
- **Married Filing Jointly**
 - **If both a taxpayer & their spouse were residents of NC, or both had NC taxable income, they must file a joint NC income tax return (if they filed a joint Federal return)**
 - **If a taxpayer's spouse is a nonresident of NC & had no NC taxable income, they are permitted to file a joint NC return (if they filed a joint Federal return)**
- **Married Filing Separately**
- **Head of Household**
- **Qualifying Widow(er)**

FILING REQUIREMENTS CHART

Effective for taxable years beginning on or after January 1, 2021.

Filing Requirements Chart	
<u>Filing Status</u>	<u>A Return is Required if Federal Gross Income Exceeds</u>
Single.....	\$ 10,750
Married - Filing Jointly.....	\$ 21,500
Married - Filing Separately	
If spouse <u>does not claim</u> itemized deductions.....	\$ 10,750
If spouse <u>claims</u> itemized deductions.....	0
Head of Household.....	\$ 16,125
Qualifying Widow(er)/Surviving Spouse	\$ 21,500
Nonresident alien (<i>regardless of filing status</i>).....	\$ 0

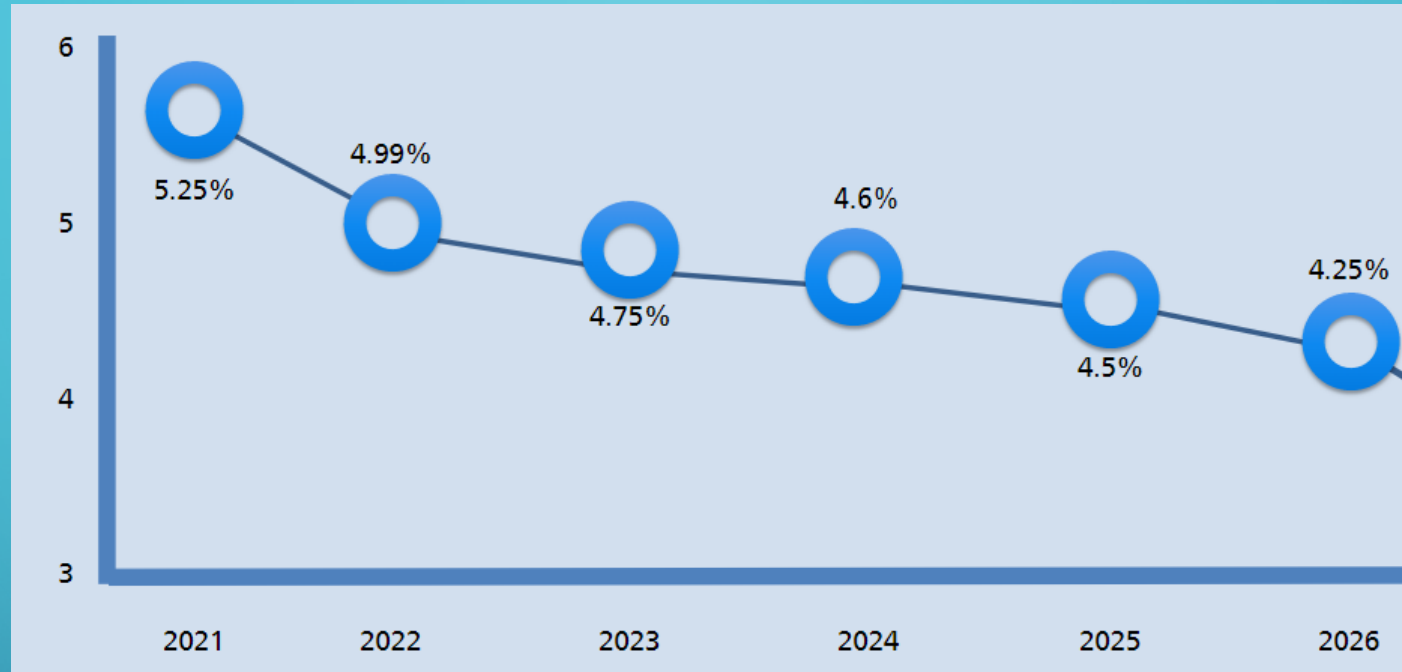
Important: The North Carolina standard deduction amount is zero for a person who is not eligible for a federal standard deduction.

N.C. STANDARD DEDUCTION



Filing Status	Tax Year 2021 Standard Deduction	Tax Year 2022 Standard Deduction
Married, filing jointly/ surviving spouse	\$21,500	\$25,500
Head of Household	\$16,125	\$19,125
Single	\$10,750	\$12,750
Married, filing separately	\$10,750	\$12,750

INCOME TAX RATES



Beginning 2022 the tax rate will decrease to 4.99%.

DUE DATES

Calendar Year Filers

**Due on or before
April 15th of the
following calendar
year**

**If April 15th falls on a Saturday,
Sunday or Holiday, the return is
timely if it is filed on or before
the next business day.**

**Note: 2021 tax year due date
was April 18th due to April 15th
being a holiday**

**An extension should have been
filed on or before the April 18, 2022
deadline if taxpayer was unable to
file his/her return timely**

**Tax year –
January 1 through
December 31**



FILING FOR AN EXTENSION

D-410
Web
10-09

Application for Extension for Filing Individual Income Tax Return
North Carolina Department of Revenue

For calendar year _____ or other tax year beginning _____ and ending _____
(MM-DD-YY) (MM-DD-YY)

Enter Whole U.S. Dollars Only

Your Social Security Number _____ Your Spouse's Social Security Number _____
← You must enter your social security number(s) →

Your First Name (USE CAPITAL LETTERS) _____ M.I. _____ Your Last Name _____

If a Joint Return, Spouse's First Name _____ M.I. _____ Spouse's Last Name _____

Address _____ Apartment Number _____

City _____ State _____ Zip Code _____ Country (if not U.S.) _____

1. Tax Liability for Year _____ .00

2. Payments for Year _____ .00

3. Balance Due (Line 1 minus Line 2) \$ _____ .00

Fill in this circle if you were out of the country on the date that this application was due.

7130106005

Mail to: N.C. Department of Revenue
P.O. Box 25000, Raleigh, N.C. 27640-0635

Federal Extension

Were you granted an automatic extension to file your 2021 federal income tax return, e.g., Form 1040?

Yes No

An extension should have been filed on or before the April 18, 2022 deadline if taxpayer was unable to file his/her 2021 return timely.

The due date for a return with a timely filed 2021 extension is October 17 because October 15th falls on Saturday.

PRIOR YEAR FILING REQUIREMENTS

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

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Online POA Available Now!
You can now easily submit Form Gen-58 Power of Attorney and Declaration of Representative, online.
[Learn More](#)

Received a Notice
Notices are sent out when the department determines taxpayers owe taxes to the State that have not been paid for a number of reasons.

File & Pay
North Carolina taxpayers are choosing a faster, more convenient way to file their State and Federal individual income tax returns by electronically filing.

COVID-19
Get the latest information on tax relief and other resources.

Local Government
Provides support and services to the counties and municipalities of North Carolina as well as taxpayers for taxes collected by the counties and municipalities.

Home File & Pay Taxes & Forms Received A Notice News About U

Individual Income Tax Forms & Instructions

Individual Income Tax Forms & Instructions

To ensure you are able to view and fill out forms, please save forms to your computer and use the latest version of Adobe Acrobat Reader.

2022 2021 2020 2019 2018 2017 2016 2015 2014
2013 2012 2011 2010

Form	Tax Year	Description	Electronic Options
NC-40	2022	Individual Estimated Income Tax - Instructions and Worksheet	eFile and Pay Online
NC-NBN	2022	Nonresident Business Notification - Instructions	
Schedule NEI	2022	Nonresident Employee Information Schedule	


Individual Income Tax Forms

FORM D-401

Utilize Form D-401, North Carolina Individual Income Tax Instructions to access:

- Line by line instructions for completing Form D-400.
- Current filing requirements based on a specific tax year.
- Will contain any updates relevant to a specific tax year that may affect filing.

Form D-401
Web



NCDOR
NORTH CAROLINA
DEPARTMENT
OF REVENUE


North Carolina Individual Income Tax Instructions

THIS BOOKLET CONTAINS INSTRUCTIONS FOR
FORMS D-400, D-400 SCHEDULE S, D-400 SCHEDULE A, D-400 SCHEDULE PN,
D-400 SCHEDULE PN-1, D-400TC, AND D-400 SCHEDULE AM FOR TAX YEAR 2021


eFile

- ✓ Make filing taxes easier – choose eFile
- ✓ More convenient, more accurate, faster than filing paper
- ✓ Pay tax due by bank draft with no convenience fee
- ✓ Schedule quarterly tax payments up to a year out
- ✓ Opt for fast, safe, efficient, direct deposit of your state tax refund

You may qualify to file for free!
Visit the Department's website to get started.



Declaración Electrónica (EN ESPAÑOL)

 www.ncdor.gov **2021**

IMPORTANT TELEPHONE NUMBERS

Automated Refund Inquiry Line.....	1-877-252-4052
Taxpayer Assistance and Forms.....	1-877-252-3052
Tax Fraud Hotline (8:00 a.m to 5:00 p.m., Monday through Friday)	
Toll-Free.....	1-800-232-4939

N.C. DEPARTMENT OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0100

FORM D-400

All taxpayers required to file a NC Individual Income tax return must file using Form D-400.

NCDOR **D-400**
2021 Individual Income Tax Return

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2021, or fiscal year beginning (MM-DD) --21 and ending (MM-DD-YY) --

Your Social Security Number -- Spouse's Social Security Number --

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.I. Your Last Name
 If a Joint Return, Spouse's First Name M.I. Spouse's Last Name

Mailing Address Apartment Number
 City State Zip Code Country (If not U.S.) County (view for the return)

N.C. Education Endowment Fund: You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. To make a contribution, enclose Form NC-EDU and your payment of \$. To designate your overpayment to the Fund, enter the amount of your designation on Page 2, Line 31. (See instructions for information about the Fund.)

Out of Country Fill in circle if you, or if married filing jointly, your spouse were out of the country on April 15, 2022, and a U.S. citizen or resident.

Deceased Taxpayer Information Enter date of death of deceased taxpayer or deceased spouse.
 Fill in circle if return is filed and signed by Executor, Administrator, or Court-Appointed Personal Representative. Taxpayer (MM-DD-YY) -- Spouse (MM-DD-YY) --

Residency Status Were you a resident of N.C. for the entire year? Yes No **If No, complete and attach Form D-400 Schedule PN.**
 Was your spouse a resident for the entire year? Yes No

Veteran Information Are you a veteran? Yes No Is your spouse a veteran? Yes No

Federal Extension Were you granted an automatic extension to file your 2021 federal income tax return, e.g., Form 1040? Yes No

Filing Status (Fill in one circle only)
 1. Single
 2. Married Filing Jointly
 3. Married Filing Separately (Enter your spouse's full name and Social Security Number) Name SSN
 4. Head of Household
 5. Qualifying Widow(er) (Year spouse died:)

6. Federal Adjusted Gross Income Enter Whole U.S. Dollars Only .00

7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15) .00

8. Add Lines 6 and 7 .00

9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 3) .00

10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.) 10a. 10b. .00

11. N.C. Standard Deduction OR N.C. Itemized Deductions (Fill in one circle only. See Form D-400 Schedule A.)

12. a. Add Lines 9, 10b, and 11. .00 **12b. Subtract the amount on Line 12a from Line 8.** .00

13. Part-year Residents and Nonresidents Taxable Percentage (From Form D-400 Schedule PN, Line 24. Enter amount as decimal.)

14. North Carolina Taxable Income Full-year residents enter the amount from Line 12b. Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13. .00

15. North Carolina Income Tax Multiply Line 14 by 5.25% (0.0525). If zero or less, enter a zero. .00

2021

Your Social Security Number --

16. .00
 17. .00
 18. .00
 19. .00
 withheld .00
 20. .00
 21. .00
 22. .00
 23. .00
 24. .00
 25. .00
 26a. .00
 26d. .00
 26e. .00
 27. \$.00
 28. .00
 29. .00
 30. .00
 31. .00
 32. .00
 33. .00
 34. .00

2021

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and belief, they are true, correct, and complete.

(If return, both must sign.) Date

Authorize the North Carolina Department of Revenue to send attachments with the paid preparer below.

Preparer's Contact Phone Number (include area code)

IF REFUND, mail return to: N.C. DEPT. OF REVENUE, P.O. BOX R, RALEIGH, NC 27634-0001
If you ARE NOT due a refund, mail return, any payment, and D-400V to: N.C. DEPT. OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0640

FORM D-400, CONTINUED

Starting Point of the Form D-400

Attach Sch. B if required.	1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
	2a	Tax-exempt interest	2a	
	3a	Qualified dividends	b	Taxable interest
	4a	IRA distributions	3b	Ordinary dividends
	5a	Pensions and annuities	4b	Taxable amount
	6a	Social security benefits	5b	Taxable amount
	6b		6b	
	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
	8	Other income from Schedule 1, line 10	8	
	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	
	10	Adjustments to income from Schedule 1, line 26	10	

Standard Deduction for— • Single or Married filing separately, \$12,550 • Married filing jointly or Qualifying widow(er), \$25,100 • Head of household, \$18,800 • If you checked any box under Standard Deduction, see instructions.	11	Subtract line 10 from line 9. This is your adjusted gross income	11	60,000
	12a	Standard deduction or itemized deductions (from Schedule A)	12a	
	b	Charitable contributions if you take the standard deduction (see instructions)	12b	

Filing Status (Fill in one circle only)	1.	<input type="radio"/> Single
	2.	<input type="radio"/> Married Filing Jointly
	3.	<input type="radio"/> Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name _____ SSN _____
	4.	<input type="radio"/> Head of Household
	5.	<input type="radio"/> Qualifying Widow(er) (Year spouse died: _____)

6.	Federal Adjusted Gross Income	6.	60,000		
7.	Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15)	7.			
8.	Add Lines 6 and 7	8.			
9.	Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 38)	9.			
10.	Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)	10a.		10b.	

