

DIRECTIVE

Subject: The Disaster Recovery Act of 2024 – Part II.
Law: [Session Law 2024-53](#)
Issued By: Tax Administration
Date: October 30, 2024
Number: TA-24-1

This directive provides the interpretation of the Secretary of Revenue regarding the additional interest relief provided in The Disaster Recovery Act of 2024 – Part II.

The following important information is addressed in this directive:

- Background
- Disaster Counties
- Who Can Request to be an Eligible Taxpayer
- How to Request to be an Eligible Taxpayer
- How to Submit Form NC-5502
- Interest Relief for Eligible Taxpayers
- Examples

Background

On October 3, 2024, the North Carolina Department of Revenue (“Department”) [announced](#) State tax relief for taxpayers impacted by Hurricane Helene. That relief provided relief from certain penalties.

On October 10, 2024, Governor Roy Cooper signed [The Disaster Recovery Act of 2024](#). The law provides disaster relief for North Carolinians, including interest relief on specific taxes for Eligible Taxpayers. On October 11, 2024, the Department issued [Important Notice: Tax Relief Granted in The Disaster Recovery Act of 2024](#) describing the tax relief (“October 11 Notice”). On October 18, 2024, the Department [announced](#) additional Disaster Counties for purposes of the [October 11 Notice](#).

On October 25, 2024, Governor Roy Cooper signed [The Disaster Recovery Act of 2024 – Part II](#). The law allows certain taxpayers to request to be eligible for the interest relief authorized in [The Disaster Recovery Act of 2024](#).

Disaster Counties

For purposes of this directive and the [October 11 Notice](#), the following counties are Disaster Counties as of October 24, 2024:

Alexander	Clay	Lincoln	Stanly
Alleghany	Cleveland	Macon	Surry
Ashe	Forsyth	Madison	Swain
Avery	Gaston	McDowell	Transylvania
Buncombe	Graham	Mecklenburg	Union
Burke	Haywood	Mitchell	Watauga
Cabarrus	Henderson	Nash	Wilkes
Caldwell	Iredell	Polk	Yadkin
Catawba	Jackson	Rowan	Yancey
Cherokee	Lee	Rutherford	

Who Can Request to be an Eligible Taxpayer

A taxpayer can request to be an Eligible Taxpayer for purposes of the [October 11 Notice](#) if it meets one or more of the following conditions (“Qualified Taxpayer”):

- The taxpayer’s tax preparer is located in a Disaster County.
- The taxpayer’s records necessary to meet a tax deadline are located in a Disaster County.

How to Request to be an Eligible Taxpayer

To request to be an Eligible Taxpayer, a Qualified Taxpayer must submit [Form NC-5502, Special Penalty and Interest Waiver](#) (“Form NC-5502”) in accordance with this directive. Form NC-5502 must be submitted to the Department on or before November 25, 2024.

To complete Form NC-5502, a Qualified Taxpayer must enter the following information:

- Taxpayer Information - Taxpayer’s name, social security number (SSN) or federal employer id number (FEIN), and address.
- Waiver Information - The tax type(s), period start date(s) and period end date(s) for which the Qualified Taxpayer may request interest relief. Note: The tax type and period must be within the periods identified in the “Interest Relief” section of this directive.
- Explanation - Identify where the tax preparer or records necessary to meet the tax deadline are located.
- Eligible Taxpayer Box - Check the box labeled “Check this box to request the interest relief authorized under the Disaster Recovery Act of 2024 - Part II.”
- Signature – Sign and date the form. The form must be signed by the taxpayer or a representative when a valid power of attorney has been accepted by the Department.

Important: A Qualified Taxpayer that submits Form NC-5502 after November 25, 2024, will not be treated as an Eligible Taxpayer.

How to Submit Form NC-5502

A taxpayer can submit [Form NC-5502](#) online at ncdor.gov. After submission, the electronic form will immediately be sent to the Department. In addition, the taxpayer will see a confirmation page that the request was submitted to the Department.

Taxpayers who cannot submit Form NC-5502 electronically may submit a paper form. A taxpayer can obtain a paper form from the [Department's website](#), by [calling](#) the Department, or by visiting a [service center](#).

