



April 1, 2015

**NORTH CAROLINA’S REFERENCE TO THE INTERNAL REVENUE CODE UPDATED -  
IMPACT ON 2014 NORTH CAROLINA CORPORATE AND INDIVIDUAL INCOME TAX  
RETURNS**

Governor McCrory signed into law Session Law 2015-2 (Senate Bill 20) on March 31, 2015. The legislation updated North Carolina’s reference to the Internal Revenue Code to the Code as enacted as of January 1, 2015. As a result, North Carolina corporate and individual income tax law generally follows the Tax Increase Prevention Act of 2014 (“TIPA”), which extended several provisions in federal law that had sunset at the end of 2013. The law does not follow (decouples from) TIPA in six instances. The table below identifies those instances and describes each difference and which lines on the tax returns are impacted.

	<b><u>Federal Provision</u></b>	<b><u>State Provision</u></b>	<b><u>NC C Corporate Return</u></b>	<b><u>NC Individual Return</u></b>
1	Bonus depreciation is extended to property placed in service in 2014.	Addition required for 85% of bonus depreciation deducted on federal return.	Include addition on Form CD-405, Schedule H, Line 1.g.	Include addition on Form D-400 Schedule S, Part A, Line 3.
2	Code section 179 dollar and investment limitations are increased to \$500,000 and \$2,000,000, respectively, for 2014.	Dollar and investment limitations set at \$25,000 and \$200,000, respectively. Addition required for 85% of the difference between the deduction using federal limitations and the deduction using NC limitations.	Include addition on Form CD-405, Schedule H, Line 1.g.	Include addition on Form D-400 Schedule S, Part A, Line 3.
3	Mortgage insurance premiums are treated as qualified residence interest for 2014.	Mortgage insurance premiums are not treated as qualified residence interest.	Not applicable	Do not include mortgage insurance premiums in the amount of mortgage interest deducted on Form D-400 Schedule S, Part C, Line 13.
4	Cancellation of qualified principal residence debt is excluded from gross income.	Addition required for amount of cancellation of qualified principal residence debt excluded from gross income on the federal return.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3.

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## North Carolina Department of Revenue

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	<b><u>Federal Provision</u></b>	<b><u>State Provision</u></b>	<b><u>NC C Corporate Return</u></b>	<b><u>NC Individual Return</u></b>
5	Qualified tuition and related expenses are deductible for 2014.	Addition required for qualified tuition and related expenses deducted on the federal return.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3.
6	Qualified charitable distributions from an IRA by a person who has attained age 70 ½ are excluded from gross income.	Addition required for qualified charitable distributions from an IRA by a person who has attained age 70 ½ that are excluded from gross income on the federal return. The distributions are allowable as a charitable contribution.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3. Deduct contribution on Form D-400 Schedule S, Part C, Line 18 if itemizing

Any person who has already filed a 2014 North Carolina income tax return and whose federal taxable income (C corporation) or federal adjusted gross income (individual) is impacted by the amendments to federal law included in TIPA or by the provisions of TIPA from which North Carolina has decoupled must file an amended North Carolina return. If the amended return reflects additional tax due, the taxpayer will avoid interest if the additional tax is paid by the original due date of the return (April 15 for calendar-year taxpayers). The taxpayer will also avoid a late-payment penalty if the additional tax reflected on the amended return is paid when the amended return is filed or April 15, whichever is later.

# Cooperative or Mutual Association 2014

North Carolina Department of Revenue

Submit forms in the following order: CD-V, NC-478VJ, CD-479, NC-478, NC-478 series, CD-418, followed by CD-425