Enter Whole U.S. Dollars Only

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- **The starting point of the D-400 is the FAGI from the IRS 1040.**
- **The federal adjusted gross income is the starting point for calculating the NC taxable income. It comes from the completed federal Form 1040, line 11.**
- **This amount is entered on line 6 of the D-400.**
- **If the correct federal adjusted gross income is not entered, a person may pay an incorrect tax amount.**

Form D-400, Continued

Reporting a Negative Federal Adjusted Gross Income

Filing Status (Fill in one circle only)

1. Single
2. Married Filing Jointly
3. Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name _____ SSN _____
4. Head of Household
5. Qualifying Widow(er) (Year spouse died: _____)
6. **Federal Adjusted Gross Income**

6. Enter Whole U.S. Dollars Only: 1,995.00
7. _____ .00
8. _____ .00
9. _____ .00

If amount on Line 6, 8, 12b, or 14 is negative, fill in circle.
Example: _____ .00

2021

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7	
8	Other income from Schedule 1, line 10	8	
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	
10	Adjustments to income from Schedule 1, line 26	10	
11	Subtract line 10 from line 9. This is your adjusted gross income	11	-1995
12a	Standard deduction or itemized deductions (from Schedule A)	12a	
b	Charitable contributions if you take the standard deduction (see instructions)	12b	
c	Add lines 12a and 12b	12c	
13	Qualified business income deduction from Form 8995 or Form 8995-A	13	
14	Add lines 12c and 13	14	
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2021)

Filing Status (Fill in one circle only)

1. Single
2. Married Filing Jointly
3. Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name _____ SSN _____
4. Head of Household
5. Qualifying Widow(er) (Year spouse died: _____)
6. **Federal Adjusted Gross Income**

6. Enter Whole U.S. Dollars Only: -1995.00
7. _____
8. _____
9. _____

7. **Additions to Federal Adjusted Gross Income**
(From Form D-400 Schedule S, Part A, Line 15)

8. **Add Lines 6 and 7**

9. **Deductions From Federal Adjusted Gross Income**
(From Form D-400 Schedule S, Part B, Line 38)

- **An individual may report a negative federal adjusted gross income on Form 1040.**
- **The negative federal adjusted gross income needs to be properly shown on the D-400, State return; otherwise, the NC taxable income will be overstated and an individual will pay too much tax.**
- **Traditional forms require a negative federal adjusted gross income be shown by entering the amount and filling in the circle that the amount is negative.**

CHILD DEDUCTION AMOUNT

- Effective for taxable years beginning on or after January 1, 2018, North Carolina's child tax credit is repealed and has been replaced with a new child deduction.
- The child deduction allows a taxpayer a deduction for each dependent child for whom the taxpayer is allowed a federal child tax credit under IRC section 24.

CHILD DEDUCTION AMOUNT

- **For federal tax purposes, a qualifying child is defined as a child under age 17 at the end of 2021 who meets several other conditions as required by federal law.**
- **For more information on determining whether a child is a qualifying child for federal tax purposes, see federal publication 972, Child Tax Credit**

CHILD DEDUCTION AMOUNT, CONTINUED

Child Deduction Worksheet	
1. Filing status (From D-400, Lines 1 through 5).....	
2. Federal adjusted gross income (From D-400, Line 6).....	
3. Number of qualifying children under age 17 for whom a federal tax credit was claimed.....	
Enter the amount from Line 3 above on Form D-400, Line 10a.	
4. Deduction amount per qualifying child from the "Child Deduction Table".....	
5. Child deduction (Multiply Line 3 by Line 4).....	
Enter the amount from Line 5 above on Form D-400, Line 10b.	

Filing Status (Fill in one circle only)	1. <input type="radio"/> Single		
	2. <input type="radio"/> Married Filing Jointly		
	3. <input type="radio"/> Married Filing Separately → (Enter your spouse's full name and Social Security Number)	Name	
	4. <input type="radio"/> Head of Household	SSN	
	5. <input type="radio"/> Qualifying Widow(er) (Year spouse died: _____)		
6. Federal Adjusted Gross Income		▶ 6.	
7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15)		▶ 7.	
8. Add Lines 6 and 7		8.	
9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 38)		▶ 9.	
10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)		▶ 10a.	▶ 10b.

Child Deduction Table		
Filing Status	Federal Adjusted Gross Income	Deduction Amount Per Qualifying Child
Married Filing Jointly/Qualifying Widow(er)/Surviving Spouse	Up to \$40,000	\$2,500
	Over \$40,000 - Up to \$60,000	\$2,000
	Over \$60,000 - Up to \$80,000	\$1,500
	Over \$80,000 - Up to \$100,000	\$1,000
	Over \$100,000 - Up to \$120,000	\$500
	Over \$120,000	\$0
Head of Household	Up to \$30,000	\$2,500
	Over \$30,000 - Up to \$45,000	\$2,000
	Over \$45,000 - Up to \$60,000	\$1,500
	Over \$60,000 - Up to \$75,000	\$1,000
	Over \$75,000 - Up to \$90,000	\$500
	Over \$90,000	\$0
Single/Married Filing Separately	Up to \$20,000	\$2,500
	Over \$20,000 - Up to \$30,000	\$2,000
	Over \$30,000 - Up to \$40,000	\$1,500
	Over \$40,000 - Up to \$50,000	\$1,000
	Over \$50,000 - Up to \$60,000	\$500
	Over \$60,000	\$0

Form D-400, Continued

Consumer Use Tax

Consumer Use Tax for Taxpayers Who Do Not Have Complete Records of Out-Of-State Purchases

Taxpayers who owe consumer use tax and who do not have any records of out-of-state purchases for tax year 2021 may use the table below to estimate the amount of consumer use tax due for tax year 2021.

If Line 18, D-400 is:			If Line 18, D-400 is:			If Line 18, D-400 is:		
At Least	But Less Than	Use Tax Amount is	At Least	But Less Than	Use Tax Amount is	At Least	But Less Than	Use Tax Amount is
\$ 0	- 2,200	\$ 1	\$ 15,600	- 17,000	\$ 11	\$ 30,400	- 31,900	\$ 21
2,200	- 3,700	2	17,000	- 18,500	12	31,900	- 33,300	22
3,700	- 5,200	3	18,500	- 20,000	13	33,300	- 34,800	23
5,200	- 6,700	4	20,000	- 21,500	14	34,800	- 36,300	24
6,700	- 8,100	5	21,500	- 23,000	15	36,300	- 37,800	25
8,100	- 9,600	6	23,000	- 24,400	16	37,800	- 39,300	26
9,600	- 11,100	7	24,400	- 25,900	17	39,300	- 40,700	27
11,100	- 12,600	8	25,900	- 27,400	18	40,700	- 42,200	28
12,600	- 14,100	9	27,400	- 28,900	19	42,200	- 43,700	29
14,100	- 15,600	10	28,900	- 30,400	20	43,700	- 45,200	30
						45,200 and over		Line 18 x .00675

Consumer Use Worksheet for Taxpayers Who Have Records of Out-of-State Purchases

Taxpayers who owe consumer use tax and who have records of out-of-state purchases for tax year 2021 may use the worksheet below to determine the amount of consumer use tax due for tax year 2021.

- Enter the total amount of out-of-state purchases, including delivery charges, for 1/1/21 through 12/31/21..... 1. _____
- Multiply Line 1 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, and Wilkes Counties; and 6.75% (.0675) in all other North Carolina counties, and enter the amount 2. _____
- Enter the amount of sales tax legally and property paid to another state or North Carolina on the purchases. The amount may not exceed line 2 3. _____
- Subtract Line 2 from Line 3 and enter the result, rounded to the nearest whole dollar; here and on Form D-400, Line 18..... 4. _____

Mailing Address

For Original Returns Only:
 If you are due a refund: ⇒ N.C. Department of Revenue, P.O. Box R, Raleigh, NC 27634-0001
 If you are not due a refund: ⇒ N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0640

For Amended Returns Only:
 N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0640

Property for Sale

Looking for a bargain on good used vehicles, furniture, appliances, tools, and jewelry? Visit www.ncolr.gov/seized-property-auctions-collection-division and click on **Vehicles and Property Available for Auction.**

Page 2

D-400 Web-Fill
12-21

Last Name (First 10 Characters)

TAXPAYER

Tax Year
2021

Your Social Security Number

000-00-0000

16. Tax Credits (From Form D-400TC, Part 3, Line 20) ▶ 16. 0.00
17. Subtract Line 16 from Line 15 ▶ 17. 28900.00
18. Consumer Use Tax (See instructions) ▶ 18. 20.00
19. Add Lines 17 and 18 ▶ 19.

If you certify that no Consumer Use Tax is due, fill in circle.

Page 2

D-400 Web-Fill
12-21

Last Name (First 10 Characters)

TAXPAYER

Tax Year
2021

Your Social Security Number

000-00-0000

16. Tax Credits (From Form D-400TC, Part 3, Line 20) ▶ 16. 0.00
17. Subtract Line 16 from Line 15 ▶ 17. 28900.00
18. Consumer Use Tax (See instructions) ▶ 18. 0.00
19. Add Lines 17 and 18 ▶ 19.

If you certify that no Consumer Use Tax is due, fill in circle.

Form D-400, Continued

- **North Carolina use tax is due by individuals and businesses on tangible personal property purchased, leased or rented inside or outside this State for storage, use, or consumption in North Carolina pursuant to NC Gen. Stat. § 105-164.6.**
- **Use tax is also due on taxable services sourced to North Carolina and certain digital property purchased inside or outside this State for storage, use, or consumption in North Carolina.**
- **Individuals and businesses must pay use tax to the Department when retailers, remote sellers, or facilitators do not collect sales or use tax on taxable transactions.**

Form D-400, Continued

- **Common items on which sales and use tax may not have been collected and where use tax may be due by the purchaser include, but are not limited to:**
- **Tangible personal property including, but not limited to:**
 - **Computers and other electronic equipment;**
 - **Home furnishings;**
 - **Clothing;**
 - **Jewelry;**
 - **Certain digital property such as ringtones, digital music, readings of books, etc.**

NOTE: If a taxpayer determines no consumer use tax is due, they must certify on Line 18, Form D-400 by filling in the circle.

Form D-400, Continued

NCDOR **D-400**
2021 Individual
Income Tax Return

DOR Use Only

AMENDED RETURN
 Fill in circle. (See instructions)

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2021, or fiscal year beginning (MM-DD) --21 and ending (MM-DD-YY) --

Your Social Security Number -- **You must enter your social security number(s)** --

Spouse's Social Security Number --

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.L. Your Last Name
 M.L.

If a Joint Return, Spouse's First Name M.L. Spouse's Last Name
 M.L.

Mailing Address Apartment Number

City State Zip Code Country (If not U.S.) County (See instructions)

Page 2 Last Name (First 10 Characters) Tax Year **2021** Your Social Security Number --

D-400

16. Tax Credits (From Form D-400TC, Part 3, Line 20) 16. .00

17. Subtract Line 16 from Line 15 17. .00

18. Consumer Use Tax (See instructions) **If you certify that no Consumer Use Tax is due, fill in circle.** 18. .00

19. Add Lines 17 and 18 19. .00

20. North Carolina Income Tax Withheld .00
 a. Your tax withheld .00 b. Spouse's tax withheld .00

21. Other Tax Payments .00
 a. 2021 estimated tax .00 b. Paid with extension .00
 c. Partnership .00 d. S Corporation .00

22. Amended Returns Only - Previous payments (See "Amended Returns" in instructions) 22. .00

If you claim a partnership payment on Line 21c or S corporation payment on Line 21d, you must attach a copy of the NC K-1.

When filing an amended return, see instructions.

29. Amount of Line 28 to be applied to 2022 Estimated Income Tax 29.

30. Contribution to the N.C. Nongame and Endangered Wildlife Fund 30.

31. Contribution to the N.C. Education Endowment Fund 31.

32. Contribution to the N.C. Breast and Cervical Cancer Control Program 32.

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7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15) 7. .00

8. Add Lines 6 and 7 8. .00

9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 38) 9. .00

10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.) 10a. 10b. .00

11. N.C. Standard Deduction OR N.C. Itemized Deductions (Fill in one circle only. See Form D-400 Schedule A.) 11. .00

12. a. Add Lines 9, 10b, and 11. .00 12b. Subtract the amount on Line 12a from Line 8. 12. .00

13. Part-year Residents and Nonresidents Taxable Percentage (From Form D-400 Schedule S, Line 24. Enter amount as decimal.) 13.

14. North Carolina Taxable Income Full-year residents enter the amount from Line 12b. Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13. 14. .00

15. North Carolina Income Tax Multiply Line 14 by 5.25% (0.0525). If zero or less, enter a zero. 15. .00

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31. Contribution to the N.C. Education Endowment Fund 31. .00

32. Contribution to the N.C. Breast and Cervical Cancer Control Program 32. .00

33. Add Lines 29 through 32 33. .00

34. Subtract Line 33 from Line 28. This is the Amount To Be Refunded (For direct deposit, file electronically) 34. .00

I declare and certify that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Your Signature Date Spouse's Signature (if filing joint return, both must sign.) Date

Contact Phone Number (include area code) **Check here if you authorize the North Carolina Department of Revenue to discuss this return and attachments with the paid preparer below.**

If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge.

Preparer's FEIN, SSN, or PTIN Preparer's Contact Phone Number (include area code)

PAID PREPARER USE ONLY
 Paid Preparer's Signature Date

IF REFUND, mail return to: N.C. DEPT. OF REVENUE, P.O. BOX R, RALEIGH, NC 27634-0001
IF YOU ARE NOT due a refund, mail return, any payment, and D-400V to: N.C. DEPT. OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0640

- **You can elect to contribute to 2021 Estimated Income Tax, NC Nongame and Endangered Wildlife Fund, NC Education Endowment Fund, and/or the NC Breast and Cervical Cancer Control Program.**
- **For more information on each of the contributions see page 16 of the D-401, North Carolina Individual Income Tax Instructions**

SESSION LAW IMPACTS ON INDIVIDUAL INCOME TAX



Important Notice: Impact of Session Law 2021-180 on North Carolina Individual and Corporate Income Tax Returns

The following important information is addressed in this notice:

- An explanation of how specific provisions of Session Law 2021-180, the recently enacted State budget, affects the 2020 North Carolina individual and corporate income tax returns.
- Instructions on how to file a 2020 amended return if the provisions of Session Law 2021-180 affect North Carolina individual and corporate income tax returns.

Background

On November 18, 2021, Governor Cooper signed into law [Session Law 2021-180](#) (Senate Bill 105). This legislation updated North Carolina's reference to the Internal Revenue Code (the "Code") from May 1, 2020 to April 1, 2021. As enacted, any changes made to the Code as of April 1, 2021, including any changes made by the [Consolidated Appropriations Act, 2021](#) ("CAA") and the [American Rescue Plan Act of 2021](#) ("ARPA") (collectively, "federal tax provisions"), apply to North Carolina income tax to the extent North Carolina follows the federal tax provisions.

The purpose of this notice is to explain how specific federal provisions included in the CAA and the ARPA affect North Carolina individual and corporate income tax returns, (collectively, "NC Tax Returns"), for tax year 2020. This notice also provides instructions on how a taxpayer can amend a NC Tax Return for tax year 2020. Any impact of the CAA and the ARPA on NC Tax Returns for tax year 2021 will be addressed in the instructions for the 2021 NC Tax Returns, which should be released in early 2022.

Paycheck Protection Program ("PPP") Expenses

Generally, federal income tax law treats the proceeds from a forgiven loan as taxable income. Nevertheless, the [Coronavirus Aid, Relief, and Economic Security Act](#) (the "CARES Act") created the Paycheck Protection Program ("PPP") that permits eligible small businesses to treat a forgivable loan in a way that does not follow the general rule.

Notably, section 1106 of the CARES Act provides "any amount that would be includable in the gross income of the recipient by reason of forgiveness of a PPP loan [is] excluded from gross income." Thus, for federal tax purposes, the proceeds from a forgiven PPP loan are not includable in federal taxable income. The 2020 General Assembly conformed to the federal tax treatment



Important Notice: Impact of Session Law 2022-06 on North Carolina Individual and Corporate Income Tax Returns

The following important information is addressed in this notice:

- An explanation of how specific provisions of Session Law 2022-06 affect the 2020 and 2021 North Carolina individual and corporate income tax returns.
- Instructions on how to file a 2020 or 2021 an original or amended income tax return if the provisions of Session Law 2022-06 affect your North Carolina income tax return.

