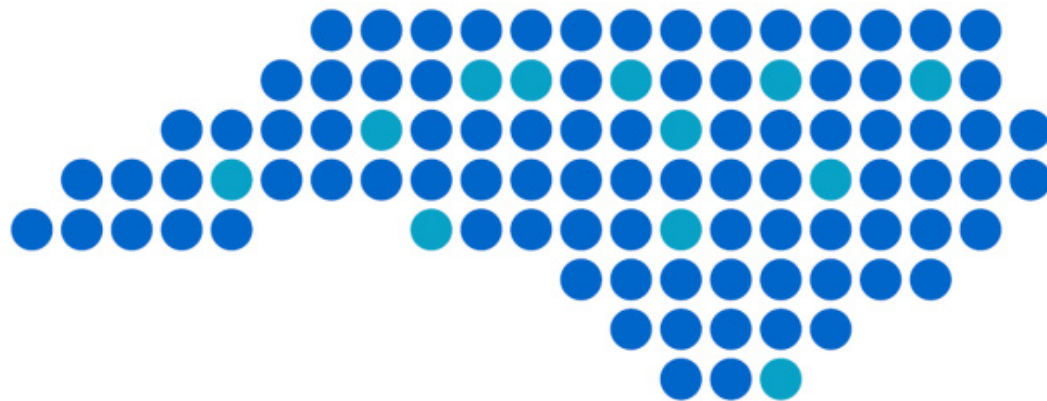


NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE

Convenience Stores



**CAUTION**

The NC Department of Revenue provides this information as a courtesy to help keep you informed. As tax laws change, the application of the information provided may change as well. This information is general and summary in nature, and should not be construed as advice for your specific situation. If you would like to obtain specific tax advice which is binding on the Department, you may follow the procedure for requesting a letter ruling, which is located at www.dornc.com.

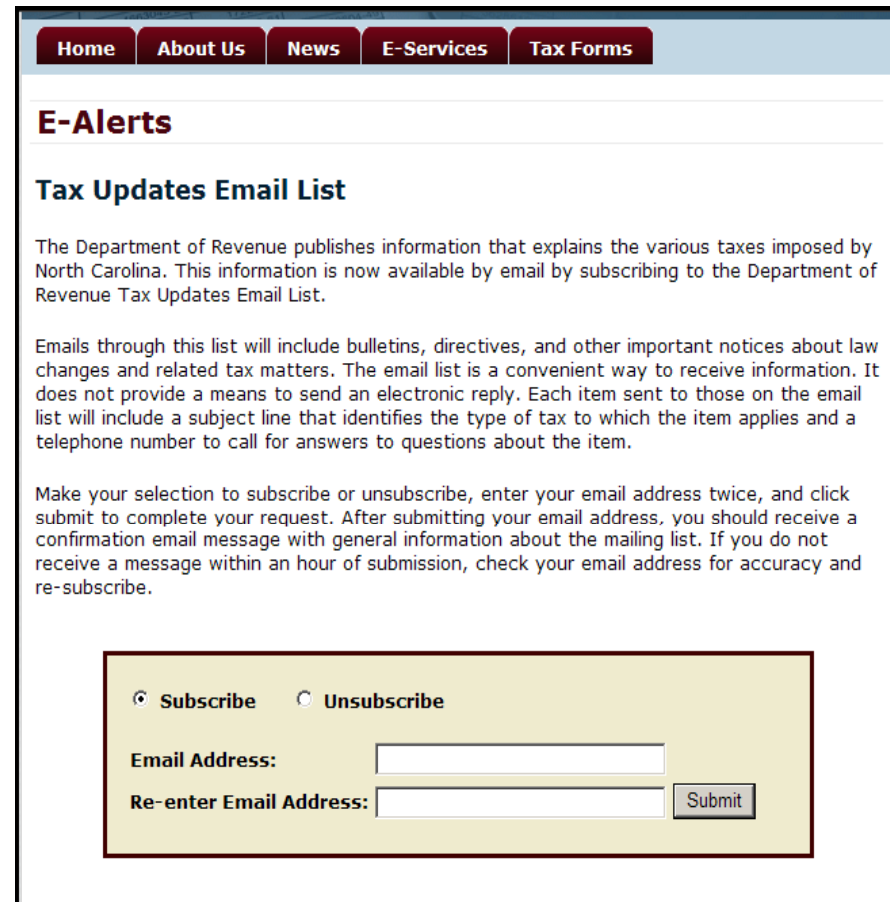
Agenda

- Business Registration
- Convenience Stores
 - Sales & Use Tax Obligations
- Withholding tax
- Record keeping
- Resources

E-Alerts

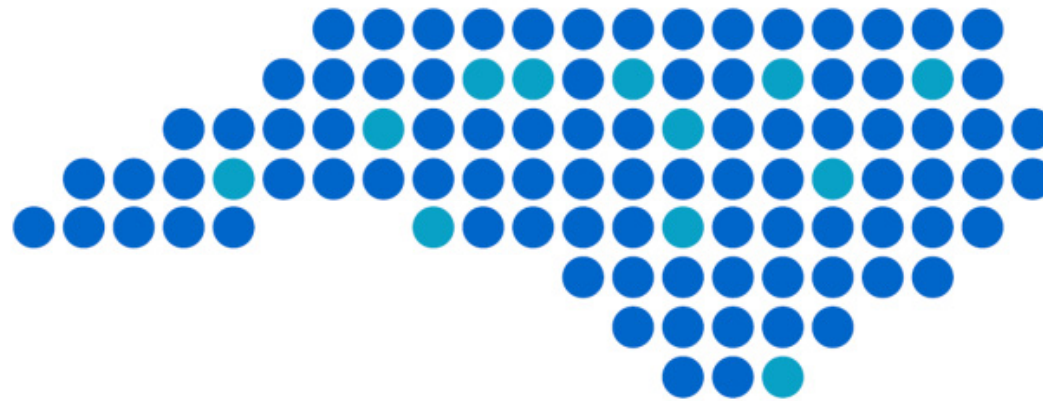
For the latest updates in North Carolina Tax Law that may effect you and your business, please sign up for E-Alerts at:

<http://www.dornnc.com/electronic/taxupdates.html>



The screenshot shows a web page with a navigation bar containing links for Home, About Us, News, E-Services, and Tax Forms. The main heading is "E-Alerts" and the sub-heading is "Tax Updates Email List". The text explains that the Department of Revenue publishes information about various taxes imposed by North Carolina, which is now available by email through a subscription. It details that emails will include bulletins, directives, and notices about law changes, but does not allow for electronic replies. A form is provided for users to choose between "Subscribe" (selected) and "Unsubscribe", and to enter their email address twice before clicking a "Submit" button.

Business Registration



Business Registration



- Complete Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax
- Register using one of the following methods:
 - Register Online
 - Go to <http://www.dornrc.com/electronic/registration/index.html>
 - Use Web Fill-In Form
 - Go to <http://www.dornrc.com/downloads/sales.html> > NC-BR>web fill-in to enter information online and print a completed form to mail to the Department
 - Fill out Paper Form
 - Order online at <http://www.dornrc.com/forms/order.html> ; or”
 - Pick up Form NC-BR from one of our service centers

Business Registration



Online

The screenshot shows the North Carolina Department of Revenue website. The header includes the text "NORTH CAROLINA DEPARTMENT OF REVENUE" and a navigation menu with "Home", "About Us", "News", "E-Services", and "Tax Forms". The main content area is titled "Online Business Registration" and "Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax". It includes a section "What is Business Registration and why should you use it?" with a paragraph explaining the benefits of electronic registration. A yellow box with a lightning bolt icon says "Electronic Services" and "Ready to Register Online? Click Here!". A sidebar on the right contains "E-SERVICES" (Individuals, Businesses), "TAX INFORMATION" (Individuals, Businesses, Tax Professionals, Local Government), and "QUICK LINKS" (FAQs, Taxpayer Self-Service, Tax Information, Understanding...).