For calendar year <b>2014</b> , or other tax year beginning (MM-DD) _____ - _____ - <b>14</b> and ending (MM-DD-YY) _____ - _____ - _____	(DOR Use Only) _____ / _____ / _____								
Legal Name (First 35 Characters)(USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) _____ Address _____ _____ City _____ State _____ Zip Code _____	▶ Federal Employer ID Number _____ ▶ Secretary of State ID ▶ NAICS Code _____								
▶ Fill in all applicable circles: <table style="display: inline-table; vertical-align: middle; margin-left: 20px;"> <tr> <td><input type="radio"/> Initial Return</td> <td><input type="radio"/> Amended Return</td> <td><input type="radio"/> NC-478 is attached</td> <td><input type="radio"/> Tax Exempt (IRC § 521)</td> </tr> <tr> <td><input type="radio"/> Final Return</td> <td><input type="radio"/> Short Year Return</td> <td><input type="radio"/> CD-479 is attached</td> <td><input type="radio"/> Has Escheatable Property</td> </tr> </table>		<input type="radio"/> Initial Return	<input type="radio"/> Amended Return	<input type="radio"/> NC-478 is attached	<input type="radio"/> Tax Exempt (IRC § 521)	<input type="radio"/> Final Return	<input type="radio"/> Short Year Return	<input type="radio"/> CD-479 is attached	<input type="radio"/> Has Escheatable Property
<input type="radio"/> Initial Return	<input type="radio"/> Amended Return	<input type="radio"/> NC-478 is attached	<input type="radio"/> Tax Exempt (IRC § 521)						
<input type="radio"/> Final Return	<input type="radio"/> Short Year Return	<input type="radio"/> CD-479 is attached	<input type="radio"/> Has Escheatable Property						
<b>N.C. Education Endowment Fund:</b> 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 18. See instructions for information about the Fund.									

**(A) Computation of Income Tax**

<b>1. Federal Taxable Income Before NOL</b> (From Schedule B, Line 27 or Federal Form 1120-C, Line 25a minus Lines 26a and 26b)	▶	1. <input type="radio"/>	.00
<b>2. Adjustments to Federal Taxable Income</b> (From Schedule C, Line 5)	▶	2. <input type="radio"/>	.00
<b>3. Net Income Before Contributions</b> Add (or subtract) Lines 1 and 2	▶	3. <input type="radio"/>	.00
<b>4. Contributions</b> (From Schedule E, Line 5)	▶	4. <input type="radio"/>	.00
<b>5. Net Taxable Income</b> Line 3 minus Line 4	▶	5. <input type="radio"/>	.00
<b>6. N.C. Net Income Tax</b> Multiply Line 5 by 6.0%	▶	6. <input type="radio"/>	.00
<b>7. Annual Report Fee</b>	▶	7. <input type="radio"/>	.00
<b>8. Add Lines 6 and 7</b>	▶	8. <input type="radio"/>	.00
<b>9. Payments and Credits</b>	▶	9a. <input type="radio"/>	.00
a. Payment with Income Tax Extension (From Form CD-419, Line 10) <i>When filing an amended return, enter the extension payment claimed on the original return on Line 9b.</i>	▶	9b. <input type="radio"/>	.00
b. 2014 Estimated Tax (When filing an amended return, enter previous payments less refunds received, excluding interest.)	▶	9c. <input type="radio"/>	.00
c. Partnership (If a partnership payment is claimed on Line 9c, a copy of the NC K-1 <b>MUST</b> be attached.)	▶	9d. <input type="radio"/>	.00
d. Nonresident Withholding (Include copy of 1099 or W-2)	▶	9e. <input type="radio"/>	.00
e. Tax Credits (Complete Form CD-425 and enter amount from Part 4, Line 25)	▶	9e. <input type="radio"/>	.00
<b>10. Add Lines 9a through 9e</b>	▶	10. <input type="radio"/>	.00

If amount on Lines 1, 2, 3, or 5 is negative, fill in circle.

Example:

Include \$25.00 **ONLY** if filing report with the Department of Revenue. (Pay online. Go to [www.sosnc.com](http://www.sosnc.com) for an electronic filing option.)

A Computation of Income Tax

<b>11. Income Tax Due</b> - Line 8 minus Line 10		11. \$	_____ .00
<b>12. Underpayment of Estimated Income Tax</b>	Exception to Underpayment of Estimated Tax <input type="checkbox"/>	12.	_____ .00
<b>13. a. Interest</b>	<b>b. Penalties</b>	(Add Lines 13a and 13b and enter the total on Line 13c)	
_____ .00	_____ .00	13c.	_____ .00
<b>14. Total Due</b> - If Line 10 is smaller than the total of Lines 8, 12, and 13c, enter total due here <i>Pay online. Go to <a href="http://www.dornrc.com">www.dornrc.com</a> and click on E-Services.</i>	Pay in U.S. Currency From a Domestic Bank	14.	_____ .00
<b>15. Overpayment</b> - If Line 10 is larger than the total of Line 8 and Line 12, enter overpayment here		15.	_____ .00
<b>16. Amount of Line 15 applied to 2015 Estimated Income Tax</b>		16.	_____ .00
<b>17. Amount of Line 15 contributed to N.C. Nongame and Endangered Wildlife Fund</b>		17.	_____ .00
<b>18. Amount of Line 15 contributed to N.C. Education Endowment Fund</b>		18.	_____ .00
<b>19. Amount of Line 15 To Be Refunded</b> - Line 15 minus Lines 16 through 18		19.	_____ .00