Background

On March 17, 2022, Governor Cooper signed [Session Law 2022-06](#) (House Bill 243). This new law made technical, clarifying, and other modifications to the State's most recent budget ([Session Law 2021-180](#)). Among other things, the new law provides additional assistance to taxpayers impacted by COVID-19.

This important notice explains how certain provisions in the new law affects North Carolina individual and corporate income tax returns, (collectively, "NC Tax Returns"). The notice also provides taxpayers with specific instructions on how to file an original or amended NC Tax Return for tax years 2020 and 2021.

North Carolina Law

Individuals

[N.C. Gen. Stat. § 105-153.4](#) provides that, for individuals, the term "North Carolina taxable income" refers to "the taxpayer's adjusted gross income" as modified in N.C. Gen. Stat. §§ [105-153.5](#) and [105.153.6](#).¹

[N.C. Gen. Stat. § 105-153.3\(1\)](#) provides that "adjusted gross income" is the taxpayer's federal adjusted gross income ("AGI") as "[d]efined in [section 62 of the Code](#)."

[N.C. Gen. Stat. § 105-228.90\(b\)\(7\)](#) defines the term "Code" as "the Internal Revenue Code as enacted as of April 1, 2021, including any provisions enacted as of that date that become effective either before or after that date."

¹ [N.C. Gen. Stat. § 105-153.4\(b\) and \(c\)](#) require additional adjustments for nonresidents and part-year residents.

FORM D-400, SCHEDULE S

Must be attached to completed D-400 if the taxpayer:

- Has additions to or deductions from Federal Adjusted Gross Income

NCDOR | **D-400 Schedule S** | DOR Use Only
Web 12-21 | **2021 N.C. Adjustments for Individuals**

If you are required to add certain items to federal adjusted gross income on Form D-400, Line 7, or if you are entitled to take deductions from federal adjusted gross income on Form D-400, Line 9, you must complete and attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) _____ Your Social Security Number _____
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Part A. Additions to Federal Adjusted Gross Income (Only add items that are not included in federal adjusted gross income)

1. Interest Income From Obligations of States Other Than N.C.	▶ 1.	_____	.00
2. Deferred Gains Reinvested Into an Opportunity Fund	▶ 2.	_____	.00
3. Bonus Depreciation	▶ 3.	_____	.00
4. IRC Section 179 Expense	▶ 4.	_____	.00
5. S-Corporation Shareholder Built-in Gains Tax	▶ 5.	_____	.00
6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2021	▶ 6.	_____	.00
7. Unabsorbed Net Operating Loss Deduction	▶ 7.	_____	.00
8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	▶ 8.	_____	.00
9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	▶ 9.	_____	.00
10. Discharge of Qualified Principal Residence Indebtedness	▶ 10.	_____	.00
11. Qualified Education Loan Payments Paid by Employer	▶ 11.	_____	.00
12. Business Meal Deduction in Excess of 50%	▶ 12.	_____	.00
13. Discharge of Certain Student Loan Debt	▶ 13.	_____	.00
14. Reserved for Future Use _____	▶ 14.	_____	.00
15. Total Additions - Add Lines 1 through 14 (Enter the total here and on Form D-400, Line 7)	▶ 15.	_____	.00

Part B. Deductions from Federal Adjusted Gross Income (Only deduct items that are included in federal adjusted gross income)

16. State and Local Taxes	▶ 16.	_____	.00
17. State and Local Sales Taxes	▶ 17.	_____	.00
18. State and Local Real Estate Taxes	▶ 18.	_____	.00
19. State and Local Income Taxes (N.C. Local Government, or see instructions)	▶ 19.	_____	.00
20. State and Local Income Taxes (United States Armed Forces Not in the United States for benefits quality for deduction)	▶ 20.	_____	.00
21. State and Local Income Taxes (Other)	▶ 21.	_____	.00
Total (Add Lines 16-21)	▶ 22c. 2018	_____	.00
Total (Add Lines 22a-22e)	▶ 22f.	_____	.00
Total (Add Lines 23a-23e)	▶ 23c. 2018	_____	.00
Total (Add Lines 23a-23e)	▶ 23f.	_____	.00
24. Charitable Contributions	▶ 24.	_____	.00
25. Charitable Contributions (Other)	▶ 25.	_____	.00
26. Charitable Contributions (Other)	▶ 26.	_____	.00
27. Charitable Contributions (Other)	▶ 27.	_____	.00
28. Charitable Contributions (Other)	▶ 28.	_____	.00
29. Charitable Contributions (Other)	▶ 29.	_____	.00
30. Charitable Contributions (Other)	▶ 30.	_____	.00
31. Charitable Contributions (Other)	▶ 31.	_____	.00
32. Charitable Contributions (Other)	▶ 32.	_____	.00
33. Charitable Contributions (Other)	▶ 33.	_____	.00
34. Charitable Contributions (Other)	▶ 34.	_____	.00
35. Charitable Contributions (Other)	▶ 35.	_____	.00
36. Business Interest Limitation (Limited to 20% of amount added to AGI in 2019 and 2020)	▶ 36.	_____	.00
37. Reserved for Future Use _____	▶ 37.	_____	.00
38. Total Deductions - Add Lines 16 through 21, 22f, 23f, and 24 through 37 (Enter the total here and on Form D-400, Line 9)	▶ 38.	_____	.00

- **The Federal Adjusted gross income is the starting point of the D-400 hence any additions or deductions from that amount are accounted for using Form D-400 Schedule S, Parts A&B.**
- **For tax year 2021 this form has be updated to include all of the additions and deductions NCDOR will allow on the Individual Income tax return.**

INDIVIDUAL INCOME TAX ADDITIONS

NCDOR Web 12-21 | **D-400 Schedule S** 2021 N.C. Adjustments for Individuals | DOR Use Only

If you are required to add certain items to federal adjusted gross income on Form D-400, Line 7, or if you are entitled to take deductions from federal adjusted gross income on Form D-400, Line 9, you must complete and attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) _____ Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink. _____ Your Social Security Number _____

Part A. Additions to Federal Adjusted Gross Income (Only add items that are not included in federal adjusted gross income)

1. Interest Income From Obligations of States Other Than N.C.	▶ 1.	_____	.00
2. Deferred Gains Reinvested Into an Opportunity Fund	▶ 2.	_____	.00
3. Bonus Depreciation	▶ 3.	_____	.00
4. IRC Section 179 Expense	▶ 4.	_____	.00
5. S-Corporation Shareholder Built-in Gains Tax	▶ 5.	_____	.00
6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2021	▶ 6.	_____	.00
7. Unabsorbed Net Operating Loss Deduction	▶ 7.	_____	.00
8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	▶ 8.	_____	.00
9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	▶ 9.	_____	.00
10. Discharge of Qualified Principal Residence Indebtedness	▶ 10.	_____	.00
11. Qualified Education Loan Payments Paid by Employer	▶ 11.	_____	.00
12. Business Meal Deduction in Excess of 50%	▶ 12.	_____	.00
13. Discharge of Certain Student Loan Debt	▶ 13.	_____	.00
14. Reserved for Future Use _____	▶ 14.	_____	.00
15. Total Additions - Add Lines 1 through 14 (Enter the total here and on Form D-400, Line 7)	15.	_____	.00

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Additions to Federal AGI are supported by Form D-400 Schedule S, Part A and include:

- Interest income from obligations of states other than NC
- Adjustments for Bonus Depreciation
- Adjustments for section 179 expense deduction

INDIVIDUAL INCOME TAX DEDUCTIONS

Page 2
D-400 Sch. S
Web
12-21


Last Name (First 10 Characters) _____

Tax Year
2021

Your Social Security Number _____

Part B. Deductions From Federal Adjusted Gross Income (Only deduct items that are included in federal adjusted gross income)

16. State or Local Income Tax Refund	▶ 16.	_____	.00
17. Interest Income From Obligations of the United States or United States' Possessions	▶ 17.	_____	.00
18. Taxable Portion of Social Security and Railroad Retirement Benefits	▶ 18.	_____	.00
19. Retirement Benefits Received by Vested N.C. State Government, N.C. Local Government, or Federal Government Retirees (Bailey settlement - Important: See Instructions)	▶ 19.	_____	.00
20. Certain Retirement Benefits Received by a Retired Member of the United States Armed Forces Not Deducted on Line 19 (Important: See Instructions to determine if benefits qualify for deduction)	▶ 20.	_____	.00
21. Bonus Asset Basis	▶ 21.	_____	.00
22. Bonus Depreciation			
▶ 22a. 2016 _____ .00	▶ 22b. 2017 _____ .00	▶ 22c. 2018 _____ .00	
▶ 22d. 2019 _____ .00	▶ 22e. 2020 _____ .00	Total 22f. (Add Lines 22a-22e) _____ .00	
23. IRC Section 179 Expense			
▶ 23a. 2016 _____ .00	▶ 23b. 2017 _____ .00	▶ 23c. 2018 _____ .00	
▶ 23d. 2019 _____ .00	▶ 23e. 2020 _____ .00	Total 23f. (Add Lines 23a-23e) _____ .00	
24. Recognized IRC Section 1400Z-2 Gain	▶ 24.	_____	.00
25. Gain From the Disposition of Exempt N.C. Obligations Issued Before July 1, 1995	▶ 25.	_____	.00
26. Exempt Income Earned or Received by a Member of a Federally Recognized Indian Tribe	▶ 26.	_____	.00
27. Amount by Which State Basis Exceeds Federal Basis for Property Disposed of in 2021	▶ 27.	_____	.00
28. Ordinary and Necessary Business Expense Reduced or not Allowed Due to Claiming a Federal Tax Credit in Lieu of a Deduction	▶ 28.	_____	.00
29. Personal Education Savings Account Deposits	▶ 29.	_____	.00
30. Certain State Emergency Response and Disaster Relief Reserve Fund Payments	▶ 30.	_____	.00
31. Certain Economic Incentive Payments	▶ 31.	_____	.00
32. Certain N.C. Grant Payments	▶ 32.	_____	.00
33. Certain Net Operating Loss Carrybacks (Limited to 20% of amount added to AGI in tax years 2013 through 2019)	▶ 33.	_____	.00
34. Excess Net Operating Loss Carryforward (Limited to 20% of amount added to AGI in 2019 and 2020)	▶ 34.	_____	.00
35. Excess Business Loss (Limited to 20% of amount added to AGI in 2018, 2019, and 2020)	▶ 35.	_____	.00
36. Business Interest Limitation (Limited to 20% of amount added to AGI in 2019 and 2020)	▶ 36.	_____	.00
37. Reserved for Future Use _____	▶ 37.	_____	.00
38. Total Deductions - Add Lines 16 through 21, 22f, 23f, and 24 through 37 (Enter the total here and on Form D-400, Line 9)	▶ 38.	_____	.00



Deductions from Federal AGI are supported by Form D-400 Schedule S, Part B and include:

- State income tax refunds
- Interest from US obligations
- Taxable portions of social security
- Bailey settlement retirement benefits
- Adjustment for bonus depreciation

Bailey Settlement

V. Bailey Settlement

As a result of the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina* and the settlement subsequently reached in that case, North Carolina may not tax retirement benefits received by a retiree (or by a beneficiary of a retiree) from qualifying State, local, or federal retirement systems if the retiree was vested in the retirement system as of August 12, 1989. For most government retirement systems, a person is vested if the person had five or more years of creditable service in a qualifying State, local or federal retirement system as of August 12, 1989. For certain retirement systems, the vesting period is less.

1. Qualifying State or Local Retirement System

The following retirement systems were designated as a North Carolina State or local governmental retirement system:

System	Law Creating the System
North Carolina Teachers' and State Employees' Retirement System (TSERS)	G.S. § 135, Article 1
Optional Retirement Program available to administrators and faculty of the University of North Carolina system in lieu of TSERS	G.S. § 135-5.1
North Carolina Local Governmental Employees' Retirement System	G.S. § 128, Article 3
North Carolina Consolidated Judicial Retirement System	G.S. § 135, Article 4
North Carolina Legislative Retirement System	G.S. § 120, Article 1A
North Carolina Disability Income Plan (both short-term and long-term disability benefits)	G.S. § 135, Article 6
North Carolina Supplemental Retirement Income Plan	G.S. § 135, Article 5
North Carolina Supplemental Retirement Income Plan for State Law Enforcement Officers	G.S. § 143-166.30(d)
North Carolina Deferred Compensation Plan	G.S. § 143B-426.24
North Carolina National Guard Pension Fund	G.S. § 127A-40
North Carolina Sheriffs' Supplemental Pension Fund	G.S. § 143, Article 12H
North Carolina Registers of Deeds' Supplemental Pension Fund	G.S. § 161, Article 3
North Carolina Supplemental Retirement Plan for Local Governmental Law Enforcement Officers	G.S. § 143-166.50(e)

Bailey Settlement

- As a result of the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina*, North Carolina may not tax certain retirement benefits received by retirees
- Or by beneficiaries of retirees) of the State of North Carolina and its local governments or by the United States government retirees (including military).
- For more information review the bailey settlement section within the personal tax bulletin

MILITARY RETIREMENT BENEFITS



Effective for taxable years beginning on or after January 1, 2021, a retired member of the United States Armed Forces or their eligible beneficiary may deduct the following payments received from the United States government in 2021:

Note: The deduction does not apply to severance payments received by a member of the Armed Forces who was separated from the military.

- **Military retirement payments received by a retired member who served at least 20 years in the military or who was medically retired from the military.**
- **Payments from the Survivor Benefit Plan to a beneficiary of a retired member who served at least 20 years in the military or who was medically retired from the military.**

Military Retirement - Certain Retirement Benefits Received by a Retired Member of the United States Armed Forces (Schedule S, Part B. Line 20)

- **G.S. 105-153.5(b) was amended to add new subdivision (5a), effective for tax years beginning with 2021, which provides an individual with a new North Carolina income tax deduction for retirement pay for service in the Armed Forces of the United States.**
- **When calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income the amount of retirement pay received during the taxable year from the United States Armed Forces. This deduction is available to servicemembers who served at least 20 years or who was medically retired from the military and Payments from the Survivor Benefit Plan to a beneficiary of a retired member who served at least 20 years in the military or who was medically retired from the military.**

Important: Military retirees who deducted retirement income on Line 19 under Bailey may not deduct the same retirement income on Line 20, Certain Retirement Benefits Received by a Retired Member of the United States Armed Forces.

INDIVIDUAL INCOME TAX DEDUCTIONS

A taxpayer may claim either the NC Standard Deduction or NC Itemized Deductions that are allowed & supported by Form D-400 Schedule A (the taxpayer must fill in the appropriate indicator on Form D-400,

7. Additions to Federal Adjusted Gross Income <i>(From Form D-400 Schedule S, Part A, Line 15)</i>	▶	7.	
8. Add Lines 6 and 7		8.	
9. Deductions From Federal Adjusted Gross Income <i>(From Form D-400 Schedule S, Part B, Line 38)</i>	▶	9.	
10. Child Deduction <i>(On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)</i>	▶	10a.	▶ 10b.
11. <input type="radio"/> N.C. Standard Deduction OR <input type="radio"/> N.C. Itemized Deductions <i>(Fill in one circle only. See Form D-400 Schedule A.)</i>	▶	11.	
12. a. Add Lines 9, 10b, and 11.			12b. Subtract the amount on Line 12a from Line 8

Important: The North Carolina standard deduction amount is zero for a person who is not eligible for a federal standard deduction.