Benefits:

- Free
- Easy step-by-step instructions
- Receive account number in minutes

<http://www.dornc.com/electronic/registration/index.html>





Business Registration



- Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax

NC-BR
Web-Fill
1-15

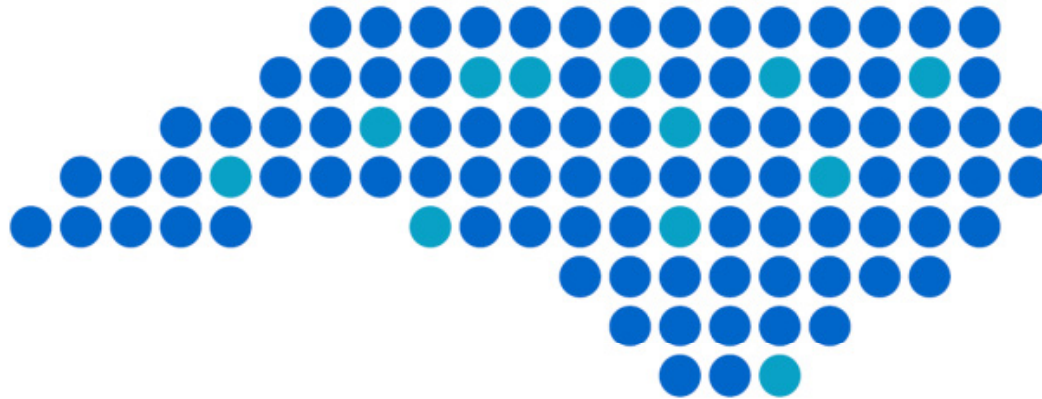
**Business Registration Application for
Income Tax Withholding, Sales and Use Tax,
and Machinery and Equipment Tax**
North Carolina Department of Revenue

Office Use

Identifying Information	1. Federal Employer ID No.: <input type="text"/> - <input type="text"/> or Proprietor's Social Security No.: <input type="text"/> - <input type="text"/> - <input type="text"/>
	2. Type of Ownership: <input type="radio"/> Proprietorship <input type="radio"/> Corporation <input type="radio"/> LLC <input type="radio"/> Partnership <input type="radio"/> LLP <input type="radio"/> Fiduciary <input type="radio"/> Other (Identify) <input type="text"/>
	If a corporation, state of incorporation: <input type="text"/> If Corporation or LLC, enter N.C. Secretary of State ID No., if applicable: <input type="text"/>
	3. Legal Business or Owner's Name: <input type="text"/>
	4. Trade Name (DBA Name): <input type="text"/>
	5. Daytime Business Phone: <input type="text"/> 6. Fax Phone: <input type="text"/>
	7. Business Location in N.C.: Street <input type="text"/>
	(Not P.O. Box Number) City <input type="text"/> State <input type="text"/> Zip Code <input type="text"/> County <input type="text"/>
	8. Is the business located within city or town limits? <input type="radio"/> Yes <input type="radio"/> No 9. Number of locations in N.C. <input type="text"/> Enclose list if more than one.
	10. Mailing Address: Street or P.O. Box <input type="text"/>

Convenience Stores



Understanding Sales & Use Tax Obligations

Sales and Use Tax



- Every person engaged in business in North Carolina is required to collect and pay sales or use tax on retail sales or leases of tangible personal property and certain digital property not specifically exempt by law.
- Some services are also taxable.

Sales and Use Tax



- Use taxes are due by businesses on tangible personal property and certain digital property purchased or leased inside or outside this State that is stored, used, or consumed in North Carolina. Use tax is due on taxable services sourced to North Carolina.
 - For example: A restaurant in N.C. buys an oven from a Virginia vendor. The Virginia vendor ships the oven to the restaurant in N.C. and does not charge tax. The restaurant in N.C. owes use tax. The vendor is not obligated to charge N.C. sales tax if he does not have a physical presence in this state.
- Use Tax rates are the same as sales tax rates
- Taxpayer can claim a credit for sales or use tax due and paid to another state if other state allows a similar credit to NC.
- Businesses report use tax on Form E-500, Sales and Use Tax Return
- Businesses not registered to remit sales and use tax must register by completing Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax.

Sales and Use Tax



Tax Rates:

- **General state rate: 4.75 %**
 - Sales and purchases of tangible personal property not subject to a preferential rate.
 - Receipts from leases/rentals of tangible personal property
 - Receipts from rentals of hotel/motel rooms, lodgings, etc.
 - Receipts from laundries, dry cleaning
 - Receipts from satellite digital audio radio service
 - Certain digital property that is delivered or accessed electronically, is not considered tangible personal property, and would be taxable under Article 5 if sold in a tangible medium.

Sales and Use Tax



Local and transit rates of sales and use tax as of October 1, 2014:

2% - 72 counties

2.25% - Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes

2.5% - **Mecklenburg County** (2% local rate and 0.5% transit rate of sales and use tax)

2.75% - **Durham & Orange Counties** (2.25% local rate and 0.5% transit rate of sales and use tax)

Taxable Sales

- Sales and purchases of food as defined in G.S. 105-164.3(10) are exempt from the State sales and use tax and subject to only the 2% local tax unless the food is included in one of the categories listed below. **The following items are subject to the State and applicable local tax:**
 - alcoholic beverages;
 - dietary supplements;
 - food sold through a vending machine;
 - prepared food
 - soft drinks; and
 - candy (**effective October 1, 2005**).

Taxable Sales, Cont.

- Sales of bread, rolls, and buns sold at a bakery thrift store are subject to the 4.75% general State and applicable local and transit rates of sales and use taxes.

Taxable Sales, cont.

- The sale or recharge of “**prepaid telephone calling services,**” is subject to the general rate of State tax and any applicable local sales or use **tax determined at the point of sale**. Prepaid telephone calling services that are subject to the general rate of tax are **not** subject to tax as a telecommunications service.
- Effective July 1, 2013, a 911 service charge is imposed on each retail purchase of prepaid wireless telecommunications service occurring in this State. Sellers of prepaid wireless telecommunications service shall collect the 911 service charge for prepaid wireless telecommunications service at the rate of sixty cents (\$0.60) from the consumer on each retail transaction occurring in this State.
- **All** other retail sales, rentals or leases of tangible personal property, unless specifically exempt from tax by statute.

Examples of General State and county rate taxable sales

- Alcoholic Beverages
- Candy
- Soda
- Magazines
- Prepaid Phone Cards
- T-shirts
- CDs
- Vitamins
- Minerals
- Cigarettes

Examples of 2% Food rate taxable sales

- Milk
- Sugar
- Cheese
- Bread

How are various sales reported?

North Carolina Gross Receipts, Sales for Resale and Exempt Sales are reported using Form E-500.

NOTE: You MUST distinguish between 2% food sales and general state and county rate sales.

E-500
 Web-Fil
 10-14

Sales and Use Tax Return
 North Carolina Department of Revenue

Legal Name (First 24 Characters)	Period Beginning (MM-DD-YY)
Street Address	Period Ending (MM-DD-YY)
City	Account ID
State (Dropdown)	Zip Code (5 Digits)

1. North Carolina Gross Receipts []
(Do not include tax collected)
2. Sales for Resale []
(Do not include on Line 3 below)
3. Receipts Exempt From State Tax []