Explanation of Changes for Amended Return

(Attach additional sheets if necessary)

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**Sign Here:**

Signature and Title of Officer: \_\_\_\_\_ Date: \_\_\_\_\_ Corporate Telephone Number: \_\_\_\_\_  
I certify that, to the best of my knowledge, this return is accurate and complete. (Important: Include Area Code)

Signature of Paid Preparer: \_\_\_\_\_ Preparer's  FEIN  SSN  PTIN: \_\_\_\_\_  
I certify that, to the best of my knowledge, this return is accurate and complete. (Fill in applicable circle)

**MAIL TO:** N.C. Dept. of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0540. Returns are due by the 15th day of the 9th month after the end of the income year.

<b>(B) Federal Taxable Income Before NOL Deduction</b>	
<i>Complete this schedule if you do not attach a copy of your federal income tax return.</i>	
1. a. Gross receipts or sales	_____ .00
b. Returns and allowances	_____ .00
c. Balance (Line 1a minus Line 1b)	_____ .00
2. Cost of goods sold (Attach schedule)	_____ .00
3. Gross Profit (Line 1c minus Line 2)	_____ .00
4. Dividends (Attach schedule)	_____ .00
5. a. Interest on obligations of the United States and its instrumentalities	_____ .00
b. Other interest	_____ .00
6. Gross rents and royalties	_____ .00
7. Capital gain net income (Attach schedule)	_____ .00
8. Net gain (loss) (Attach schedule)	_____ .00
9. Other income (Attach schedule)	_____ .00
<b>10. Total Income</b> Add Lines 3 through 9	_____ .00
11. Compensation of officers (Attach schedule)	_____ .00
12. Salaries and wages (Less employment credits)	_____ .00
13. Bad debts	_____ .00
14. Rents	_____ .00
15. Taxes and licenses	_____ .00
16. Interest	_____ .00
17. Charitable contributions	_____ .00
18. a. Depreciation _____	
b. Depreciation included in cost of goods sold _____	
c. Balance (Line 18a minus Line 18b)	_____ .00
19. Advertising	_____ .00
20. Pension, profit-sharing, and similar plans	_____ .00
21. Employee benefit programs	_____ .00
22. Domestic production activities deduction	_____ .00
23. Other deductions (Attach schedule)	_____ .00
<b>24. Total Deductions</b> (Add Lines 11-23)	_____ .00
<b>25. Taxable Income before IRC § 1382, NOL, and Special Deductions</b> Line 10 minus Line 24	_____ .00
26. a. Deductions and adjustments under IRC § 1382 (From Schedule D, Line 5)	_____ .00
b. Special Deductions (From Federal Form 1120-C, Line 26c)	_____ .00
<b>27. Federal Taxable Income Before NOL</b> Line 25 minus Lines 26a and 26b; enter amount here and on Schedule A, Line 1	_____ .00

<b>(C) Adjustments to Federal Taxable Income</b>	
<b>1. Additions:</b>	
a. Taxes based on net income	_____ .00
b. Contributions	_____ .00
c. Dividends paid on capital stock (From Schedule D, Line 1)	_____ .00
d. Nonpatronage income allocated to patrons (From Schedule D, Line 2)	_____ .00
e. Expenses attributable to income not taxed (See instructions for Form CD-405)	_____ .00
f. Domestic production activities deduction (Schedule B, Line 22 minus Schedule D, Line 4)	_____ .00
g. Other (Attach schedule)	_____ .00
<b>2. Total Additions</b> (Add Lines 1a-1g)	_____ .00
<b>3. Deductions</b>	
a. U.S. obligation interest (net of expenses)	_____ .00
b. Other deductible dividends	_____ .00
c. Net economic loss	_____ .00
d. Bonus depreciation (See instructions)	_____ .00
e. Section 179 expense deduction	_____ .00
f. Other (Attach schedule)	_____ .00
<b>4. Total Deductions</b> (Add Lines 3a-3f)	_____ .00
<b>5. Adjustments to Federal Taxable Income</b> Line 2 minus Line 4, enter amount here and on Schedule A, Line 2	_____ .00