Line 11 on Form D-400 is where the taxpayer will indicate if they took the standard or itemized deductions. You may deduct from federal adjusted gross income either the NC standard deduction or NC itemized deductions even if you did not claim itemized deductions on your federal return. See pgs. 19- 20 of 2021 D-401

If you recall the standard deduction amounts for tax year 2021 are for

- **Single \$10,750**
- **Married Filing Jointly/Qualifying Widow(er)/Surviving Spouse \$21,500**
- **Married Filing Separately**
 - **Spouse does not claim itemized deductions \$10,750**
 - **Spouse claims itemized deductions \$0**
- **Head of Household \$16,125**

- **The standard deduction is zero for persons who are not eligible for the federal standard deduction under section 63 of the Code. You are not eligible for the federal standard deduction if:**
 - **(1) you are married filing a separate return for federal income tax purposes and your spouse itemizes deductions,**
 - **(2) you are a nonresident alien, In general, a nonresident alien is an alien (not a U.S. citizen) who has not passed the green card test or the substantial presence test. (For more information on the green card test and the substantial presence test, see federal Publication 519, U.S. Tax Guide for Aliens).**
 - **or (3) you are filing a short year tax return because of a change in your accounting period.**

Form D-400, Schedule A

- D-400 Schedule A includes the N. C. Standard Deductions chart reflecting the applicable amount for each filing status.
- D-400 Schedule A allows a taxpayer to calculate their applicable NC Itemized Deductions. **Note: NC itemized deductions differ from federal itemized deductions & are subject to certain limitations.**

NCDOR | **D-400 Schedule A**
 Web 12-21 | 2021 N.C. Itemized Deductions

Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

N.C. Standard Deduction or N.C. Itemized Deductions

You may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions. You can determine the amount of your N.C. standard deduction by looking at the chart below. If you claim the N.C. standard deduction, do not complete Lines 1 through 10. Instead, enter the amount of your N.C. standard deduction on Form D-400, Line 11.

N.C. Standard Deduction	
<i>(In general, the N.C. standard deduction is equal to the amount listed below based on your filing status. However, if you are not eligible for a standard deduction on the federal income tax return, your N.C. standard deduction amount is zero. For more information on eligibility, see the instructions.)</i>	
If your filing status is:	Your N.C. standard deduction is:
• Single	\$ 10,750
• Head of household	\$ 16,125
• Married filing jointly	\$ 21,500
• Qualifying widow(er)/Surviving Spouse	\$ 21,500
• Married filing separately:	
If your spouse <u>does not</u> claim itemized deductions	\$ 10,750
If your spouse <u>claims</u> itemized deductions	\$ 0
If you are not eligible for a standard deduction on your federal tax return	\$ 0

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1. Home Mortgage Interest (See instructions) ▶ 1. _____ .00

2. Real Estate Property Taxes ▶ 2. _____ .00

3. Home Mortgage Interest and Real Estate Property Taxes Before Limitation (Add Lines 1 and 2) 3. _____ .00

4. Home Mortgage Interest and Real Estate Property Taxes Limitation 4. 20,000 .00

5. Home Mortgage Interest and Real Estate Property Taxes After Limitation (Compare Line 3 to Line 4; enter whichever is less.) ▶ 5. _____ .00

6. Charitable Contributions (See instructions) ▶ 6. _____ .00

7. a. Medical and Dental Expenses Before Limitation (See instructions) ▶ 7a. _____ .00

b. Enter the amount from Form D-400, Line 6. If the amount is negative, fill in the circle. 7b. ○ _____ .00

c. Multiply Line 7b by 7.5% (0.075). If zero or less, enter a zero. 7c. _____ .00

d. Medical and Dental Expenses After Limitation (Subtract Line 7c from Line 7a. If Line 7c is more than Line 7a, enter a zero.) ▶ 7d. _____ .00

8. Repayment of Claim of Right Income ▶ 8. _____ .00

9. Reserved for Future Use ▶ 9. _____ .00

10. Total N.C. Itemized Deductions (Add Lines 5, 6, 7d, 8, and 9. Enter the total here and on Form D-400, Line 11.) 10. _____ .00

• If you choose to itemize North Carolina deductions on Form D-400, Line 11, you must attach this schedule to Form D-400. If you do not, the Department may be unable to process your return. For more information see page 20 of the D401. This form replaces Part C of the D-400 Schedule S.

• The NC Itemized deductions are:

1. Qualified home mortgage interest,

2. Real estate property taxes - The limitation for Home Mortgage Interest and Real Estate Property Taxes is \$20,000.

3. Charitable contributions - The limitation for Charitable Contributions is 60% of the Federal Adjusted Gross Income.

4. Medical and dental expenses - The Medical and Dental Expenses limitations of 7.5% of you Federal Adjusted Gross Income.

5. Repayment of Claim of Right Income - See page 20 of the form D-401 for instruction on how to calculate the amount for the Repayment of Claim of Right Income

NONRESIDENTS AND PART-YEAR RESIDENTS

- **If you have a client with employees who work in multiple states, be aware that there are several issues may arise that can be particularly challenging for both your client and the employees**
- **Income tax, withholding taxes, unemployment taxes, reciprocity agreements, nexus, etc.**
- **You will need to be aware of the rules in NC and also in those other states and how those rules interact**
- **Remote workers have increased the complexity**

If you or your spouse, if married filing jointly, were not full-year residents of North Carolina during tax year 2019, you must complete Form D-400 PN to determine the percentage of federal adjusted gross income, as adjusted, that is subject to North Carolina income tax.

You are a “part-year resident” if you moved to North Carolina and became a resident during the tax year, or you moved out of North Carolina and became a resident of another state during the tax year.

You are a “nonresident” if you were not a resident of North Carolina at any time during the tax year

NONRESIDENTS AND PART-YEAR RESIDENTS

Must be completed by a part-year/nonresident who receives income from NC sources to determine the percentage of total income from all sources that is subject to NC tax.

Page 2
D-400 Sch. PN
Web 12-21

Last Name (First 10 Characters) _____

Part B. Allocation of Income

North Carolina Adjustments

17. Additions:

- Interest Income From Obligations
- Deferred Gains Reinvested Into
- Bonus Depreciation
- IRC Section 179 Expense
- Other Additions to Federal Adjusted to Gross Income (From Form D-400, Line 11.)

18. Total Additions (Add Lines 17a through 17e)

19. Deductions:

- State or Local Income Tax Refund
- Interest Income From Obligations of the United States or United States Possessions
- Taxable Portion of Social Security Railroad Retirement Benefits
- Bailey Retirement Benefits
- Bonus Asset Basis
- Bonus Depreciation
- IRC Section 179 Expense
- Other Deductions From Federal Income That Relate to Gross Income (Schedule PN-1, Part B, Line 27.)

20. Total Deductions (Add Lines 19a through 19h)

21. Total Income Modified by N.C. Adjustments (Line 16 plus Line 18 minus Line 20)

Part C. Part-Year Residents

22. Enter the Amount From Column B, Total Income Modified by N.C. Adjustments _____

23. Enter the Amount From Column A, Total Income _____

24. Part-Year Residents and Nonresidents Taxable Percentage (Divide Line 22 by Line 23) Enter the result as a decimal amount here and on Form D-400, Line 13. _____

NCDOR Web 12-21 | **D-400 Schedule PN** 2021 Part-Year Resident and Nonresident Schedule | DOR Use Only

If you enter a taxable percentage on Form D-400, Line 13 because you or your spouse, if married filing jointly, were not full-year residents of North Carolina during tax year 2021, you must attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) _____ Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink. Your Social Security Number _____

A part-year resident or a nonresident who receives income from N.C. sources must complete this form to determine the percentage of total income from all sources that is subject to N.C. tax. You are a "part-year resident" if you moved to N.C. and became a resident during the tax year, or you moved out of N.C. and became a resident of another state during the tax year. You are a "nonresident" if you were not a resident of N.C. at any time during the tax year.

Important: Refer to the Instructions before completing this form.

Part A. Residency Status

Taxpayer is: (Fill in applicable circle)
 Full-Year Resident Nonresident Part-Year Resident
 Date N.C. residency began _____ Date N.C. residency ended _____
 (MM/CC-YY) (MM/CC-YY)

Spouse is: (Fill in applicable circle)
 Full-Year Resident Nonresident Part-Year Resident
 Date N.C. residency began _____ Date N.C. residency ended _____
 (MM/CC-YY) (MM/CC-YY)

If you and your spouse were both full-year residents of N.C., stop here; do not complete Parts B and C. Do not attach Schedule PN to Form D-400.

Part B. Allocation of Income for Part-Year Residents and Nonresidents

Total Income	COLUMN A Total Income from all sources	COLUMN B Amount of Column A subject to N.C. tax
1. Wages, Salaries, Tips, Etc.	1. _____ .00	_____ .00
2. Taxable Interest	2. _____ .00	_____ .00
3. Taxable Dividends	3. _____ .00	_____ .00
4. Taxable Refunds, Credits, or Offsets of State and Local Income Taxes	4. _____ .00	_____ .00
5. Alimony Received	5. _____ .00	_____ .00
6. Business Income or (Loss)	6. _____ .00	_____ .00
7. Capital Gain or (Loss)	7. _____ .00	_____ .00
8. Other Gains or (Losses)	8. _____ .00	_____ .00
9. Taxable Amount of IRA Distributions	9. _____ .00	_____ .00
10. Taxable Amount of Pensions and Annuities	10. _____ .00	_____ .00
11. Rental Real Estate, Royalties, Partnerships, S-Corps, Estates, Trusts, Etc.	11. _____ .00	_____ .00
12. Farm Income or (Loss)	12. _____ .00	_____ .00
13. Unemployment Compensation	13. _____ .00	_____ .00
14. Taxable Portion of Social Security Benefit and Railroad Retirement Benefits	14. _____ .00	_____ .00
15. Other Income	15. _____ .00	_____ .00
16. Total Income (Add Lines 1 through 15)	16. _____ .00	_____ .00

Barcode: 7020906023

24. _____

Form D-400 Schedule PN-1

NCDOR
Web 12-21

D-400 Schedule PN-1
2021 Other Additions and Other Deductions

If you enter an amount on Form D-400 Schedule PN, Part B, Line 17e or Line 19h, you must attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) _____ Your Social Security Number _____

Important: Refer to the instructions before completing this worksheet.

Part A. Other Additions to Federal Adjusted Gross Income That Relate to Gross Income (From 2021 Form D-400 Schedule S, Part A)

	COLUMN A Enter the amount from Form D-400 Schedule S	COLUMN B Amount of Column A subject to N.C. tax
1. S Corporation Shareholder Built-in Gains Tax	1. <input type="text"/> .00	<input type="text"/> .00
2. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2021	2. <input type="text"/> .00	<input type="text"/> .00
3. Unabsorbed Net Operating Loss Deduction	3. <input type="text"/> .00	<input type="text"/> .00
4. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	4. <input type="text"/> .00	<input type="text"/> .00
5. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	5. <input type="text"/> .00	<input type="text"/> .00
6. Discharge of Qualified Principal Residence Indebtedness	6. <input type="text"/> .00	<input type="text"/> .00
7. Qualified Education Loan Payments Paid by Employer	7. <input type="text"/> .00	<input type="text"/> .00
8. Business Meal Deduction in Excess of 50%	8. <input type="text"/> .00	<input type="text"/> .00
9. Discharge of Certain Student Loan Debt	9. <input type="text"/> .00	<input type="text"/> .00
10. Reserved for Future Use <input type="text"/>	10. <input type="text"/> .00	<input type="text"/> .00
11. Total Other Additions (Add Lines 1 through 10) Enter the total here and on Form D-400 Schedule PN, Line 17e.	11. <input type="text"/> .00	<input type="text"/> .00

Must be completed by a part-year/nonresident who entered an amount on Line 17e or 19h of the D-400 Schedule PN.

FORM D-400TC

- Used to claim qualified individual income tax credits
- If a tax credit is claimed on Form D-400, the taxpayer *must* attach a completed Form D-400TC to the return

NCDOR Web 12-21 | **D-400TC** 2021 Individual Income Tax Credits | DOR Use Only

If you claim a tax credit on Form D-400, Line 16, you must attach this form to the return. Otherwise, the tax credit may be disallowed.

Last Name (First 10 Characters) _____ Your Social Security Number _____

Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

Important: Refer to the instructions before completing this form.

Part 1. Credit for Income Tax Paid to Another State or Country – N.C. Residents Only

If you claim a tax credit for taxes paid to more than one state or country, do not complete Lines 1-6. Instead, complete the "Out-of-State Tax Credit Worksheet" in the instructions to determine the amount to enter on Line 7a.

1. Total income from all sources while a resident of N.C. modified by N.C. adjustments to federal gross income (If Line 1 is negative, fill in circle.) 1. _____ .00

2. Portion of Line 1 that was taxed by another state or country 2. _____ .00

3. Divide Line 2 by Line 1 and enter the result as a decimal amount (Round to four decimal places) 3. _____ .00

4. Total North Carolina income tax (From Form D-400, Line 15) 4. _____ .00

5. Multiply Line 4 by Line 3 5. _____ .00

6. Amount of net tax paid to the other state or country on the income shown on Line 2 6. _____ .00

7a. Credit for Income Tax Paid to Another State or Country Enter the lesser of Line 5 or Line 6 7a. _____ .00

7b. Enter the number of states or countries for which a credit is claimed 7b. _____

Part 2. Credits for Rehabilitating Historic Structures

On Lines 8a, 9a, 10a, and 11a, enter the amount of expenditures or expenses only if tax year 2021 is the first year the credit is taken. Note: For Lines 8a and 9a, the expenditures and expenses must have been incurred prior to January 1, 2015.

On Lines 8b, 9b, 10b, 11b, 12, and 13, enter the amount of the tax credit taken.

8. An income-producing historic structure (Article 3D) 8a. _____ .00 8b. _____ .00

9. A nonincome-producing historic structure (Article 3D) 9a. _____ .00 9b. _____ .00

10. An income-producing historic mill facility (Article 3H) 10a. _____ .00 10b. _____ .00

11. A nonincome-producing historic mill facility (Article 3H) 11a. _____ .00 11b. _____ .00

12. An income-producing historic structure (Article 3L) (From Form NC-Rehab, Part 4, Line 23) 12. _____ .00

13. A nonincome-producing historic structure (Article 3L) (From Form NC-Rehab, Part 4, Line 24) 13. _____ .00

If you take a credit on Lines 12 or 13, attach Form NC-Rehab to the front of Form D-400.