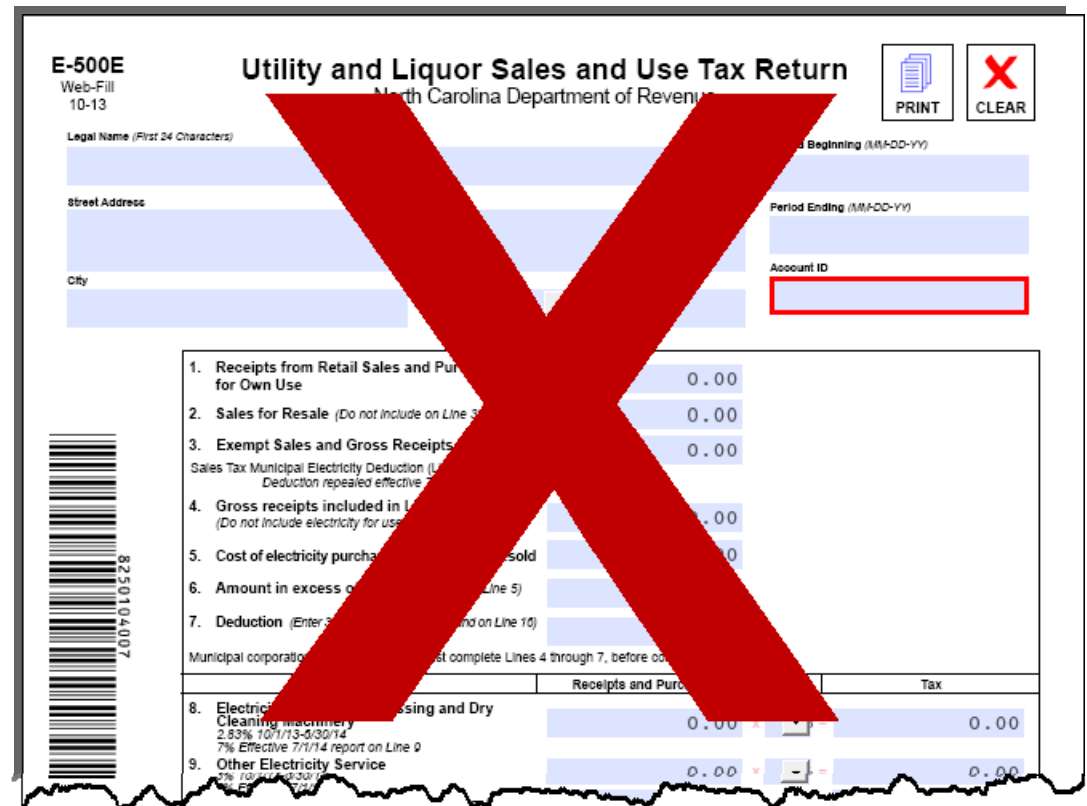
Tax Type	Purchases for Use	Receipts	Rate	Tax
4. Gen. State Rate	[]	[]	4.75%	[]
5. 3% State Rate	[]	[]	3%	[]
6. Modular Homes	[]	[]	4.75%	[]
7. Mfg. Homes	[]	[]	4.75%	[]
8. 2% Food Rate	[]	[]	2%	[]
9. 2% County Rate <small>See Instructions</small>	[]	[]	2%	[]
10. 2.25% County Rate	[]	[]	2.25%	[]
11. 0.6% Transit County Rate	[]	[]	0.6%	[]
12. 0.25% Transit County Rate	[]	[]	0.25%	[]
13. Total State and County Tax <small>(Add Tax From Lines 4 through 12)</small>				
14. Excess Collections				
15. Total Tax <small>(Add Lines 13 and 14)</small>				
16. Penalty - State and County				
17. Interest - State and County				
18. Less Prepayment for This Period				
19. Prepayment for Next Period				
20. Less any Credit <small>(Attach Explanation)</small>				
21. Total Due <small>(Add Lines 15 - 17 and 19, Minus Lines 18 and 20)</small>				\$ []

Signature:	Date:
I certify that, to the best of my knowledge, this return is accurate and complete.	
Title:	Phone:

MAIL TO: P.O. Box 25000, Raleigh, NC 27640-0700

Do Not use Form E-500E

- Form E-500E is used for the sale of **“Spirituos liquor”**. (Distilled spirits or ethyl alcohol, including spirits of wine, whiskey, rum, brandy, gin, and all other distilled spirits and mixtures of cordials, liqueurs, and premixed cocktails in closed containers for beverage use regardless of the dilution.)
- Example: E-500E is used by ABC store



Sales Tax Example Problem

- XYZ Store opened in December and has gross receipts of \$500 consisting of the following sales:
 - Bread - \$90
 - Candy - \$75
 - Prepaid Calling Cards - \$110
 - Soda - \$30
 - Beer - \$125
 - Magazines - \$70
- The store is located in Raleigh, NC (6.75%) and is a quarterly filer.
- Complete the E-500 form for XYZ Store.

Sales Tax Example Answer

E-500
Web-Fill
10-14

Sales and Use Tax Return
North Carolina Department of Revenue

Legal Name (First 24 Characters): XYZ STORE
Street Address: 123 Convenient Store Lane
City: RALEIGH State: NC Zip Code (5 Digit): 27640
Period Beginning (MM-DD-YY): 10-01-14
Period Ending (MM-DD-YY): 12-31-14
Account ID: 600000000

1. North Carolina Gross Receipts (Do not include tax collected) 500.00
2. Sales for Resale (Do not include on Line 3 below) 0.00
3. Receipts Exempt From State Tax 0.00

Tax Type	Purchases for Use	Receipts	Rate	Tax
4. Gen. State Rate	0.00 +	410.00	4.75% -	19.48
5. 3% State Rate	0.00 +	0.00	3% -	0.00
6. Modular Homes	0.00 +	0.00	4.75% -	0.00
7. Mtg. Homes	0.00 +	0.00	4.75% -	0.00
8. 2% Food Rate	0.00 +	90.00	2% -	1.80
9. 2% County Rate See Instructions	0.00 +	410.00	2% -	8.20
10. 2.25% County Rate	0.00 +	0.00	2.25% -	0.00
11. 0.5% Transit County Rate	0.00 +	0.00	0.5% -	0.00
12. 0.25% Transit County Rate	0.00 +	0.00	0.25% -	0.00

13. Total State and County Tax (Add Tax From Lines 4 through 12)
14. Excess Collections
15. Total Tax (Add Lines 13 and 14)
16. Penalty - State and County
17. Interest - State and County
18. Less Prepayment for This Period
19. Prepayment for Next Period
20. Less any Credit (Attach Explanation)
21. Total Due (Add Lines 15-17 and 19, Minus Lines 18 and 20) \$

Signature: _____ Date: 01-31-15
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: OWNER Phone: (123) _____
MAIL TO: P.O. Box 25000, Raleigh, NC 27640-0700

Make sure you provide your legal name, address, period and ACCOUNT NUMBER for accurate processing.

NOTE: ALL gross receipts should be reported.

E-500
Web-Fill
10-14

Sales and Use Tax Return
North Carolina Department of Revenue

Legal Name (First 24 Characters): XYZ STORE
Street Address: 123 Convenient Store Lane
City: RALEIGH State: NC Zip Code (5 Digit): 27640
Period Beginning (MM-DD-YY): 10-01-14
Period Ending (MM-DD-YY): 12-31-14
Account ID: 600000000

1. North Carolina Gross Receipts (Do not include tax collected) 500.00
2. Sales for Resale (Do not include on Line 3 below) 0.00
3. Receipts Exempt From State Tax 0.00

Sales Tax Example Answer, Cont.



E-500
Web-Fill
1D-14

Sales and Use Tax Return
North Carolina Department of Revenue

Legal Name (First 24 Characters): XYZ STORE
Street Address: 123 Convenient Store Lane
City: RALEIGH State: NC Zip Code (5 Digits): 27640
Period Beginning (MMCC-YY): 10-01-14
Period Ending (MMCC-YY): 12-31-14
Account ID: 600000000

1. North Carolina Gross Receipts (Do not include tax collected): 500.00
2. Sales for Resale (Do not include on Line 3 below): 0.00
3. Receipts Exempt From State Tax: 0.00

Tax Type	Purchases for Use	Receipts	Rate	Tax
4. Gen. State Rate	0.00 +	410.00	x 4.75% -	19.48
5. 3% State Rate	0.00 +	0.00	x 3% -	0.00
6. Modular Homes	0.00 +	0.00	x 4.75% -	0.00
7. Mtg. Homes	0.00 +	0.00	x 4.75% -	0.00
8. 2% Food Rate	0.00 +	90.00	x 2% -	1.80
9. 2% County Rate See Instructions	0.00 +	410.00	x 2% -	8.20
10. 2.25% County Rate	0.00 +	0.00	x 2.25% -	0.00
11. 0.5% Transit County Rate	0.00 +	0.00	x 0.5% -	0.00
12. 0.25% Transit County Rate	0.00 +	0.00	x 0.25% -	0.00
13. Total State and County Tax (Add Tax From Lines 4 through 12)				29.48
14. Excess Collections				0.00
15. Total Tax (Add Lines 13 and 14)				29.48
16. Penalty - State and County				0.00
17. Interest - State and County				0.00
18. Less Prepayment for This Period				0.00
19. Prepayment for Next Period				0.00
20. Less any Credit (Attach Explanation)				0.00
21. Total Due (Add Lines 15 - 17 and 19, Minus Lines 18 and 20)				\$ 29.48

Signature: _____ Date: 01-31-15
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: OWNER Phone: (123) 456-7890
MAIL TO: P.O. Box 25000, Raleigh, NC 27640-0700

Taxable purchases and receipts should be broken down by applicable tax rates.