<b>(D) Deductions and Adjustments Under IRC § 1382</b>	
1. Dividends paid on capital stock (Internal Revenue Code § 521 cooperatives only)	_____ .00
2. Nonpatronage income allocated to patrons (Internal Revenue Code § 521 cooperatives only)	_____ .00
3. Patronage dividends:	
a. Money	_____ .00
b. Qualified written notices of allocation	_____ .00
c. Other property (except nonqualified written notices of allocation)	_____ .00
d. Money or other property (except written notices of allocation) in redemption of nonqualified written notices of allocation	_____ .00
4. Domestic production activities deduction allocated to patrons	( _____ .00)
<b>5. Total</b> - Add Lines 1 through 4; enter amount here and on Schedule B, Line 26a	_____ .00

<b>(E) Contributions</b>	
1. Enter total contributions to donees other than those listed in Line 4, below	_____ .00
2. Multiply the amount shown on Schedule A, Line 3 by 5% if Line 3 is greater than zero. Otherwise, enter zero here.	_____ .00
3. Enter the lesser of Line 1 or Line 2	_____ .00
4. Enter total contributions to the State of N.C. and its political subdivisions	_____ .00
<b>5. Amount Deductible</b> Add Lines 3 and 4; enter total here and on Schedule A, Line 4	_____ .00

Note: The letters F through K are not used to designate schedules.

Complete this schedule only if you do not attach a copy of your federal income tax return with all supporting schedules.

	Beginning of Tax Year		End of Tax Year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1. Cash				
2. a. Trade notes and accounts receivable				
b. Less allowance for bad debts	( )		( )	
3. Inventories				
4. Other current assets <i>(Attach schedule)</i>				
5. Investments <i>(Attach schedule)</i>				
6. Loans to shareholders				
7. Mortgage and real estate loans				
8. a. Buildings and other depreciable assets				
b. Less accumulated depreciation	( )		( )	
9. a. Depletable assets				
b. Less accumulated depletion	( )		( )	
10. Land (net of any amortization)				
11. a. Intangible assets (amortizable only)				
b. Less accumulated amortization	( )		( )	
12. Other assets <i>(Attach schedule)</i>				
13. <b>Total Assets</b>				
<b>Liabilities and Capital</b>				
14. Accounts payable				
15. Mortgages, notes, and bonds payable in less than 1 year				
16. Other current liabilities <i>(Attach schedule)</i>				
17. Loans from shareholders				
18. Mortgages, notes, and bonds payable in 1 year or more				
19. Other liabilities <i>(Attach schedule)</i>				
20. Capital stock: a. Preferred Stock				
b. Common Stock				
21. Additional paid-in capital				
22. Patronage dividends allocated in noncash form				
23. Per unit retains allocated in noncash form				
24. Retained earnings - Appropriated <i>(Attach schedule)</i>				
25. Retained earnings - Unappropriated				
26. Adjustments to shareholders' equity <i>(Attach schedule)</i>				
27. Less cost of treasury stock		( )		( )
28. <b>Total Liabilities and Capital</b>				
<b>M-1 Reconciliation of Income (Loss) per Books With Return</b>				
1. Net income (loss) per books			7. Income recorded on books this year not included on this return <i>(itemize)</i> :	
2. Federal income tax per books			Tax-exempt interest $\$$	
3. Excess of capital losses over capital gains				
4. Income subject to tax not recorded on books this year <i>(itemize)</i> :			8. Deductions on this return not charged against book income this year <i>(itemize)</i> :	
5. Expenses recorded on books this year not deducted on this return <i>(itemize)</i> :			a. Depreciation $\$$	
a. Depreciation $\$$			b. Charitable contributions $\$$	
b. Charitable contributions $\$$				
c. Travel and entertainment $\$$			9. Add Lines 7 and 8	
6. Add Lines 1 through 5			10. Income (Line 6 minus Line 9)	
<b>M-2 Retained Earnings Analysis</b>				
1. Balance at beginning of year			5. Distributions: a. Cash	
2. Net income (loss) per books			b. Stock	
3. Other increases <i>(itemize)</i> :			c. Property	
			6. Other decreases <i>(itemize)</i> :	
			7. Add Lines 5 and 6	
4. Add Lines 1, 2, and 3			8. Balance at end of year <i>(Line 4 minus Line 7)</i>	