Part 3. Computation of Total Tax Credits to be Taken for Tax Year 2021

14. Tax credits carried over from previous years (Do not include any carryover of income tax credits taken on Form NC-478 or Form NC-Rehab.) 14. _____ .00

15. Reserved for Future Use 15. _____ .00

16. Add Lines 7a, 8b, 9b, 10b, 11b, 12, 13, 14, and 15 16. _____ .00

17. North Carolina income tax (From Form D-400, Line 15) 17. _____ .00

18. Enter the lesser of Line 16 or Line 17 18. _____ .00

19. Business incentive and energy tax credits (Attach Form NC-478 and any required supporting schedules to the front of Form D-400.) 19. _____ .00

20. Total Tax Credits to be Taken for Tax Year 2021 (Add Lines 18 and 19. Enter the result here and on Form D-400, Line 16.) The amount on Line 20 cannot exceed the tax shown on Form D-400, Line 15. 20. _____ .00

NEW FOR THE TAX YEAR 2021--FORM NC-PE

- Used by pass-through entities, including partnerships, S Corporations, and Estates and Trusts
- Used if the entity is required to add certain items to federal income, or if the entity is allowed to deduct certain items from federal income
- Comparable to the D-400 Schedule S for individuals

NCDOR Web 11-21	NC-PE 2021 N.C. Additions and Deductions for Pass-Through Entities, Estates, and Trusts	<small>DOR Use Only</small>
<small>A pass-through entity, estate, or trust is required to attach Form NC-PE to the applicable N.C. tax return if the entity is required to add certain items to federal income, or if the entity is allowed to deduct certain items from federal income. Importantly, both pages of this form must be attached to the applicable tax return, even if the entity completes only one part of the form. If both pages of the form are not attached, the Department may be unable to process the tax return.</small>		
<small>Form NC-PE is identical to Form D-400, Schedule S and includes all North Carolina adjustments applicable to individuals. The adjustments listed MAY NOT be applicable to every entity. For additional information, see the instructions for the specific entity.</small>		
<small>Entity's Legal Name (USE CAPITAL LETTERS)</small>		<small>Federal Employer ID Number</small>
<hr/>		<hr/>
Part A. Additions to Income		
1. Interest Income From Obligations of States Other Than N.C.	1.	_____ .00
2. Deferred Gains Reinvested Into an Opportunity Fund	2.	_____ .00
3. Bonus Depreciation	3.	_____ .00
4. IRC Section 179 Expense	4.	_____ .00
5. S-Corporation Shareholder Built-in Gains Tax	5.	_____ .00
6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2021	6.	_____ .00
7. Unabsorbed Net Operating Loss Deduction	7.	_____ .00
8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	8.	_____ .00
9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	9.	_____ .00
10. Discharge of Qualified Principal Residence Indebtedness	10.	_____ .00
11. Qualified Education Loan Payments Paid by Employer	11.	_____ .00
12. Business Meal Deduction in Excess of 50%	12.	_____ .00
13. Discharge of Certain Student Loan Debt	13.	_____ .00
14. Reserved for Future Use	14.	_____ .00
15. Total Additions - Add Lines 1 through 14 (Enter the total here and on the appropriate line on the N.C. tax return. For additional details, see the instructions for the applicable N.C. tax return for the entity type.)	15.	_____ .00

FORM NC K-1

NCDOR
Web
11-21

NC K-1 Supplemental Schedule
2021 Owner or Beneficiary's Share
of N.C. Additions and Deductions

A pass-through entity, estate, or trust that reported N.C. additions or N.C. deductions to an owner or beneficiary on a NC K-1 form must provide each owner or beneficiary the information necessary for the owner or beneficiary to prepare the appropriate N.C. tax return. The pass-through entity, estate, or trust may use this schedule to provide the necessary information to the owner or beneficiary. (For more information, see the instructions for the appropriate N.C. tax return.)

Entity's Legal Name (USE CAPITAL LETTERS) _____ Federal Employer ID Number _____
Individual Owner or Beneficiary's First Name M.I. Individual Owner or Beneficiary's Last Name _____ Individual Owner or Beneficiary's Social Security No. _____
Non-Individual Owner or Beneficiary's Legal Name _____ Federal Employer ID Number _____

Part A. Additions to Income (Complete Column A and Column B, if applicable, for each owner or beneficiary.)

	COLUMN A Enter the Amount from all Sources	COLUMN B Enter the Amount from N.C. Sources
1. Interest Income From Obligations of States Other Than North Carolina	1. <input type="text"/>	<input type="text"/>
2. Deferred Gains Reinvested Into an Opportunity Fund	2. <input type="text"/>	<input type="text"/>
3. Bonus Depreciation	3. <input type="text"/>	<input type="text"/>
4. IRC Section 179 Expense	4. <input type="text"/>	<input type="text"/>
5. S-Corporation Shareholder Built-in Gains Tax	5. <input type="text"/>	<input type="text"/>
6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2021	6. <input type="text"/>	<input type="text"/>
7. Unabsorbed Net Operating Loss Deduction	7. <input type="text"/>	<input type="text"/>
8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	8. <input type="text"/>	<input type="text"/>
9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	9. <input type="text"/>	<input type="text"/>
10. Discharge of Qualified Principal Residence Indebtedness	10. <input type="text"/>	<input type="text"/>
11. Qualified Education Loan Payments by Employer	11. <input type="text"/>	<input type="text"/>
12. Business Meal Deduction in Excess of 50%	12. <input type="text"/>	<input type="text"/>
13. Discharge of Certain Student Loan Debt	13. <input type="text"/>	<input type="text"/>
14. Reserved for Future Use <input type="text"/>	14. <input type="text"/>	<input type="text"/>
15. Total Additions - Add Lines 1 through 14 (Include your share of the applicable N.C. addition on your N.C. income tax return. For more information, see the instructions for the applicable return.)	15. <input type="text"/>	<input type="text"/>

- Used by pass-through entities, including partnerships, S Corporations, and Estates and Trusts
- Provides information regarding additions and deductions for an owner or beneficiary of a pass through entity.
- The owner or beneficiary can then transfer the information to the applicable lines of their D-400 Schedule S when they complete their individual income tax return.

Penalties

If an entity fails to file a return and/or payment by the due date, they will incur penalties

Penalties

- **Failure to Pay: 10% of the original tax due**
- **Failure to File: 5% per month or fraction thereof (no minimum, 25% maximum)**

Failure to Pay Rate Reduction



Important Notice: North Carolina Temporarily Reduces the Late Payment Penalty

The purpose of this notice is to inform taxpayers of recent changes to how the penalty for failure to pay a tax when due is calculated.

Summary of Law Change

In general, [N.C. Gen. Stat. § 105-236\(a\)\(4\)](#) requires the North Carolina Department of Revenue ("Department") to assess a penalty for Failure to Pay Tax When Due ("Penalty") if you do not pay the amount of tax you owe on your North Carolina tax return ("Return") by the due date of the Return. The Penalty is a percentage of the net tax¹ you did not pay by the due date² of the Return.

In 2021, the General Assembly enacted legislation to change the calculation of the Penalty from the current flat rate of ten percent (10%) to a graduated rate.³ The change was to be effective for taxes assessed on or after July 1, 2022.

On June 29, 2022, Governor Cooper signed [Session Law 2022-13](#) (House Bill 83). This new law made several changes to the State's tax laws. For purposes of this notice, the legislation continues the current Penalty rate of ten percent (10%) through December 2022, temporarily reduces the Penalty rate to five percent (5%) from January 2023 to June 2024, and then reintroduces the graduated Penalty rate in July 2024.

The following table summarizes these changes:

Tax Assessed		
On	Through	Rate of Penalty
July 1, 2022	December 31, 2022	10%
January 1, 2023	June 30, 2024	5%
July 1, 2024	To Be Determined	2% for the first month the tax is not paid, increased by 2% for each succeeding month, not to exceed 10%

¹ "Net tax" is the amount of tax required to be shown on the Return less any timely payments of the tax and allowable tax credits.

² For purposes of North Carolina franchise tax and North Carolina income tax, an extension of the time to file a return does not extend the due date of the payment or any other return, an extension of the time to file a return extends the due date of the payment. [N.C. Gen. Stat. § 105-263\(b\)](#).

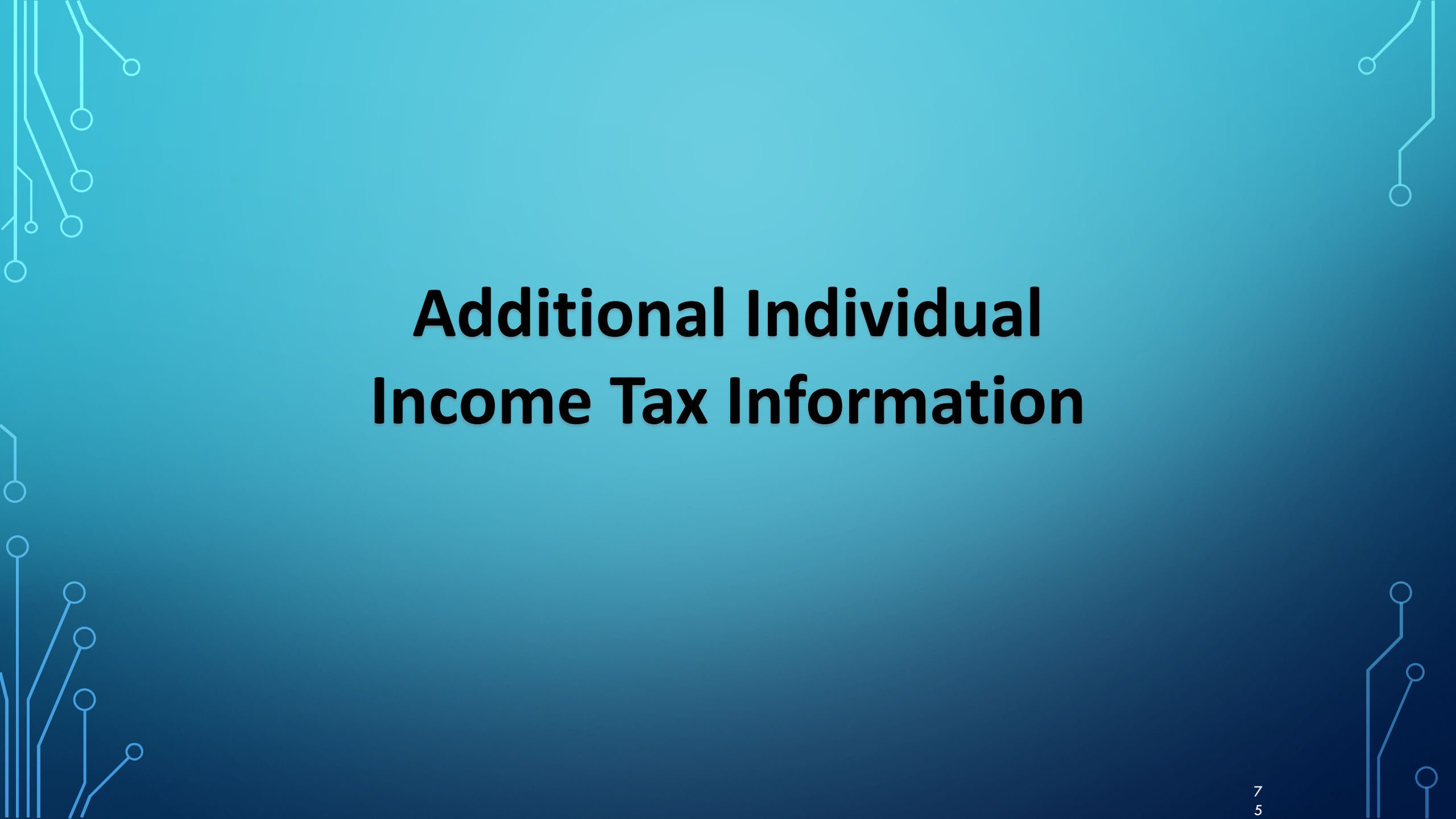
³ See SB 105, s. 42.11.(a); [S.L. 2021-180](#).

Failure to Pay Tax Assessed		
On	Through	Rate of Penalty
July 1, 2022	December 31, 2022	10%
January 1, 2023	June 30, 2024	5%
July 1, 2024	To Be Determined	2% for the first month the tax is not paid, increased by 2% for each succeeding month, not to exceed 10%

Interest Rate



**The interest rate is set at 5% per year;
or 0.417% per month for the period of
January 1, 2022 through December 31,
2022**

The background is a gradient of blue, transitioning from a lighter shade at the top to a darker shade at the bottom. In the four corners, there are decorative white line-art patterns resembling circuit boards or neural networks, with lines connecting to small circles.

Additional Individual Income Tax Information

D-400 SCHEDULE AM

NCDOR | **D-400** | **2021 Individual Income Tax Return** | DOR Use Only

Web 12-21

AMENDED RETURN
Fill in circle (See Instructions)

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2021, or fiscal year beginning (MM-00) = 21 and ending (MM-00-YY) =

Your Social Security Number _____ Spouse's Social Security Number _____
You must enter your social security number(s)

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.I. Your Last Name _____
 If a Joint Return, Spouse's First Name M.I. Spouse's Last Name _____

Mailing Address _____ Apartment Number _____
 City _____ State _____ Zip Code _____ Country (if not U.S.) _____ County (where the return is filed) _____

N.C. Education Endowment Fund: You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. To make a contribution, enclose Form NC-EDU and your payment of \$ _____. To designate your overpayment to the Fund, enter the amount of your designation on Page 2, Line 31. (See instructions for information about the Fund.)

Out of Country Fill in circle if you, or if married filing jointly, your spouse were out of the country on April 15, 2022, and a U.S. citizen or resident.