Tax Type	Purchases for Use	Receipts	Rate	Tax
4. Gen. State Rate	0.00 +	410.00	x 4.75% -	19.48
5. 3% State Rate	0.00 +	0.00	x 3% -	0.00
6. Modular Homes	0.00 +	0.00	x 4.75% -	0.00
7. Mtg. Homes	0.00 +	0.00	x 4.75% -	0.00
8. 2% Food Rate	0.00 +	90.00	x 2% -	1.80
9. 2% County Rate See Instructions	0.00 +	410.00	x 2% -	8.20
10. 2.25% County Rate	0.00 +	0.00	x 2.25% -	0.00
11. 0.5% Transit County Rate	0.00 +	0.00	x 0.5% -	0.00
12. 0.25% Transit County Rate	0.00 +	0.00	x 0.25% -	0.00
13. Total State and County Tax (Add Tax From Lines 4 through 12)				29.48
14. Excess Collections				0.00
15. Total Tax (Add Lines 13 and 14)				29.48
16. Penalty - State and County				0.00
17. Interest - State and County				0.00
18. Less Prepayment for This Period				0.00
19. Prepayment for Next Period				0.00
20. Less any Credit (Attach Explanation)				0.00
21. Total Due (Add Lines 15 - 17 and 19, Minus Lines 18 and 20)				\$ 29.48

Sales Tax Example Answer, Cont.



E-500
Web-Fill
1D-14

Sales and Use Tax Return
North Carolina Department of Revenue

Legal Name (First 24 Characters): XYZ STORE
Street Address: 123 Convenient Store Lane
City: RALEIGH State: NC Zip Code (5 Digits): 27640
Period Beginning (MMCC-YY): 10-01-14
Period Ending (MMCC-YY): 12-31-14
Account ID: 600000000

1. North Carolina Gross Receipts (Do not include tax collected): 500.00
2. Sales for Resale (Do not include on Line 3 below): 0.00
3. Receipts Exempt From State Tax: 0.00

Tax Type	Purchases for Use	Receipts	Rate	Tax
4. Gen. State Rate	0.00 +	410.00	4.75%	19.48
5. 3% State Rate	0.00 +	0.00	3%	0.00
6. Modular Homes	0.00 +	0.00	4.75%	0.00
7. Mtg. Homes	0.00 +	0.00	4.75%	0.00
8. 2% Food Rate	0.00 +	90.00	2%	1.80
9. 2% County Rate <i>See Instructions</i>	0.00 +	410.00	2%	8.20
10. 2.25% County Rate	0.00 +	0.00	2.25%	0.00
11. 0.5% Transit County Rate	0.00 +	0.00	0.5%	0.00
12. 0.25% Transit County Rate	0.00 +	0.00	0.25%	0.00
13. Total State and County Tax (Add Tax From Lines 4 through 12)				
14. Excess Collections				
15. Total Tax (Add Lines 13 and 14)				
16. Penalty - State and County				0.00
17. Interest - State and County				0.00
18. Less Prepayment for This Period				0.00
19. Prepayment for Next Period				0.00
20. Less any Credit (Attach Explanation)				0.00
21. Total Due (Add Lines 16-17 and 19, Minus Lines 18 and 20)			\$	29.48

Signature: *John Doe* Date: 01-31-15
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: OWNER Phone: (123) 456-7890
MAIL TO: P.O. Box 25000, Raleigh, NC 27640-0700

Signature: _____ Date: 01-31-15
I certify that, to the best of my knowledge, this return is accurate and complete.
Title: OWNER Phone: (123) 456-7890
MAIL TO: P.O. Box 25000, Raleigh, NC 27640-0700

Make sure you sign the return and provide a working contact number.

Filing Frequencies



- **Quarterly**: taxpayers who consistently owes less than \$100 per month
 - Reports and payment are due by the last day of the first month after the quarter ends (April, July, October, January)
- **Monthly**: taxpayers who consistently owes \$100 but less than \$20,000 per month
 - Reports and payment are due by the 20th of the following month
- **Monthly (with Prepayment)**: taxpayers who consistently owes at least \$20,000 per month or more
 - Reports and balance of tax owed are due by the 20th of the following month
 - Prepayment due on the 20th of each month
 - Taxpayer may choose to pay:
 - 65 percent of the amount of tax owed the previous month
 - 65 percent of the amount of tax owed for the same month in the preceding year
 - 65 percent of the average monthly amount of tax owed in preceding calendar year

Online Filing and Payments

NORTH CAROLINA DEPARTMENT OF REVENUE

Home About Us News **E-Services** Tax Forms Search

Tax Information For:

Individuals **Businesses**

HEADLINES

NCDOR Contacts Taxpayers About Recent Technical Disruption
Affected taxpayers should call the special help telephone number for more information. [full details](#)

Important Notice Published On Income Tax Adjustments For Code Section 179 Expenses
For tax years 2010 through 2013, North Carolina did not conform to the provisions of federal law in its entirety with respect to Code section 179 expensing. Adjustments are required on the individual, corporate and tax

E-File

Businesses

Note: Routine maintenance is performed on our website from 4:00 a.m. until 12:00 p.m. each Sunday. During this maintenance window, our web services are unavailable.

e-Business Center - New web service with features that make online filing of returns and/or payment of tax for the following more efficient and convenient:

- Alcoholic Beverage Tax - Beer
- Alcoholic Beverage Tax - Fortified Wine
- Alcoholic Beverage Tax - Unfortified Wine
- Alcoholic Beverage Tax - Spirituous Liquor
- Cigarette Tax - Resident
- Cigarette Tax - Nonresident
- Corporate Estimated Tax (CD-429)
- Machinery, Equipment and Fuel Tax
- Other Tobacco Products Tax
- Piped Natural Gas
- Utility Franchise Tax - Electric
- Utility Franchise - Water and Sewer
- Utility and Liquor Sales and Use Tax
- Withholding Tax (NC-5 and NC-5P)

E-500 Sales and Use E-File - File your E-500 tax return and the accompanying schedule E-536 and pay your tax electronically.

Sales and Use Electronic Data Interchange (EDI) - Access the Sales and Use EDI mapping, Developer Test Package, Developer Response Form, Form 592, and Approved Software Developers.

NC-5 and NC-5P Withholding E-File - File your NC-5 tax return or NC-5P and pay your tax electronically.

Reports and Statistics
Tax Seminars
Identity Theft

Online Filing and Payments

Home **About Us** **News** **E-Services** **Tax Forms**

Online Filing and Payments

E-500, Sales and Use Tax Return

What is the E-500 and Why Should You Use It?

The Department's online filing and payment system allows you to electronically file Form E-500, Sales and Use Tax Return, and the accompanying schedule Form E-536, Schedule of County Sales and Use Taxes. Monthly with Prepayment taxpayers are required to use the online filing and payment system.

The Department does not mail the paper sales and use tax coupon booklets to users of the online filing and payment system. In addition, the Department will use email to deliver tax documents and tax information to all registered taxpayers that use the online filing and payment system.

Using this system allows us to process your return and/or payment more accurately and efficiently. We strongly encourage you to use the online filing and payment system.

What Are the Benefits?

- It is convenient – It's available 24 hours per day, 7 days a week with the exception of a scheduled maintenance period each Sunday from 4:00 am to 12:00 pm. If you are paying by bank draft, you can select a future draft date.
- It is easy – For most tax types, the online screens are designed to look like the return.
- It is accurate – Some of the online forms calculate the tax for you.
- It is free – Paying by bank draft is free.
- It is safe – The web site and the taxpayer's data are secured with SSL (Secure Socket Layer) with at least 128-bit encryption.