Interest Relief for Eligible Taxpayers

A Qualified Taxpayer who timely submits a completed Form NC-5502, will be treated as an Eligible Taxpayer for purposes of the [October 11 Notice](#). The following describes the interest relief for Qualified Taxpayers by type of tax.

- **Income and Franchise Tax Returns.** The Department will waive the accrual of interest from September 25, 2024, through May 1, 2025, on an underpayment of tax imposed on a franchise, corporate income, or individual income tax return, including a partnership and estate and trust tax return, due on September 25, 2024, through May 1, 2025. Interest relief includes interest accrued on the underpayment of estimated income tax.¹
- **Sales and Use Tax Returns².** The Department will waive interest for the following:
 1. Monthly Return for September 2024 – Payment must be made on or before November 20, 2024.
 2. Monthly Return for October 2024 – Payment must be made on or before December 20, 2024.
 3. Quarterly Return for 3rd Quarter 2024 (Period Ending September 30, 2024) – Payment must be made on or before November 30, 2024.
- **Withholding Tax Returns.** The Department will waive interest for the following:
 1. Monthly Return for September 2024 – Payment must be made on or before November 15, 2024.
 2. Monthly Return for October 2024 – Payment must be made on or before December 15, 2024.
 3. Quarterly Return for 3rd Quarter 2024 (Period Ending September 30, 2024) – Payment must be made on or before November 30, 2024.

If a Qualified Taxpayer is assessed interest subject to waiver, they should request waiver by following the instructions in the [October 11 Notice](#).

¹ See [G.S. 105-163.15](#) and [G.S. 105-163.41](#).

² For purposes of this directive, a Sales and Use Tax Return is a Form E-500, Sales and Use Tax Return; E-500E, Combined General Rate Sales and Use Tax Return; and E-555, Boat and Aircraft Use Tax Return.

Examples

Example 1. A taxpayer located in Pitt County keeps its records in Avery County. Without the records, the taxpayer cannot complete its monthly October 2024, Form E-500, Sales and Use Tax Return. The taxpayer is a Qualified Taxpayer because the taxpayer's records necessary to complete its return are located in a Disaster County.

To request to be an Eligible Taxpayer, the Qualified Taxpayer must complete and submit Form NC-5502 on or before November 25, 2024. The taxpayer must complete the taxpayer information section of the form. In the waiver section of the form, the taxpayer must list 'Sales and Use Tax' as the tax type, 10-01-24 as the period start date, and 10-31-24 as the period end date. Finally, the taxpayer must check the box to request the interest relief authorized in The Disaster Recovery Act – Part II, and sign and date the Form.

On December 20, 2024, the taxpayer pays the tax due on its October 2024, Form E-500. The Department will waive any interest that is due.

Example 2. A taxpayer located in Davidson County uses a tax preparer located in Catawba County. The taxpayer believes its tax preparer cannot complete its 2024 D-400, Individual Income Tax Return on or before April 15, 2025. The taxpayer is a Qualified Taxpayer because the tax preparer is located in a Disaster County.

To request to be an Eligible Taxpayer, the Qualified Taxpayer must submit Form NC-5502 on or before November 25, 2024. The taxpayer must complete the taxpayer information section of the form. In the waiver section of the form, the taxpayer must list 'Individual Income Tax' as the tax type, 01-01-24 as the period start date, and 12-31-24 as the period end date. Finally, the taxpayer must check the box to request the interest relief authorized in The Disaster Recovery Act – Part II, and sign and date the Form.

On May 1, 2025, the taxpayer files its 2024 D-400 and pays the full amount of tax due. The Department will waive the accrual of interest that is due from April 15, 2025, through May 1, 2025. In addition, if the taxpayer did not pay the required amount of estimated income tax due from September 25, 2024, through May 1, 2025, the Department will waive the interest that accrued on the underpayment of estimated income tax.

Assistance

If you have questions about this directive, you may call the Department at 1-877-252-3052 (8:00 am until 4:30 pm EST, Monday through Friday).

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this directive, the provisions in this directive may be superseded or voided. To the extent that any provisions in any other notice, directive, bulletin, or published guidance regarding the subject of this directive and issued prior to the date of this directive conflict with this directive, the provisions contained in this directive supersede the previous guidance.