Deceased Taxpayer Information Enter date of death of deceased taxpayer or deceased spouse. _____

Fill in circle if return is filed and signed by Executor, Administrator, or Court-Appointed Personal Representative. Taxpayer (MM-00-YY) _____ Spouse (MM-00-YY) _____

Residency Status Were you a resident of N.C. for the entire year? Yes No **If No, complete and attach Form D-400 Schedule PN.**
 Was your spouse a resident for the entire year? Yes No

Veteran Information Are you a veteran? Yes No Is your spouse a veteran? Yes No

Federal Extension Were you granted an automatic extension to file your 2021 federal income tax return, e.g., Form 1040? Yes No

Filing Status (Fill in one circle only)

- Single
- Married Filing Jointly
- Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name _____ SSN _____
- Head of Household
- Qualifying Widow(er) (Year spouse died: _____) Enter Whole U.S. Dollars Only

6. Federal Adjusted Gross Income 6. _____ .00

7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 15) 7. _____ .00

8. Add Lines 6 and 7 8. _____ .00

9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 38) 9. _____ .00

10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.) 10a. _____ 10b. _____ .00

11. N.C. Standard Deduction OR N.C. Itemized Deductions (Fill in one circle only. See Form D-400 Schedule A.) 11. _____ .00

12. a. Add Lines 9, 10b, and 11. _____ .00 12b. Subtract the amount on Line 12a from Line 8. 12. _____ .00

13. Part-year Residents and Nonresidents Taxable Percentage (From Form D-400 Schedule PN, Line 24. Enter amount as decimal.) 13. _____ .00

14. North Carolina Taxable Income Full-year residents enter the amount from Line 12b. Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13. 14. _____ .00

15. North Carolina Income Tax Multiply Line 14 by 5.25% (0.0525). If zero or less, enter a zero. 15. _____ .00

Barcode: 7020106023

NCDOR | **D-400 Schedule AM** | **North Carolina Amended Schedule** | DOR Use Only

Web 9-15

For calendar year _____ or other tax year beginning (MM-00-YY) _____ and ending (MM-00-YY) _____

Your Social Security Number _____ Spouse's Social Security Number _____
You must enter your social security number(s)

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.I. Your Last Name _____
 If a Joint Return, Spouse's First Name M.I. Spouse's Last Name _____

Mailing Address - If this is a change, fill in circle _____ Apartment Number _____
 City _____ State _____ Zip Code _____ Country (if not U.S.) _____ County (where the return is filed) _____

Reason(s) for Amending Your Return (Fill in all applicable circles)

- Federal audit change (Attach federal audit report)
- Additional income (include W-2, 1099, or K-1)
- Adjustments to D-400 Schedule S (Attach schedule and any supporting documentation)
- Adjustments to D-400 Schedule PN (Attach schedule and any supporting documentation)
- Tax Credits (Attach Form D-400TC)
- Filing Status (Note: You cannot change from joint to separate returns after the due date of the original return)
- Change in Social Security Number or TIN (SSN or TIN on original return _____)
- Military spouse residency election pursuant to Veterans Benefits and Transition Act
- Original return has previously been audited by the Department
- Net operating loss (include copy of your federal form 1048, including Schedules A and B)
- Injured/Innocent spouse
- Tax Treaties
- Other

Explanation of Changes

Describe in detail the reason(s) for amending your return. Attach all supporting forms and schedules for the items changed. Be sure to include your name and social security number on any attachments. If the changes are also applicable to your federal return, include a copy of **Federal Form 1040X**. If there was a change to wages or State withholding, be sure to include corrected Forms W-2 or 1099. **Important:** When filing an amended North Carolina individual income tax return, complete Form D-400 for the taxable year you are amending and fill in the "Amended Return" circle located at the top right of the form. Attach this schedule, along with all supporting forms and schedules, to the front page of the amended D-400. Refunds will not be processed without a complete explanation of changes and required attachments.

Mall this form, amended Form D-400, all required schedules, supporting forms, and, if applicable, payment for the amount shown due on Form D-400, Line 27 and Form D-400V Amended to:
 N.C. DEPARTMENT OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0640

Individual Estimated Income Tax

NC-40

Web
12-21

You can use Form NC-40 to make all of your estimated income tax payments for the year. However, you may pay your estimated tax online. For details, visit www.ncdor.gov.

"Estimated Income Tax" is the amount of income tax you expect to owe for the year after subtracting the amount of tax you expect to have withheld and the amount of any tax credits you plan to claim.

Who Must Make Estimated Income Tax Payments

You should make estimated income tax payments if the tax due on your individual tax return, reduced by the amount of tax withheld and tax credits, will be \$1,000 or more.

You should estimate your income tax carefully to avoid having to pay a large balance when you file your income tax return (Form D-400) and to avoid owing interest for underpayment of estimated income tax (see discussion on **Interest for Failure to Pay Your Estimated Income Tax**). You may find it convenient to increase your withholding tax to avoid paying estimated income tax. If you do choose to increase the amount withheld, you should make sure the balance due on your income tax return will be less than \$1,000.

When To Pay Your Estimated Income Tax

Generally you must make your first estimated income tax payment by April 15. You must either pay all of your estimated income tax at that time or pay in four equal amounts on or before **April 15, June 15, September 15 and January 15** of the following year. When the due date for the estimated income tax payment falls on a Saturday, Sunday or holiday, the payment is due on or before the next business day.

Although a payment of estimated income tax may not be due on April 15 based on your situation at that time, your expected income, additions or deductions and tax credits may change so that a payment is due at a later date. In such cases, the payment dates are as follows:

If requirement is met after: Payment date is:

-April 1 and before June 1 June 15
-June 1 and before September 1 September 15
-September 1 January 15

If the first estimated income tax payment you are required to make is due after April 15, or if you are required to change your payments after paying the first installment, you should pay the remaining installments as follows:

Individual Estimated Income Tax

North Carolina Department of Revenue

Instructions

If the installment is due:

June 15: Pay 1/2 of the balance of the net estimated income tax at that time, 1/4 of the balance on September 15 and the remaining 1/4 on January 15.

September 15: Pay 3/4 of the balance of the net estimated income tax at that time and the remaining 1/4 on January 15.

If you file your income tax return (Form D-400) by January 31 of the following year and pay the entire balance due, you do not have to make the payment which would otherwise be due on January 15.

Farmers and Fishermen

If at least two-thirds of your estimated gross income is from farming (including oyster farming) or commercial fishing, your estimated income tax may be paid at any time on or before January 15 of the following year. If your income tax return (Form D-400) is filed and the total tax is paid on or before March 1, you do not have to make an estimated income tax payment.

Important: To avoid receiving an assessment for underpayment of estimated tax, you must enter the letter **F** in the exception box located next to Line 26e of Form D-400.

Fiscal Year

If your income is reported on a fiscal year basis, dates are the 15th day of the 4th, 6th and 9th of your fiscal year, and the first month of the fiscal year. For more information on how to use Form NC-40 when paying your estimated income tax on a fiscal year basis, please refer to the instructions on **Completing the Estimated Income Tax Form (NC-40)** on this page.

Interest for Failure to Pay Your Estimated Income Tax

You may owe interest for underpayment of estimated income tax or for not making payments on time. Interest will not be due if each installment payment is the lesser of (a) 25% of the tax due for the year, or (b) 25% of the tax due on your current year's return; (c) 100% of the tax due on your previous year's return, if your previous year was a taxable year of 12 months and a return was filed for that year; or (d) 90% of the tax figured by annualizing the taxable income received during the year to the month in which the installment is due.

Underpayment interest will not be due if you had no tax liability for the previous year.

Compute underpayment interest on **Form D-422, Underpayment of Estimated Tax by Individuals**. You may obtain the form by writing the N.C. Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001, by calling the Department at 1-877-252-3052 (toll-free), or from the Department's website at www.ncdor.gov.

Completing the Estimated Income Tax Form (NC-40)

The instructions that follow will help you complete the forms correctly.

(1) First complete the worksheet on Page 2 to determine your estimated income tax for the tax year.

(2) Enter your name, address, and social security number in the space provided on the form. **If you intend to file a joint income tax return, please enter your name and social security number and your spouse's name and social security number on the form.** Enter in the applicable box the year for which the payment is intended. Fiscal year taxpayers enter the beginning and ending dates of the fiscal year in the boxes provided.

(3) Enter one-fourth (1/4) of the amount shown on Line

NCDOR
Web
8-16

NC-40

Individual Estimated Income Tax

For calendar year _____ or fiscal year: _____

Complete spouse's information if you and your spouse plan to file a joint return.

Your Social Security Number _____ Spouse's Social Security Number _____
Beginning (MM-DD-YY) _____ Ending (MM-DD-YY) _____

Your First Name _____ M.I. _____ Spouse's First Name _____ M.I. _____

Your Last Name _____ Spouse's Last Name _____

Address _____ Apartment Number _____

City _____ County (Enter first 5 letters) _____ State _____ Zip Code _____ Country (If not U.S.) _____

Amount of this Payment
\$ _____ .00

Mail this form with your check or money order in U.S. currency to: N.C. Department of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0630. Do not fold, tape, or staple this return or your check. Do not send cash.



Cut and mail original form to
N.C. Department of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0630



- If a taxpayer expects the tax due on their original D-400, reduced by the amount of tax withheld and tax credits, will be greater than \$1,000 they *must* submit estimated tax payments

Generally, taxpayers who pay estimated tax are those who are:

- Self-employed
- Pension payment recipients
- Receiving payments from tax-deferred accounts
- Receiving significant amounts of interest income, dividends, or capital gains

Generally, estimated income tax must be paid in:

One total payment on or before April 15, or Four separate, equal payments on or before April 15, June 15, September 15 & January 15 of the following year

INDIVIDUAL INCOME TAX WITHHOLDING

- Taxpayers use Form NC-4 or NC-4EZ, Employee's Withholding Allowance Certificate, to determine the number of withholding allowances they are entitled to claim
- Form NC-4 or NC-4EZ is used to inform employers the correct amount of State income tax to withhold from the employee's pay
- Requires an individual to take into consideration additions & deductions on his/her individual income tax forms
- If a taxpayer estimates that they will have tax due, they may decrease his/her withholding allowances using Form NC-4 or NC-4EZ
- If an employee does not provide his/her employer with a Withholding Allowance Certificate, the employer must withhold tax as if they are single with zero allowances

FORM NC-4

Includes an expanded worksheet that employees use to adjust withholding allowances based on:

- NC Itemized Deductions
- Federal adjustments to income
- NC additions to and NC deductions from federal AGI

NCDOR | **NC-4**
Web 11-21 | **Employee's Withholding Allowance Certificate**

PURPOSE - Complete Form NC-4 so that your employer can withhold the correct amount of State income tax from your pay. **If you do not submit Form NC-4 to your employer, your employer must withhold as if your filing status is "Single" with no withholding allowances.**

FORM NC-4EZ - You may use Form NC-4EZ if you plan to claim either the N.C. Standard Deduction or the N.C. Child Deduction Amount (but no other N.C. deductions), and you do not plan to claim any N.C. tax credits.

FORM NC-4 NRA - If you are a nonresident alien you must use Form NC-4 NRA. In general, a nonresident alien is an alien (not a U.S. citizen) who has not passed the green card test or the substantial presence test. (See Publication 519, U.S. Tax Guide for Aliens, for more information on the green card test and the substantial presence test.)

FORM NC-4 BASIC INSTRUCTIONS - Complete the NC-4 Allowance Worksheet. The worksheet will help you determine your withholding allowances based on federal and State adjustments to gross income including the N.C. Child Deduction Amount, N.C. itemized deductions, and N.C. tax credits. However, you may claim fewer allowances than you are entitled to if you wish to increase the tax withheld during the tax year. If your withholding allowances decrease, you must file a new NC-4 with your employer within 10 days after the change occurs. Exception: When an individual ceases to be "Head of Household" after maintaining the household for the major portion of the year, a new NC-4 is not required until the next year.

TWO OR MORE JOBS - If you have more than one job, determine the total number of allowances you are entitled to claim on all jobs using one Form NC-4 Allowance Worksheet. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 filed for the higher paying job and zero allowances are claimed for the other. You should also refer to the "Multiple Jobs Table" to determine the additional amount to be withheld on Line 2 of Form NC-4. (See page 4).

NONWAGE INCOME - If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated income tax payments using Form NC-40 to avoid interest on the underpayment of estimated income tax. Form NC-40 is available on the Department's website at www.ncdor.gov.

HEAD OF HOUSEHOLD - Generally you may claim "Head of Household" filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

SURVIVING SPOUSE - Generally, you may claim "Surviving Spouse" filing status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

1. Your home is maintained as the main household of a child or stepchild whom you can claim as a dependent; and
2. You were entitled to file a joint return with your spouse in the year of your spouse's death.

MARRIED TAXPAYERS - For married taxpayers, both spouses must agree as to whether they will complete the NC-4 Allowance Worksheet based on the filing status, "Married Filing Jointly" or "Married Filing Separately."

- Married taxpayers who complete the worksheet based on the filing status, "Married Filing Jointly" should consider the sum of both spouses' income, federal and State adjustments to income, and State tax credits to determine the number of allowances.
- Married taxpayers who complete the worksheet based on the filing status, "Married Filing Separately" should consider only his or her portion of income, federal and State adjustments to income, and State tax credits to determine the number of allowances.

All NC-4 forms are subject to review by the North Carolina Department of Revenue. Your employer may be required to send this form to the North Carolina Department of Revenue.

CAUTION: If you furnish an employer with an Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable

NC-4
Web 10-17
Employee's Withholding Allowance Certificate
North Carolina Department of Revenue

1. Total number of allowances you are claiming (Enter zero (0), or the number of allowances from Page 2, line 17 of the NC-4 Allowance Worksheet) **02**

2. Additional amount, if any, withheld from each pay period (Enter whole dollars) **.00**

Serial Security Number: **1 2 3 - 4 5 - 6 7 8 9** | Marital Status: Single Head of Household Married or Qualifying Widower

First Name (and initials, optional for your use only): **JOSEPH** | M.I.: **A** | Last Name: **LEE**

Address: **501 N WILMINGTON ST** | County (for Worksheet): **WAKE**

City: **RALEIGH** | State: **NC** | Zip Code (if Diff): **27536** | Country (if not U.S.):

Employee's Signature: **Joseph A. Lee** | Date: **JUL 11, 2017**

I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed on line 1 above.

NC-4 has multiple worksheets used to complete the form. These worksheets determine withholding allowances and include:

- A taxpayer's filing status
- Adjustments to income
- Itemizations
- Tax credits

Form NC-4EZ

Use Form NC-4EZ if you:

- Plan to claim the NC Standard Deduction,
- Plan to claim the NC Child Deduction Amount (but no other NC deductions)
- Do not plan to claim NC tax credits,
- Qualify to claim exempt status

NCDOR Web 11-21

NC-4EZ Employee's Withholding Allowance Certificate

Filing Status (Mark one box only) Single or Married Filing Separately Head of Household Married Filing Jointly or Surviving Spouse

Social Security Number

First Name M.I. Last Name

Address County (if not U.S.)

City State Zip Code Country (if not U.S.)

Instructions. Use Form NC-4EZ if you:

- Plan to claim the N.C. Standard Deduction
- Plan to claim the N.C. Child Deduction Amount (but no other N.C. deductions)
- Do not plan to claim N.C. tax credits
- Qualify to claim exempt status (See Lines 3 or 4 below)

Important. If you plan to claim N.C. itemized deductions or plan to claim other N.C. deductions (other than the N.C. Child Deduction Amount), you must complete Form NC-4. If you are a nonresident alien, you must complete Form NC-4 NRA. In general, a nonresident alien is an alien (not a U.S. citizen) who has not passed the green card test or the substantial presence test. (See Publication 519, U.S. Tax Guide for Aliens, for more information on the green card test and the substantial presence test.)

If you plan to claim the N.C. Child Deduction Amount, use the table below for your filing status, amount of income, and number of children under age 17 to determine the number of allowances to enter on Line 1. For married taxpayers, only one spouse may claim the allowance for the N.C. Child Deduction Amount for each child.