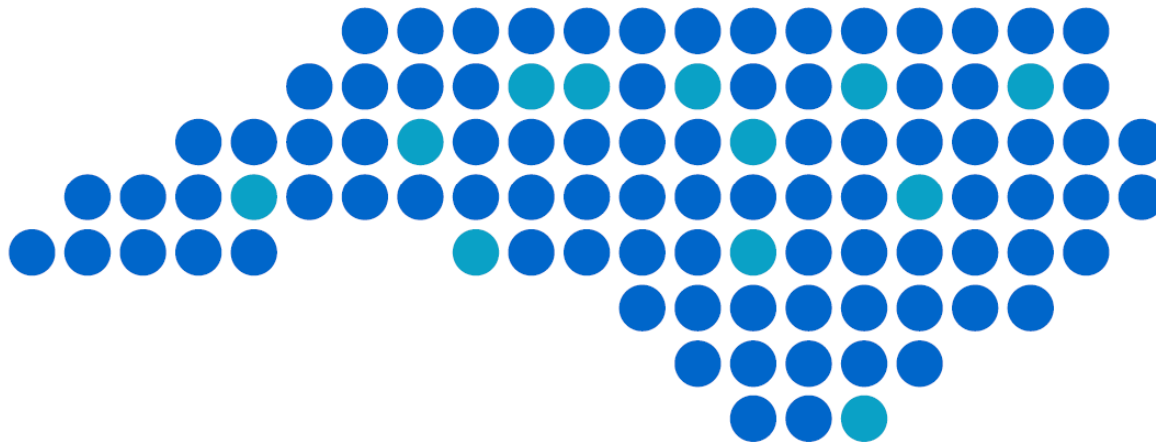
Electronic Services

Ready to File and/or Pay Online? Click Here!

<http://www.dornc.com/electronic/salesanduse.html>



Withholding Tax



Understanding Withholding
Tax obligations

What is Income Tax Withholding?

North Carolina General Statute 105-163.2

An employer shall deduct and withhold from the wages of each employee the State income taxes payable by the employee on the wages.

Definitions

- Employer
 - An employer is any person or business for whom an individual performs any service as an employee.
- Employee
 - Anyone who performs services for a person or business if the person or business can control what will be done and how it will be done. If the employer-employee relationship exists, calling it something else or signing a contract does not change the status.

Wages

G.S. 105-163.1(13)

The term wages generally has the same meaning for NC as it does in Section 3401 of the Internal Revenue Code, except that it does not include the amount an employer pays an employee for reimbursement of ordinary and necessary business expenses.

Withholding Allowance Certificate (Form NC-4)



- An employee must furnish the employer with a signed North Carolina Employee's Withholding Allowance Certificate, Form NC-4 EZ or Form NC-4. The federal form W-4 cannot be used as a substitute. A nonresident alien must use form NC-4 NRA in lieu of Form NC-4 or Form NC-4 EZ.
- If the employee fails to furnish the certificate, the employer must withhold tax as if the employee is single with zero withholding allowances.

Form NC-4 (Employee's Withholding Allowance Certificate)

- Used by an employer to determine the proper amount of North Carolina state income tax withholding from an employee's pay.

NC-4
Web 11-13
Employee's Withholding Allowance Certificate
North Carolina Department of Revenue

Important: You must complete a new Form NC-4 EZ or NC-4 for tax year 2014. As a result of recent law changes, how you determine the number of allowances for tax year 2014 will differ from previous years. Most taxpayers will not be entitled to as many allowances, and as a result, more taxpayers should claim zero (0) allowances. Additionally, you are no longer allowed to claim a N.C. withholding exemption for yourself, your spouse, your children, or any other qualifying dependents.

PURPOSE - Complete Form NC-4, Employee's Withholding Allowance Certificate, so that your employer can withhold the correct amount of State income tax from your pay. If you do not provide a new NC-4 to your employer, your employer is required to withhold based on single with zero allowances.

FORM NC-4 EZ - A new form was created for tax year 2014 for taxpayers who intend to claim either exempt status, or the N.C. standard deduction and no tax credits or only the credit for children.

FORM NC-4 BASIC INSTRUCTIONS - Complete the Allowance Worksheet. The worksheet will help you figure the number of withholding allowances you are entitled to claim. The worksheet is provided for employees to adjust their withholding allowances based on N.C. tax-related deductions, federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, or N.C. tax credits. However, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowances decrease, you must file another 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, figure 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 Allowance Worksheet.)

NONWAGE INCOME - If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40 to avoid underpayment of estimated tax interest. Form NC-40 is available on our website at www.dornc.com under Individual Income Tax forms.

HEAD OF HOUSEHOLD - Generally you may claim head of household 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. Note: "Head of Household" for State tax purposes is the same as for federal tax purposes.

QUALIFYING WIDOWER - You may claim qualifying widower status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

- Your home is maintained as the main household of a child or stepchild for whom you can claim a federal exemption, and
- 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 each complete the Allowance Worksheet based on married filing jointly or married filing separately.

- For married taxpayers completing the Allowance Worksheet based on married filing jointly, you will consider the sum of both spouses' income, adjustments, additions, deductions, and credits on the Allowance Worksheet to determine the number of allowances.
- For married taxpayers completing the worksheet on the basis of married filing separately, each spouse will consider only his or her portion of income, adjustments, additions, deductions, and credits on the Allowance Worksheet 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 information, you are subject to a penalty of 50% of the amount not properly withheld.

Cut here and give this certificate to your employer. Keep the top portion for your records.

NC-4
Web 11-13
Employee's Withholding Allowance Certificate
North Carolina Department of Revenue

- Total number of allowances you are claiming for 2014. (Enter zero (0), or the number of allowances from Page 2, line 10 of the NC-4 Allowance Worksheet.)
- Additional amount, if any, withheld from each pay period. (Enter whole dollars)

Social Security Number _____ **Marital Status**
 Single Head of Household
 Married Widowed

First Name, Last Name, Middle Initial, Last Name

 Address _____
 City _____ State _____ Zip Code (5 Digit) _____

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

NC-4 EZ or NC-4



NC-4 EZ Web 10-13 Employee's Withholding Allowance Certificate North Carolina Department of Revenue

Social Security Number _____ Marital Status _____
 _____ Single _____ Head of Household _____ Married or Qualifying Widow(er)
 First Name (use capital letters for your name and address) M.I. Last Name _____
 Address _____ County (please list the county) _____
 City _____ State _____ Zip Code (if any) _____ Country (if not U.S.) _____

Important: You must complete a new Form NC-4 EZ or NC-4 for tax year 2014. As a result of recent law changes, how you determine the number of allowances for tax year 2014 will differ from previous years. Most taxpayers will not be entitled to as many allowances, and as a result, more taxpayers should claim zero (0) allowances. Additionally, you are no longer allowed to claim a N.C. withholding exemption for yourself, your spouse, your children, or any other qualifying dependents.

FORM NC-4EZ: Please use this form if you:

- Plan to claim the N.C. standard deduction
- Plan to claim no tax credits or only the credit for children
- Prefer not to complete the extended Form NC-4
- Qualify to claim exempt status. (See line 3 or 4 below)

You may complete Form NC-4, if you plan to claim N.C. itemized deductions, federal adjustments to income, or N.C. deductions.

If you do not plan to claim the credit for children, enter zero (0) on line 1. If you plan to claim the credit for children, 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 1 spouse may claim the allowance for the credit for each child.

Single & Married Filing Separately		Married Filing Jointly & Qualifying Widow(er)		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	# of Allowances	# of Allowances
0-20,000	0 1 2 3 4 5 6 6 7 8	0-40,000	0 1 2 3 4 5 6 6 7 8	0-32,000	0 1 2 3 4 5 6 6 7 8
20,001-50,000	0 1 2 2 3 4 4 5 6 6	40,001-100,000	0 1 2 2 3 4 4 5 6 6	32,001-80,000	0 1 2 2 3 4 4 5 6 6

- Total number of allowances you are claiming for 2014. (Enter zero (0), or the number of allowances from the table above) _____
- Additional amount, if any, withheld from each pay period. (Enter whole dollars) _____ 00
- 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
 - For tax year 2014, I expect a refund of all State income tax withheld because I expect to have no tax liability.
 Check Here
- I certify that I am exempt from North Carolina withholding because I meet the requirements of the Military Spouses Residency Relief Act and I am legally domiciled in the state of _____ (Enter state of domicile) _____ Check Here

If line 3 or line 4 above applies to you, enter the effective year 20 _____
- I certify that I no longer meet the requirements for exemption on line 3 or line 4 (Check). 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 amount entered on line 2.

CAUTION: If you furnish an employer with an Employee's Withholding Allowance Certificate on a 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 _____
 I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed on line 1 and any amount entered on line 2.