Single & Married Filing Separately		Married Filing Jointly & Surviving Spouse		Head of Household	
Income	# of Children under age 17	Income	# of Children under age 17	Income	# of Children under age 17
	1 2 3 4 5 6 7 8 9 10		1 2 3 4 5 6 7 8 9 10		1 2 3 4 5 6 7 8 9 10
	# of Allowances		# of Allowances		# of Allowances
0 - 20,000	1 2 3 4 6 7 8 9 10 12	0 - 40,000	1 2 3 4 6 7 8 9 10 12	0 - 30,000	1 2 3 4 6 7 8 9 10 12
20,001 - 30,000	1 2 3 4 5 6 7 8 9 10	40,001 - 60,000	1 2 3 4 5 6 7 8 9 10	30,001 - 45,000	1 2 3 4 5 6 7 8 9 10
30,001 - 40,000	0 1 2 3 4 4 5 6 7 8	60,001 - 80,000	0 1 2 3 4 4 5 6 7 8	45,001 - 60,000	0 1 2 3 4 4 5 6 7 8
40,001 - 50,000	0 1 1 2 3 3 4 4 5 6	80,001 - 100,000	0 1 1 2 3 3 4 4 5 6	60,001 - 75,000	0 1 1 2 3 3 4 4 5 6
50,001 - 60,000	0 0 1 1 2 2 2 3 3 4	100,001 - 120,000	0 0 1 1 2 2 2 3 3 4	75,001 - 90,000	0 0 1 1 2 2 2 3 3 4
60,001 - 70,000	0 0 0 0 1 1 1 1 1 2	120,001 - 140,000	0 0 0 0 1 1 1 1 1 2	90,001 - 105,000	0 0 0 0 1 1 1 1 1 2
70,001 and over	0 0 0 0 0 0 0 0 0 0	140,001 and over	0 0 0 0 0 0 0 0 0 0	105,000 and over	0 0 0 0 0 0 0 0 0 0

1. Total number of allowances you are claiming (Enter zero (0), or the number of allowances from the table above) _____

2. Additional amount, if any, you want withheld from each pay period (Enter whole dollars) _____ .00

3. I certify that I am exempt from North Carolina withholding because I meet both of the following conditions:
 • Last year I was entitled to a refund of all State income tax withheld because I had no tax liability, and
 • This year, I expect a refund of all State income tax withheld because I expect to have no tax liability. Check Here

4. I certify that I am exempt from North Carolina withholding because I meet the requirements set forth in the Servicemembers Civil Relief Act, as amended by the Military Spouses Residency Relief Act and Veterans Benefits and Transition Act. (See Form D-401, North Carolina Individual Income Tax Instructions, for more information.) Check Here

If an exemption on Line 3 or Line 4 applies to you, enter the year the exemption became effective _____ YYYY

5. I certify that I no longer meet the requirements for an exemption on Line 3 or Line 4 (Check applicable box)
 Therefore, I revoke my exemption and request that my employer withhold North Carolina income tax based on the number of allowances entered on Line 1 and any additional amount entered on Line 2. Check Here

CAUTION: If you furnish an employer with an Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld.

Employee's Signature _____ Date _____

I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed on Line 1 above, or if claiming exemption from withholding, that I am entitled to claim the exempt status on Line 3 or 4, whichever applies.

Personal Information & Filing Status

Number of Allowance Calculation & Exemption

FORM NC-4P

- Generally used by individuals who:
 - Are N.C. residents who are recipients of income from pensions, annuities, and certain other deferred payments.
 - Used to determine the amount to be withheld from a pension.
 - Includes an expanded worksheet.

NCDOR
Web
11-21

NC-4P
Withholding Certificate for
Pension or Annuity Payments

PURPOSE. Form NC-4P is for North Carolina residents who are recipients of income from pensions, annuities, and certain other deferred compensation plans. Use the form to tell payers whether you want any State income tax withheld and on what basis. You can also use the form to choose not to have State income tax withheld. However, you cannot make this choice for eligible rollover distributions. The method and rate of withholding depends on whether the payment you receive is a periodic payment or a nonperiodic distribution. This form is also to be used by a nonresident with a North Carolina address to indicate that no tax is to be withheld from pension payments.

PERIODIC PAYMENTS. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than one year. They may be paid annually, quarterly, monthly, etc. If you want State income tax withheld, you should complete the **Form NC-4P Allowance Worksheet**. You can designate an additional amount to be withheld on Line 3 of Form NC-4P. Submit the completed form to your payer. If you do not submit Form NC-4P to your payer, the payer must withhold on periodic payments as if your filing status is "Single" with no withholding allowances.

Caution: If you furnish a pension payer a **Withholding Certificate for Pension or Annuity Payments** that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld. You may be subject to interest on the underpayment of estimated income tax, that applies for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees should see Form NC-40, Individual Estimated Income Tax, for details on the estimated income tax requirements. You may be able to avoid quarterly estimated income tax payments by having enough tax withheld from your pension or annuity using Form NC-4P.

For periodic payments, your Form NC-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have State income tax withheld or to revoke your election.

NONPERIODIC DISTRIBUTIONS - 4% WITHHOLDING. Your payer must withhold a flat 4% from a nonperiodic distribution unless you choose not to have State income tax withheld. A nonperiodic distribution means any distribution which is not a periodic payment. (The 4% withholding is required on eligible rollover distributions and you cannot choose not to have State income tax withheld from those distributions.) Distributions from an IRA that are payable on demand are treated as nonperiodic distributions. The election to withhold from nonperiodic distributions applies on a distribution by distribution basis. If you choose not to have tax withheld from a nonperiodic distribution, you should check the box on Line 1 of Form NC-4P and submit the completed form to your payer.

MISSING OR INCORRECT TAXPAYER IDENTIFICATION NUMBER. If you submit an NC-4P that does not contain the taxpayer identification number, or if the identification number is incorrect, the payer cannot honor your request not to have income tax withheld. The payer must withhold on periodic payments as if your filing status is "Single" with no withholding allowances. Withholding on nonperiodic distributions will be at the 4% rate.

REVOKING YOUR "NO WITHHOLDING" CHOICE. If you previously chose not to have State income tax withheld on either periodic or nonperiodic payments, complete another NC-4P and submit to your payer. Write "Revoked" next to the check box on Line 1 of the form and tax will be withheld at the rate set by law.

IMPORTANT. If you are a government retiree whose income is exempt from State income tax as a result of the *Bailey Settlement* or if you are a qualifying retiree of the United States Armed Forces, you should choose no withholding by checking the box on Line 1 of Form NC-4P. (See *Publication NC-30, Income Tax Withholding Tables and Instructions for Employers*, for more information.)

NCDOR
Web
12-16

NC-4P
Withholding Certificate for Pension or Annuity Payments

Type or print your first name and middle initial JOSEPH A	Last name LEE	Your social security number 123-45-6789
Home address (number and street or rural route) 501 N WILMINGTON ST		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code RALEIGH, NC 27614		

Complete the following applicable lines:

1 Check here if you do not want any State income tax withheld from your pension or annuity. (Do not complete Lines 2 or 3.)

2 Total number of allowances you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on Line 3.) ▶ **1**
(Enter number of allowances)

Filing status: Single or Married Filing Separately Married Filing Jointly or Surviving Spouse Head of Household

3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** For periodic payments you cannot enter an amount here without entering the number (including zero) of allowances on Line 2. ▶ \$

Your Signature ▶ **JOSEPH A LEE**

Date ▶ **JULY 1, 2019**

The background is a gradient of blue, transitioning from a lighter shade at the top to a darker shade at the bottom. In the four corners, there are decorative white line-art patterns resembling circuit traces or neural network connections, with small circles at the end of the lines.

General Recommendations and Resources

Individual Income Tax Estimator

TAX YEAR 2021		
(Important: This calculator estimates N.C. income tax liability without regard to tax credits.)		
Please fill in all applicable boxes highlighted in yellow.		
Personal Information		
Estimate of Federal Adjusted Gross Income	\$ -	\$0
Number of Dependent Children for Whom you Were Allowed a Federal Child Tax Credit	0	
Filing Status	Single	
Standard Deduction	\$10,750	
<i>{This estimator will calculate your child tax deduction}</i>	\$0	
		<i>Estimated Refund or Amount Due</i> <i>Note: Negative Number Represents Refund</i>
		Estimated North Carolina Taxable Income \$0
		Estimated North Carolina Tax \$0
Please enter estimates of Additions, Deductions, and Payments for the entire year (not year-to-date).		
ADDITIONS TO FEDERAL AGI		N.C. ITEMIZED DEDUCTIONS
		Home Mortgage Interest
		Real Estate Property Taxes
		Home Mortgage Interest and Real Estate Property Taxes After Limitation (Max. \$20,000)
		Charitable Contributions
		Medical and Dental Expenses Before Limitation
		Medical and Dental Expenses After Limitation
		Repayment of Claim of Right Income
		TOTAL N.C. ITEMIZED DEDUCTIONS
		N.C. TAX PAYMENTS
		Withholding
		Estimated Tax Payments
		Partnership
		S-Corporation
		TOTAL PAYMENTS
Additions to Federal Adjusted Gross Income <i>(Enter on the "Additions/Deductions" tab)</i>	\$0	
TOTAL ADDITIONS	\$0	
Deductions From Federal Adjusted Gross Income <i>(Enter on the "Additions/Deductions" Tab)</i>	\$0	
TOTAL DEDUCTIONS	\$0	
		TOTAL PAYMENTS
		\$0

The individual income tax estimator helps taxpayers estimate their North Carolina individual income tax liability for the tax year

Individual Income Tax Estimator

2021 Volunteer's Guide To Preparing North Carolina Income Tax Returns



**North Carolina
Department of Revenue**

- **These documents were prepared for the sole use of volunteers preparing returns at VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) centers.**
- **The manual and examples are intended merely as a guide and consideration must be given to all the facts and circumstances. They do not cover all provisions of the law**

Directives and Personal Taxes Bulletin

Home | File & Pay | Taxes & Forms | Received A Notice | News | About Us | Contact Us

Individual Income Tax Directives Table of Contents

TA-19-1	Expansion of Requirement to Withhold State Income Tax from Certain Non-Wage Compensation Recipients	October 18, 2019
TA-18-1	Timely Mailing of Returns, Documents, or Payments	August 24, 2018
TA-16-1	When is a North Carolina Tax Return Considered Timely Filed or a Tax Considered Timely Paid if the Due Date Falls on a Saturday, Sunday, or Legal Holiday	April 12, 2016
PD-14-3	Same-Sex Marriage and Filing Status	October 24, 2014

Individual Income Tax Directives (main)

[Alphabetical Index](#)

[Directive PD-00-1](#)

[Directive PD-00-2](#)

[Directive PD-00-3](#)

[Directive PD-02-1](#)

[Directive PD-07-1](#)

[Directive PD-98-1](#)

[Directive PD-98-2](#)

[Directive PD-98-3](#)

[Directive PD-98-4 \(Revised\)](#)



PERSONAL TAXES BULLETIN

Individual Income Tax
Pass-Through Entities
Withholding Tax

Reflecting Changes Made in the 2021 Regular Session
of the North Carolina General Assembly

Personal Taxes Division
March 2022

How Do I Submit My Return?

Submitting Your Return

Electronically

By Mail



The screenshot shows the 'eFile for Individuals' page on the NC website. The navigation bar includes links for Home, File & Pay, Taxes & Forms, Received A Notice, News, About Us, and Contact Us. The main content area is titled 'eFile for Individuals' and provides instructions for taxpayers to choose an eFile option. It features the 'eFile for Free' logo for NCfreefile and lists several key points: using a free online provider with varying eligibility, availability for current year returns, and the requirement to use website links to avoid fees. Below this, it details the 'eFile for a Fee' option, which is available for current, amended, and prior year returns. A section for 'Locate a Tax Professional' offers links to find professionals and free tax help. At the bottom, it directs tax professionals and software providers to developer information. A right-hand sidebar contains a 'File & Pay' menu with links to various services like eFile for Businesses, Motor Carrier eFile, Motor Fuels eFile, eFile Resources, eServices, eBusiness Center, Payment Methods, Amended Individual Income Tax, Direct Deposit, Mailing Payments, Electronic Funds Transfer, Extension for Filing Individual Income Tax Return, and Individual Estimated Income Tax Form NC-40.

Home File & Pay Taxes & Forms Received A Notice News About Us Contact Us

eFile for Individuals

For taxpayers – choose an eFile option (below) that works for you. Be sure the eFile software or tax professional that you select supports the forms you want to file.

eFile for Free **NCfreefile**

- File using a free online eFile provider (NCfreefile) – eligibility requirements vary
- Available for current year returns and payments
- Must access using [eFile for Free](#) links on our website – otherwise, fees may be assessed!

eFile for a Fee

- If you don't qualify for NC Free File, you can still [eFile for a Fee](#) using a competitively priced online eFile provider.
- Available for [current](#), [amended](#), and [prior year](#) returns and payments.

Locate a Tax Professional

- Use a [tax professional](#) to prepare your taxes and eFile for you – fees and services vary
- Find [free tax help](#)

For tax professionals and eFile software providers looking for developer information -- visit [eFile Software Developer for Individual Income](#)

File & Pay

- [eFile for Individuals](#)
- [eFile for Businesses](#)
- [Motor Carrier \(IFTA/IN\) eFile](#)
- [Motor Fuels eFile](#)
- [eFile Resources](#)
- [eServices](#)
- [eBusiness Center](#)
- [Payment Methods](#)
- [Amended Individual Income Tax](#)
- [Direct Deposit](#)
- [Mailing Payments](#)
- [Electronic Funds Transfer](#)
- [Extension for Filing Individual Income Tax Return](#)
- [Individual Estimated Income Tax Form NC-40](#)

What Happens After You Submit Your Return?

Refund Due

Check the status of your refund via the DOR website [Where's My Refund](#)

Request your refund be mailed or electronically deposited into your bank account

The screenshot shows the North Carolina Department of Revenue website. The navigation bar includes links for Home, File & Pay, Taxes & Forms, Received A Notice, News, About Us, and Contact Us. The main heading is "General Refund Information". The text states: "The North Carolina law prohibits the Department from providing any information about your refund to others including your spouse unless you filed a joint return or proper authorization has been given." The phrase "a joint return or proper" is circled in red. Below this, it says: "You may check the status of your refund online using our [Where's My Refund?](#) web service, or you may call our refund inquiry line toll-free at 1-877-252-4052. Be sure to have available your social security number and the exact amount of your refund. Additional time is required if you owe a State agency or the IRS, or if your return contains an error." Another paragraph states: "You will receive refund interest if the refund is not issued within 45 days from the date the original return was filed or the date the original return was due, whichever is later. Refund checks are written once a week. If you call our refund inquiry line and are informed that your check has not been written, please wait at least 7 days before calling back." A section on "Direct deposit" notes it is only available for original returns filed electronically. A final paragraph explains that if you claimed itemized deductions on your federal return and received a state refund last year, you will receive a Form 1099G, but this does not mean you are entitled to an additional refund. A sidebar on the right lists various tax topics under "Individual Income Tax", including "Getting Started With Your State Income Taxes", "Individual Income Filing Requirements", "Armed Forces Information", "Nonresidents and Part-Year Residents", "North Carolina Standard Deduction or North Carolina Itemized Deductions", "Bailey Decision Concerning Federal, State and Local Retirement Benefits", and "Social Security and Railroad Retirement Benefits".

What Happens After You Submit Your Return?

Tax Due

Make your payment electronically via the DOR website.

Mail in your payment along with the payment voucher.

The screenshot shows the 'Payment Options' page on the North Carolina Department of Revenue website. The navigation bar includes links for Home, File & Pay, Taxes & Forms, Received A Notice, News, About Us, and Contact Us. The main heading is 'Payment Options'. The text explains that taxpayers can pay via credit/debit card or bank draft through the online payment system, or by contacting an agent at 1-877-252-3252. It also states that checks, money orders, and cashier's checks are accepted if drawn on a U.S. bank and payable in U.S. dollars. A list of instructions for mailing payments is provided, including the address: NC Department of Revenue, PO Box 25000, Raleigh, NC 27640-0002. A note asks taxpayers to include their name, social security number, tax type, and applicable tax year/period. At the bottom, it mentions that payments can be made in person at a local service center. On the right side, there is a sidebar menu with links for Collections - Past Due Taxes, Attachments and Garnishments, Forced Collection Actions, Information & Assistance, Payment Options (highlighted), and Installment Payment Agreements.

Home [File & Pay](#) [Taxes & Forms](#) [Received A Notice](#) [News](#) [About Us](#) [Contact Us](#)

Payment Options

Taxpayers may pay their tax by using a credit/debit card (Visa/MasterCard) or bank draft via our [online payment system](#), or by contacting an agent at [1-877-252-3252](tel:1-877-252-3252).

Taxpayers may also pay their tax with a personal check, money order or cashier's check. The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.

- Make the check or money order payable to **N.C. Department of Revenue** and mail payments to:

NC Department of Revenue
PO Box 25000
Raleigh, NC 27640-0002
- *Please include the taxpayer's name, social security number, the type of tax, and the applicable tax year/period with the payment.*

Taxpayers may pay in person at their local [service center](#).

Collections – Past Due Taxes

- [Attachments and Garnishments](#)
- [Forced Collection Actions](#)
- [Information & Assistance](#)
- [Payment Options](#)**
- [Installment Payment Agreements](#)

- Taxpayers may pay their tax by using a credit/debit card (Visa/MasterCard) or bank draft via our [online payment system](#), or by contacting an agent at 1-877-252-3252.
- Taxpayers may also pay their tax with a personal check, money order or cashier's check. The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.
- Make the check or money order payable to N.C. Department of Revenue and mail payments to:
NC Department of Revenue
- PO Box 25000
Raleigh, NC 27640-0002
- *Please include the taxpayer's name, social security number, the type of tax, and the applicable tax year/period with the payment.*
- Taxpayers may pay in person at their local [service center](#).
- If a taxpayer cannot pay their taxes by the due date, they should still file the return(s) on time. Any unpaid tax is subject to penalty and interest, which accrues daily; therefore, pay the balance in full as soon as possible. It is important to pay as much as possible with the return to minimize the penalty and interest.

What Happens After You Submit Your Return?

Tax Due

**Request an
Installment
Payment
Agreement**

Installment Payment Agreements

Important Information

We are unable to set up installment payment agreements on your tax liability until you receive a [Notice of Collection](#) from NCDOR.

- If you submit an installment agreement request for your tax liability and you have not received a [Notice of Collection](#), your request will not be processed.
- To make payments on your income tax liability before you receive a [Notice of Collection](#), use the [D-400V application](#) [↗](#).

- **There are several requirements for the taxpayer and the Department to enter in to an installment payment agreement**
- **The Department will consider an installment payment agreement if all of those conditions are met**
- **Visit the website for a list of those conditions before requesting an installment payment agreement**

Rule of Thumb



Keep record of all business **income, expenses, deductions, and/or credits claimed**

- Taxpayers must be able to **substantiate all information** on returns
- Documentation should be **easy to follow, organized, summarized, and grouped**

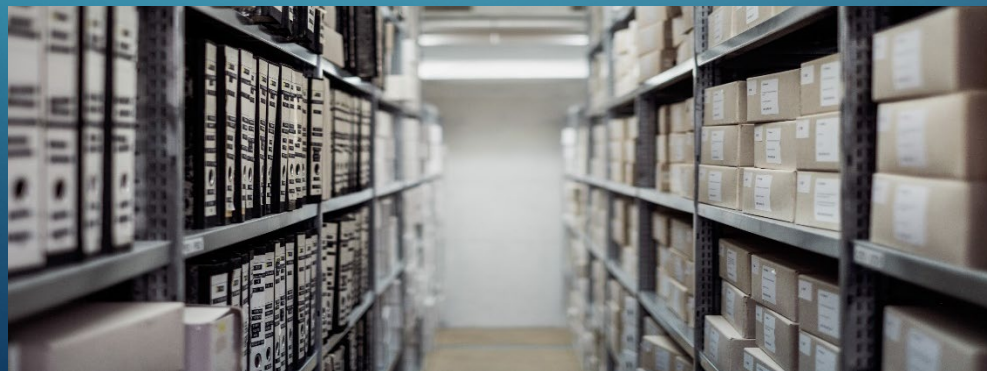
RECORDS RETENTION

The North Carolina Department of Revenue uses the same advice as the Internal Revenue Service for retaining tax records.

The general rule is **three years after the return is filed.**

There are tax situations in which an individual or business would be advised to keep records longer.

In cases where no required return has been filed, for instance, the records should be kept indefinitely.



In Person/Phone Resources

The screenshot displays the NCDOR website interface for requesting an appointment. The page title is "Request An Appointment: Raleigh (Atlantic Ave.)". Below the title, there is a paragraph of text: "FD and this form is required to request an appointment at our Raleigh (Atlantic Ave.) Service Center, located at 4701 Atlantic Avenue, Suite 108 Raleigh, NC 27604. Once submitted you will be contacted by North Carolina Department of Revenue personnel within 2 business days. Please do not submit more than one request. Multiple requests delay our response time." The form contains several fields: "Legal Name" (text input), "Select Identification" (dropdown menu), "Last Four Digits of SSN or ID" (text input), "Notice Number (if applicable)" (text input), "Contact Name" (text input), "Address Line 1" (text input), "Address Line 2" (text input), "City" (text input), "State" (dropdown menu with "North Carolina" selected), "Zip Code" (text input), "Email Address" (text input), "Phone Number" (text input), "Select the option that best represents your tax issue" (dropdown menu), and "Brief description of service needed" (text area). A "Submit" button is located at the bottom of the form.

Taxpayer Assistance Information/ Phone number: 1-877-252-3052 - Assistance for Personal Income Tax, Sales and Use Tax, Withholding Tax, Corporate Income Tax, and Privilege License Tax

- **Service Centers/Walk-in assistance available in the following locations: Asheville, Charlotte, Durham, Elizabeth City, Fayetteville, Greensboro, Greenville, Hickory, Raleigh, Rocky Mount, Wilmington, Winston-Salem**

Excise Tax Office Location & Phone Number: Excise Tax- 1-877-308-9092 - 1429 Rock Quarry Road, Suite 105 Raleigh, NC 27610.

Customer Education Workshops

- **What NCDOR offers:**
 - Business Tax Essentials
 - Sales & Use Seminar
 - Withholding Seminar
 - Non-profit Claim for Refund Seminar
- **Who Can Register:**
 - Anyone!
 - Select seminars that would be beneficial to you and your business
- **Cost to Attend:**
 - Attending is Free!
- **Where to Register:**
 - NCDOR Website > Contact Us > Customer Education

The screenshot displays the 'Customer Education' page on the NCDOR website. At the top, there is a banner for a 'New! Tax Resource Library' with a 'Self Help Resources' button. Below the banner is a grid of eight seminar options, each with an icon, title, and brief description.

Icon	Title	Description
Play button	Tax Resource Library	Don't want to attend one of our seminars? Review these eModules on your own!
Graduation cap	Seminar/Webinar Descriptions	Find detailed information about all of the seminars and webinars we offer currently.
Laptop	All Available Seminars	Sign up for one of our seminars or webinars.
Star	Specialty Seminars	These seminars cover specialized topics and are offered periodically throughout the year.
Building	Business Tax Essentials	Learn the basic laws and obligations for a business to be NC tax compliant. (2 hours)
Shopping cart	Sales and Use Tax Seminar	This seminar will help participants better understand their sales and use tax obligations with NCDOR (2 hours)
Group of people	Withholding Tax Seminar	This seminar will help participants better understand their withholding tax obligations with NCDOR. (2 hours)
Globe	Seminarios en Español	Algunos de nuestros seminarios gratuitos ahora están disponibles en español. Encuentre más información aquí.

E-Alerts

The screenshot shows the NCDOR website interface. At the top left is the NCDOR logo (North Carolina Department of Revenue). A search bar is located at the top center. On the top right, there are links for 'NC.GOV', 'AGENCIES', 'JOBS', 'SERVICES', and a notification bell icon with the number '1'. A navigation bar below the header contains links for 'Home', 'File & Pay', 'Taxes & Forms', 'Received A Notice', 'News', 'About Us', and 'Contact Us'. The 'Contact Us' page is active, showing a grid of links: 'E-Alerts' (circled in red), 'Customer Support', 'Office Locations', 'Office Of The Director', 'Request A Speaker For Your Group', and 'Report Identity Theft'. A 'Subscription Topics' dropdown menu is open, listing various categories with checkboxes: 'News and updates' (checked), 'News and announcements', 'Sales and Use Tax', 'Excise Tax', 'Withholding Tax', 'Individual Income Tax', 'All Tax Topics', 'Set Off Agencies', and 'MVP Tax'. Other links like 'Media Requests' and 'Report Tax Fraud' are visible on the right side of the page.

NCDOR/IRS Tax Calendar

Tax Information	Business Taxes	Additional Resources
Corporate & Franchise Tax	Business Registration	NCDOR YouTube Videos
Individual Income Tax	NCDOR and IRS Tax Calendar with Due Dates	Income Tax Estimator
Privilege License Tax	Tax Update Alerts	Event Descriptions
Sales & Use Tax	Information for Tax Professionals	Request a Speaker

Tax Calendar

The Department of Revenue works with the IRS to provide information that is relevant to both agencies. The business tax calendar, produced in conjunction with the IRS, aims to help businesses keep up with important reporting dates for the IRS and DOR.

Please note that not all dues dates for every tax type are included on this calendar.

Due dates and filings pertaining to the North Carolina Department of Revenue are highlighted in blue.

Due dates and filings pertaining to the Internal Revenue Service are highlighted in green.

- *The Department of Revenue works with the IRS to provide pertinent information that applies to both agencies.*
- *One of the partnered documents, a small business calendar, is posted on our website on our “Just for Small Businesses” page.*
- *The calendar produced in conjunction with the IRS aims to help small businesses keep up with important reporting dates for the IRS and DOR.*

On-Demand Resources and News



Tax Resource Library

Available eModules

eModule	Description
Personal Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Individual Income and Withholding taxes, along with changes to the relevant NC forms.
Sales & Use Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Sales & Use taxes, along with changes to the relevant NC forms.
Corporate & Franchise Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Corporate & Franchise taxes, along with changes to the relevant NC forms.

Business Related Videos Available:

- SALES & USE TAX BASICS EMODULE
- ONLINE FILING AND PAYING SALES & USE TAX
- ENC3 TUTORIALS
- UNDERSTANDING YOUR PRIVILEGE LICENSE
- BUSINESS EFILE
- HOW TO COMPLETE A NC-4 EZ FORM
- HOW TO PAY A BILL OR NOTICE

Important Reminders

Submit original forms only, not photocopies.

Only use tax forms for the correct tax year (beginning of the tax year is the form that should be used).

Include a copy of the federal return with the NC return unless the federal return reflects a NC address or it is filed electronically.

Submit all forms and schedules at the same time.

Double check all figures, including Social Security numbers.

WHAT IF MY CLIENT IS AUDITED?

**“Oh, you don’t like your
assessment?? So, sue me!!”**



**Is this Your
State
Auditor?**

- **Remain Calm; Don't Panic**
- **Meet with and be courteous to auditor**
- **Provide documents requested**
- **Don't hesitate to ask for more time**
- **Expect the audit to take a while**
- **Ask questions; Ask to meet with audit supervisor if necessary**
- **Review proposed audit and notes in detail**
- **File request for review if assessment received**
- **For instance, must be filed within 45 days of assessment in NC**
- **Involve legal counsel early**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- **Designed to promote compliance and to benefit taxpayers who discover a past filing obligation and liability that has not been discharged.**
- **Applies to taxpayers that have failed to file returns and pay any taxes due to NCDOR.**
- **Taxpayers can get waiver of penalties and a limited lookback period if they meet the requirements**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- **To qualify for the Voluntary Disclosure Program, a taxpayer must meet all of the following criteria:**
- **The taxpayer has not been contacted by the Department of Revenue, Internal Revenue Service or Multistate Tax Commission with respect to any tax for which the taxpayer is requesting voluntary disclosure.**
- **The taxpayer does not have outstanding tax liabilities other than those reported through the voluntary disclosure.**
- **The taxpayer is not under audit for any tax.**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- **To qualify for the Voluntary Disclosure Program, a taxpayer must meet all of the following criteria: (continued)**
- **The taxpayer pays the tax due plus accrued interest within 60 days from the date of acceptance by NCDOR of the voluntary disclosure agreement.**
- **Upon request, the taxpayer makes records available for audit to verify the amount of the taxpayer's liability and the accuracy of the representations made by the taxpayer.**
- **The taxpayer cannot have previously participated in the Voluntary Disclosure Program.**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- **Benefits of Voluntary Disclosure**
- **A taxpayer whose application for a voluntary disclosure is approved will receive:**
- **A requirement to file returns and pay tax will be limited to three years for taxes filed annually or thirty-six months for taxes that do not have an annual filing frequency.**
- **If the applicant has collected taxes from others, such as sales and use taxes or withholding taxes and not reported those taxes for periods beyond three years or thirty-six months, the requirement to file and pay will be extended to cover those periods.**
- **The requirement to file returns and pay taxes for taxpayers discovered through examination that are not registered or non-filers is six years for taxes filed annually or seventy-two months for taxes that do not have an annual filing frequency.**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- **Benefits of Voluntary Disclosure (continued)**
- **Under the VDP, the requirement to file returns and pay taxes for three years or thirty-six months refers to returns that are currently past due.**
- **To determine the filing requirement for voluntary disclosure for taxes that are filed annually, a taxpayer would file the most recent return that is past due, plus returns for the two (2) previous years.**
- **To determine the filing requirement for taxes that do not have an annual filing frequency, a taxpayer would file the most recent return that is past due, plus returns for the previous thirty-five (35) months.**
- **Waiver of penalties, unless the taxpayer collected a trust tax such as sales and use tax or withholding tax, but did not pay it to the Department. If trust taxes were collected, the Department will waive all penalties except the 10% penalty for failure to pay the tax when due.**

NCDOR VOLUNTARY DISCLOSURE PROGRAM

- Benefits of Voluntary Disclosure (continued)
- When applicable, the participants can report the applicable tax liability in a spreadsheet format versus filing a return for each period involved.
- Participants have sixty (60) days from the Voluntary Disclosure Agreement date to determine the liability, and prepare the returns or spreadsheets and pay the amount of tax and interest due.
- Taxpayers or their representative may **anonymously** complete the program application for businesses taxes or individual income taxes and mail it to the NCDOR.

OTHER POTENTIAL ISSUES

- **Withholding taxes**
- **Remote workers—mobile workforce**
- **Working in multiple states—where to file?**
- **Creating nexus for employers**
- **Other taxes resulting from nexus**
- **Where is my domicile?**
- **Conflicting rules in different states**
- **Independent contractors**
- **Maintaining sufficient tax records**

**Audience
?Questions?**



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The background is a solid teal color. In the four corners, there are decorative white line-art patterns resembling circuit traces or neural network connections. These patterns consist of straight lines of varying lengths and angles, ending in small white circles.

Thank you For Attending!

Merry Christmas to All!