NC-4 Web 11-13 Employee's Withholding Allowance Certificate North Carolina Department of Revenue

Important: You must complete a new Form NC-4 EZ or NC-4 for tax year 2014. As a result of recent law changes, how you determine the number of allowances for tax year 2014 will differ from previous years. Most taxpayers will not be entitled to as many allowances, and as a result, more taxpayers should claim zero (0) allowances. Additionally, you are no longer allowed to claim a N.C. withholding exemption for yourself, your spouse, your children, or any other qualifying dependents.

PURPOSE: Complete Form NC-4, Employee's Withholding Allowance Certificate, so that your employer can withhold the correct amount of State income tax from your pay. If you do not provide a new NC-4 to your employer, your employer is required to withhold based on single with zero allowances.

FORM NC-4 EZ: A new form was created for tax year 2014 for taxpayers who intend to claim either exempt status, or the N.C. standard deduction and no tax credits or only the credit for children.

FORM NC-4 BASIC INSTRUCTIONS: Complete the Allowance Worksheet. The worksheet will help you figure the number of withholding allowances you are entitled to claim. The worksheet is provided for employees to adjust their withholding allowances based on N.C. itemized deductions, federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, or N.C. tax credits. However, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowances decrease, you must file another 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, figure 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 Allowance Worksheet).

NORWAGE INCOME: If you have a large amount of norwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40 to avoid underpayment of estimated tax interest. Form NC-40 is available on our website at www.dorncs.com under Individual Income Tax Forms.

HEAD OF HOUSEHOLD: Generally you may claim head of household 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. Note: "Head of Household" for State tax purposes is the same as for federal tax purposes.

QUALIFYING WIDOW(ER): You may claim qualifying widow(er) status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

- Your home is maintained as the main household of a child or stepchild for whom you can claim a federal exemption; and
- 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 each complete the Allowance Worksheet based on married filing jointly or married filing separately.

For married taxpayers completing the Allowance Worksheet based on married filing jointly, you will consider the sum of both spouses' incomes, adjustments, additions, deductions, and credits on the Allowance Worksheet to determine the number of allowances.

For married taxpayers completing the worksheet on the basis of married filing separately, each spouse will consider only his or her portion of income, adjustments, additions, deductions, and credits on the Allowance Worksheet 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 information, you are subject to a penalty of 50% of the amount not properly withheld.

Cut here and give this certificate to your employer. Keep the top portion for your records.

NC-4 Web 11-13 Employee's Withholding Allowance Certificate North Carolina Department of Revenue

- Total number of allowances you are claiming for 2014. (Enter zero (0), or the number of allowances from Page 2, line 10 of the NC-4 Allowance Worksheet) _____
- Additional amount, if any, withheld from each pay period. (Enter whole dollars) _____

Social Security Number _____ Marital Status _____
 _____ Single _____ Head of Household _____
 First Name (use capital letters for your name and address) M.I. Last Name _____
 Address _____
 City _____ State _____ Zip Code (if any) _____

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

NC-4 EZ or NC-4

- Depending on your North Carolina deductions and North Carolina tax credits you may elect to use the NC-4 EZ.
 - Use form NC-4 EZ
 - If you plan to claim the N.C. standard deduction.
 - \$15,000 for married filing jointly or qualifying widow(er)
 - \$12,000 for head of household
 - \$7,500 for single
 - \$7,500 married filing separate
 - Plan to claim no tax credits or only the credit for children. Please refer to the NC-4 Part II Schedule 4 of Allowance Worksheet for more information.
 - Prefer not to complete the NC-4
 - Qualify to claim exempt status

NC-4 EZ or NC-4

- If the NC-4 EZ does not apply to your specific situation, you may need to fill out the NC-4 to determine your number of allowances.

NC-4
Form 11-13
Employee's Withholding Allowance Certificate
North Carolina Department of Revenue

Important: You must complete a new Form NC-4 EZ for tax year 2014. As a result of recent law changes, how you determines the number of allowances for tax year 2014 will differ from previous years. Most taxpayers will not be entitled to as many allowances, and as a result, more taxpayers should claim zero (0) allowances. Additionally, you are no longer allowed to claim a N.C. withholding exemption for yourself, your spouse, your children, or any other qualifying dependents.

PURPOSE - Complete Form NC-4, Employee's Withholding Allowance Certificate, so that your employer can withhold the correct amount of state income tax from your pay. If you do not provide a new NC-4 to your employer, your employer is required to withhold based on single with zero allowances.

FORM NC-4 EZ - A new form was created for tax year 2014 for taxpayers who intend to claim either exempt status, or the N.C. standard deduction and no tax credits or only the credit for children.

FORM NC-4 BASIC INSTRUCTIONS - Complete the Allowance Worksheet. The worksheet on this page gives the number of withholding allowances you are entitled to claim. The worksheet is provided for employees to assist their withholding allowance based on U.S. Federal calculations. Federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, or N.C. tax credits, however, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowance decreases, you must file another 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, figure 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 more accurate when all allowances are claimed on the NC-4 filed for the higher paying job and no allowances are claimed for the other. You should also refer to the Multiple Jobs Table to determine the additional amount to be withheld on one of your jobs. (See Allowance Worksheet.)

ROMANCE INCOME - If you have a large amount of romance income, such as interest or dividends, you should consider making additional tax payments using Form NC-40 to avoid underpayment of estimated tax & banal. Form NC-40 is available on our website at www.ncdor.gov, under individual income tax forms.

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.

Cut here and give this certificate to your employer. Keep the top portion for your records.

NC-4
Form 11-13
Employee's Withholding Allowance Certificate
North Carolina Department of Revenue

1. Total number of allowances you are claiming for 2014.
(Enter zero (0), or the number of allowances from Page 4, line 10 of the Form Allowance Worksheet.)

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

Individual's Name: Single Head of Household

First Name Last Name MI Last Name

Address

City State Zip Code or PO Box

Employer's Signature

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

Note: NC-4 EZ will suffice for most employees.

<http://www.dornrc.com/downloads/nc4ez.pdf>



NC-4 NRA



- Since nonresident aliens generally are not eligible to take the standard deduction, they have to enter an additional amount of income tax to be withheld for each payment period on line 2 of Form NC-4 NRA.

Web 12-14

NC-4 NRA

Nonresident Alien Employee's Withholding Allowance Certificate

PURPOSE - Complete Form NC-4 NRA, Nonresident Alien Employee's Withholding Allowance Certificate, so that your employer can withhold the correct amount of State income tax from your pay. Regardless of your actual marital status, the State income tax to be withheld will be determined as if your filing status is single along with the number of allowances claimed on this form. If you do not provide a new NC-4 NRA to your employer before the first day of the first payroll period that ends on or after January 1, 2015, your employer is required to withhold as single with zero allowances.

GENERAL INSTRUCTIONS - Complete the Allowance Worksheet on page 2. The worksheet is provided for employees to adjust their withholding allowances based on charitable contributions, federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, or N.C. tax credits. The worksheet will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowances decrease, you must file a new NC-4 NRA with your employer within 10 days after the change occurs.

WAGES EXEMPT FROM WITHHOLDING - Wages that are exempt from U.S. income tax under an income tax treaty are generally exempt from withholding. Residents of Canada and Mexico who enter or leave the United States at frequent intervals are not subject to withholding on their wages if these persons either: (1) perform duties in transportation service between the United States and Canada or Mexico, or (2) perform duties connected to the construction, maintenance, or operation of a water-way, viaduct, dam, or bridge crossed by, or crossing, the boundary between the United States and Canada or the boundary between the United States and Mexico. Nonresident aliens who are bona fide residents of the U.S. Virgin Islands are not subject to withholding of tax on income earned while temporarily employed in the United States.

TWO JOBS - If you have more than one job, figure the total number of allowances you are entitled to claim on all jobs using one Form NC-4 NRA. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 NRA filed for the higher paying job and zero allowances are claimed for the other.

NONWAGE INCOME - If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40. Form NC-40 is available on our website at: www.dorc.com under individual income tax forms.

CAUTION: All NC-4 NRA forms are subject to review by the North Carolina Department of Revenue. Your employer may be required to send this form to the Department. If you furnish an employer with a Nonresident Alien 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.

✂ ————— Cut here and give this certificate to your employer. Keep the top portion for your records. ————— ✂

NC-4 NRA
Web 12-14

Nonresident Alien Employee's Withholding Allowance Certificate

I certify that I am exempt from North Carolina withholding because I am a resident of Canada or Mexico and my duties are in transportation services.

Social Security Number _____

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

Address _____ County (fill in the blank) _____

City _____ State _____ Zip Code (5 Digits) _____ Country (If Not U.S.) _____

1. Total number of allowances you are claiming (Enter zero (0), or the number of allowances from Page 2, line 11 of the NC-4 NRA Allowance Worksheet) _____

2. Additional amount to withhold from each pay period, see chart on Page 2, Part II, Line 12 _____ .00

3. Employee elected additional withholding (Enter whole dollars) _____ .00

4. Total additional withholding from each pay period. (Add Lines 2 and 3) _____ .00

Employee's Signature _____ Date _____

I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed above, or I claiming exemption from withholding, that I am entitled to claim the exempt status.

Methods of Computing NC Income Tax Withholding



- Wage Bracket Tables
- Percentage Method
- Annualized Wages Method
- There **IS NOT** an established “%” rate for computing withholding. Exceptions: 4% for personal services, 5.8% for supplemental wages, and 5.8% for lottery winnings.

Continued

NC - 30
Web
11-13

North Carolina
www.dornc.com

2014 Income Tax Withholding Tables and Instructions for Employers



New for 2014

- Session Law 2013-316, House Bill 998, An Act to Simplify the North Carolina Tax Structure and to Reduce Individual and Business Tax Rates was signed into law by Governor McCrory July 23, 2013.
- This publication has been revised to reflect the reduction in the income tax rate to 5.5% effective for wages paid on or after January 1, 2014. Additional changes to the tax structure coupled with the rate reduction resulted in revisions to the Formula Tables for the Percentage Method Withholding Computations and Annualized Method Withholding Computations on pages 14 - 17. The Wage Bracket Tables on Pages 18 - 44 have changed as well.
- A new Form NC-4 EZ has been created. Revisions have been made to Forms NC-4, Employee's Withholding Allowance Certificate and Form NC-4P, Withholding Certificate for Pension or Annuity Payments. Employers and certain pension and annuity payers should obtain a new form from each employee or pension or annuity recipient prior to January 1, 2014 to ensure the correct amount of tax is withheld.
- For calendar year 2014 withholding, the Department no longer has Form NC-3M, Annual Withholding Reconciliation - Monthly. Monthly, quarterly, and semiweekly filers will file their 2014 annual reconciliation using Form NC-3, Annual Withholding Reconciliation. (See page 12)

Includes Forms:

NC/BR

Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax

Form NC-4 EZ and Form NC-4

Employee's Withholding Allowance Certificate

Form NC-4P

Withholding Certificate for Pension or Annuity Payments

Issued by
North Carolina Department of Revenue
P.O. Box 26000
Raleigh, North Carolina 27640-0001



For Permanent Reference - Enter your North Carolina employer's withholding identification number here _____

- NC-30 provides
 - withholding amounts
 - detailed information on withholding requirements and filing and paying



Filing Frequencies & Due Dates

<u>Frequency</u>	<u>Tax Withheld Per Month</u>	<u>Due Date</u>
Quarterly(NC-5)	\$0.00 - \$249.99	Last day of the first month after the quarter ends
Monthly(NC-5)	\$250.00 - \$1,999.99	15 th of the following month <i>Exception: December due date is January 31st of following year</i>
Semiweekly(NC-5P)	\$2,000 or more	Same as Federal dates

Online Filing and Payments

NORTH CAROLINA DEPARTMENT OF REVENUE

Home About Us News **E-File** Tax Forms Search

Tax Information For: Individuals **Businesses**

Businesses

Note: Routine maintenance is performed on our website from 4:00 a.m. until 12:00 p.m. each Sunday. During this maintenance window, our web services are unavailable.

e-Business Center - New web service with features that make online filing of returns and/or payment of tax for the following more efficient and convenient:

- Alcoholic Beverage Tax - Beer
- Alcoholic Beverage Tax - Fortified Wine
- Alcoholic Beverage Tax - Unfortified Wine
- Alcoholic Beverage Tax - Spirituous Liquor
- Cigarette Tax - Resident
- Cigarette Tax - Nonresident
- Corporate Estimated Tax (CD-429)
- Machinery, Equipment and Fuel Tax
- Other Tobacco Products Tax
- Piped Natural Gas
- Utility Franchise Tax - Electric
- Utility Franchise - Water and Sewer
- Utility and Liquor Sales and Use Tax
- Withholding Tax (NC-5 and NC-5P)

E-500 Sales and Use E-File - File your E-500 tax return and the accompanying schedule E-536 and pay your tax electronically.

Sales and Use Electronic Data Interchange (EDI) - Access the Sales and Use EDI mapping, Developer Test Package, Developer Response Form, Form 592, and Approved Software Developers.

NC-5 and NC-5P Withholding E-File - File your NC-5 tax return or NC-5P and pay your tax electronically.

Business Registration - Electronically register for an account ID number for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment, and Manufacturing Fuel Tax

HEADLINES

NCDOR Contacts Taxpayers About Recent Technical Disruption

Affected taxpayers should call the special help telephone number for more information. [full details](#)

Important Notice Published On Income Tax Adjustments For Code Section 179 Expenses

For tax years 2010 through 2013, North Carolina did not conform to the provisions of federal law in its entirety with respect to Code section 179 expensing. Adjustments have been made to the individual and corporate income tax

Report
Tax Seminars
Identity Theft

Online Filing and Payments

Online Filing and Payments

NC-5, Withholding Return NC-5P, Withholding Payment Voucher

What are the NC-5 and NC-5P and Why Should You Use Them?

The Department's online filing and payment system allows you to electronically file Form NC-5, Withholding Return, and Form NC-5P, Withholding Payment Voucher. All withholding taxpayers, whether semi-weekly, monthly, or quarterly, can use this system to file a return and pay tax. Using this system allows us to process your return and/or payment more accurately and efficiently. We strongly encourage you to use the online filing and payment system.



What are the benefits?

- **It is convenient** - It's available 24 hours per day, 7 days a week with the exception of a scheduled maintenance period each Sunday from 4:00 a.m. to 12:00 p.m.. If you are paying by bank draft, you can select a future draft date.
- **It is easy** - For most tax types, the online screens are designed to look like the return.
- **It is accurate** - Some of the online forms calculate the tax for you.
- **It is free** - Paying by bank draft is free.

E-SERVICES

- Individuals
- Businesses

TAX INFORMATION

- Individuals
- Businesses
- Tax Professionals
- Local Government

QUICK LINKS

- FAQs
- Taxpayer Self-Help
- Tax Information
- Understanding You
- Collections – Past
- Taxpayer Advocate
- Armed Forces

Sample Problem

- XYZ Enterprise will be filling out its NC-5 for the month of January. The business has one employee whose salary is \$2,970.00 per month. The employee's filing status is married with 1 allowance. Please complete the form.

NC-30 Table

Single Persons, Married Persons, Qualifying Widow(er) - Monthly Payroll Period

If the wages are -

And the number of withholding allowances claimed is -

At least	But less than	0	1	2	3	4	5	6	7	8
		The amount of income tax to be withheld is -								
2850	2870	130	118	105	93	81	69	57	45	33
2870	2890	131	119	107	95	82	70	58	46	34
2890	2910	132	120	108	96	84	72	59	47	35
2910	2930	133	121	109	97	85	73	61	49	36
2930	2950	134	122	110	98	86	74	62	50	38
2950	2970	135	123	111	99	87	75	63	51	39
2970	2990	137	125	112	100	88	76	64	52	40
2990	3010	138	126	114	102	89	77	65	53	41
3010	3030	139	127	115	103	91	78	66	54	42
3030	3050	140	128	116	104	92	80	68	55	43
3050	3070	141	129	117	105	93	81	69	57	45
3070	3090	142	130	118	106	94	82	70	58	46
3090	3110	144	131	119	107	95	83	71	59	47
3110	3130	145	133	121	108	96	84	72	60	48
3130	3150	146	134	122	110	98	85	73	61	49
3150	3170	147	135	123	111	99	87	75	62	50
3170	3190	148	136	124	112	100	88	76	64	52
3190	3210	149	137	125	113	101	89	77	65	53

Answer

Single Persons, Married Persons, Qualifying Widow(er) - Monthly Payroll Period

If the wages are -

And the number of withholding allowances claimed is -

At least	But less than	The amount of income tax to be withheld is -								
		0	1	2	3	4	5	6	7	8
2850	2870	130	118	105	93	81	69	57	45	33
2870	2890	131	119	107	95	82	70	58	46	34
2890	2910	132	120	108	96	84	72	59	47	35
2910	2930	133	121	109	97	85	73	61	49	36
2930	2950	134	122	110	98	86	74	62	50	38
2950	2970	135	123	111	99	87	75	63	51	39
2970	2990	137	125	112	100	88	76	64	52	40
2990	3010	138	126	114	102	89	77	65	53	41
3010	3030	139	127	115	103	91	78	66	54	42
3030	3050	140	128	116	104	92	80	68	55	43
3050	3070	141	129	117	105	93	81	69	57	45
3070	3090	142	130	118	106	94	82	70	58	46
3090	3110	144	131	119	107	95	83	71	59	47
3110	3130	145	133	121	108	96	84	72	60	48
3130	3150	146	134	122	110	98	85	73	61	49
3150	3170	147	135	123	111	99	87	75	62	50
3170	3190	148	136	124	112	100	88	76	64	52
3190	3210	149	137	125	113	101	89	77	65	53

Answer

NC-5 10-3-07
Web-Fill

Withholding Return

North Carolina Department of Revenue

This return must be filed even if no tax has been withheld.

Account ID	Period Ending	File By	Filing Frequency
000000001	01 31 14	02 15 14	MONTHLY
XYZ ENTERPRISE		1. Tax Withheld	▶ 125.00
123 FIRST STREET		2. Penalty	.00
RALEIGH	NC 27640	3. Interest	.00
<u>Signature:</u>	<u>Date:</u>	4. Total Due	\$ 125.00

I certify that, to the best of my knowledge, this return is accurate and complete.

Title: _____ Phone: () _____

Mail to: NCDOR, PO Box 25000, Raleigh, NC 27640-0615

01147 0000000019 0000000 06106



Annual Reconciliation Statement



- Provide each employee a copy of the completed W-2 or 1099 statement by January 31.
- File the Annual Reconciliation Statement (NC-3) and the Department's copy of each W-2 and 1099 statement by February 28 with DOR.

Annual Withholding Reconciliation



NC-3

General Information

This report serves two purposes - to balance the total North Carolina income tax withheld as listed on the W-2 and 1099 statements with the amount required to be withheld for the year, and to act as a transmittal form for the N.C. copies of the W-2 and 1099 statements. This report with the copies of the W-2 and 1099 statements for the preceding calendar year must be filed on or before February 28. If your business terminates during the year, the report should be filed within thirty days of the last payment of compensation.

Instructions for Form NC-3 Annual Withholding Reconciliation

Line 1 - 4: Enter on these lines the total tax required to be withheld for each quarter.

Line 6a: Enter on this line the N.C. income tax withheld from wages as reported on W-2 statements.

Line 6b: Enter on this line the N.C. income tax withheld as reported on 1099 statements. This includes amounts withheld from personal services compensation paid to nonresidents and amounts withheld from pensions, annuities, and deferred compensation.

Line 7: Enter the total North Carolina income tax withheld as reported on all W-2 and 1099 statements and attach an adding machine tape or other listing to this report. If the total tax required to be withheld (Line 5) does not agree with the total tax withheld (Line 7), complete an amended withholding return, Form NC-5X, and send it along with any payment due. Do not mail the amended return and payment with Form NC-3.

Please do not fold, staple, tape, or paper clip the form.
Use blue or black ink to complete this form.
Cut form on line below and mail it to the address on the return.

Cut Here

Annual Withholding Reconciliation
North Carolina Department of Revenue

Year: _____ File By: **February 28**

Account ID: (XXXX) _____ PIN or ID: _____

USE COUPON LETTERS FOR YOUR NAME AND ADDRESS
Legal Name (Not ST Character)

Street Address _____

City _____ State _____ Zip _____

Signature: _____ Date: _____
I certify that, to the best of my knowledge, this return is accurate and complete.

Title: _____ Phone: () _____

MAIL TO: P.O. Box 22555, Raleigh, NC 27642-0551

Quarter Ending	N.C. Income Tax Withheld
1. March 31	_____ .00
2. June 30	_____ .00
3. September 30	_____ .00
4. December	_____ .00
5. Total Tax Withheld Per W-2 Statements	_____ .00
6. Total Tax Withheld Per 1099 Statements	_____ .00
7. Total Tax Withheld Per Statements	_____ .00

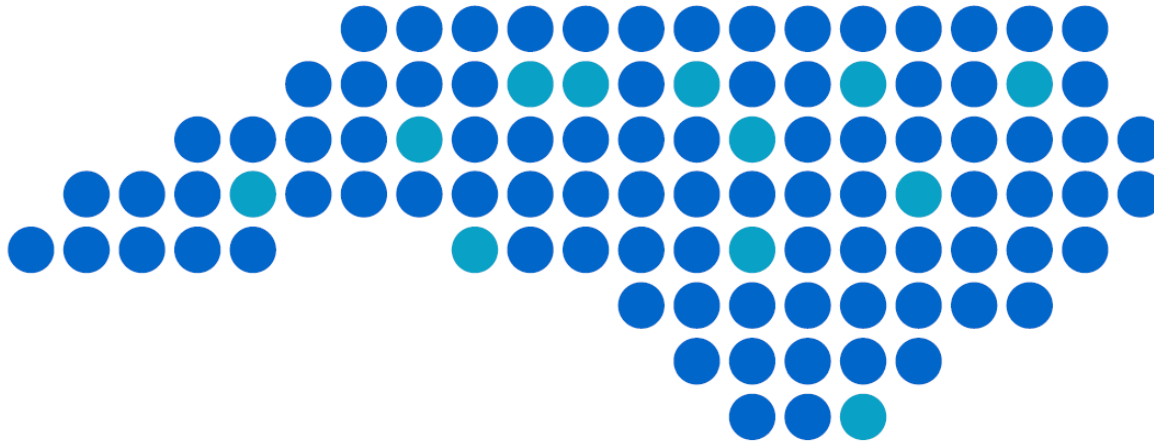
3 (2010) 005

Methods of Filing W-2 and 1099

- CD-ROM, DP43 & DP40
- NC-57 Computer Printout
- Paper documents

- North Carolina DOES participate in the combined federal/state filing of 1099. However, the employer must get permission from the IRS.

Recordkeeping



Recommendations

General Recommendations for Sales and Use Tax

Keep records for three years

- All books and records (receipts, invoices, cancelled checks, etc.) to substantiate income and deductions claimed for any business.
- All records (receipts, invoices, cancelled checks, etc.) to substantiate itemized deductions.
- Any other information relevant to your Federal or State returns.
- A retailer's records must include records of the retailer's gross income, gross sales, net taxable sales and all items purchased for resale. Examples of documents containing this information include (this is not an inclusive list):
 - General Ledger
 - Sales Invoices
 - Purchase Invoices
 - Cash register tapes
 - Receipt books
 - COMPLETE Bank Statements
 - Canceled checks
 - Credit card statements
 - Account statements

General Recommendations for Withholding Tax



Records should be kept for at least seven years.

- Names
- Addresses
- Security numbers of employees or payees receiving payments
- Withholding allowance certificates
- Amounts and dates of wages and other payments and records of the amount withheld
- Copies or records of all reports or returns filed
- Records of all payments made to DOR.

Rule of Thumb

- Taxpayers must be able to substantiate all information on returns.
- Documentation should be maintained in an orderly manner in an effort to substantiate income, expenses, deductions and/or credits claimed on any returned filed with the Department.
- Documentation should be organized, summarized, and grouped in an easy to follow manner.

Resources



- www.dornc.com
- [YouTube](#)
- Taxpayer Assistance and Collection Center:
 - 1-877-252-3052
- Service Centers across the state
 - Asheville
 - Charlotte
 - Durham
 - Elizabeth City
 - Fayetteville
 - Greensboro
 - Greenville
 - Hickory
 - Raleigh
 - Wilmington
 - Winston-Salem

