

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.

	<u>Federal Provision</u>	<u>State Provision</u>	<u>NC C Corporate Return</u>	<u>NC Individual Return</u>
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.

North Carolina Department of Revenue

	<u>Federal Provision</u>	<u>State Provision</u>	<u>NC C Corporate Return</u>	<u>NC Individual Return</u>
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.

Staple All Pages of Your Return Here

Web-Fill
9-14

D-400 Individual Income Tax Return 2014

For calendar year **2014**, or fiscal year beginning (MM-DD-YY)

and ending (MM-DD-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 (Enter first five letters)

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 28. See instructions for information about the Fund.

Fill in circle if you or your spouse were out of the country on April 15 and a U.S. citizen or resident.

Deceased Taxpayer Information 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)

Enter date of death of deceased taxpayer or deceased spouse.

Residency Status

Were you a resident of N.C. for the entire year of 2014?

Yes No

If **No**, complete Lines 1 through 12. Then go to Part D of Schedule S. Fill in residency information and complete Lines 20 through 22.

Was your spouse a resident for the entire year?

Yes No

Filing Status

 Fill in one circle only. (See instructions on Page 8)

IMPORTANT: Do not send a photocopy of this form. The original form is printed in pink and black ink.

- 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) with Dependent Child** (Year spouse died:)

Enter Whole U.S. Dollars Only

6. **Federal adjusted gross income**
(Form 1040, Line 37; Form 1040A, Line 21; or Form 1040EZ, Line 4) (If negative, see the Line instructions) ▶ 6.

7. **Additions to federal adjusted gross income**
(From Part A of Form D-400 Schedule S, Line 4; attach Schedule S if additions are reported.) ▶ 7.

8. **Add Lines 6 and 7** 8.

9. **Deductions from federal adjusted gross income**
(From Part B of Form D-400 Schedule S, Line 12; attach Schedule S if deductions are reported.) ▶ 9.

10. **Subtract Line 9 from Line 8** 10.

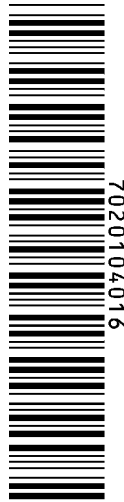
11. **N.C. standard deduction OR itemized deductions** (See instructions on Page 8)
If itemizing, complete Part C of Form D-400 Schedule S and enter the amount from Line 19; attach Schedule S. If you claimed the standard deduction on federal form 1040, fill in circle ▶ 11.

12. **Subtract Line 11 from Line 10** 12.

13. **Part-year residents and nonresidents**
(From Part D of Form D-400 Schedule S, Line 22; attach Schedule S if a part-year resident or nonresident) ▶ 13.

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

15. **North Carolina Income Tax**
To calculate your tax, multiply your North Carolina Taxable Income Line 14 by 5.8% (0.058) ▶ 15.



Staple W-2s Here

Be sure to sign and date your return below.

16. Tax Credits (From Form D-400TC, Part 3, Line 20 - You must attach Form D-400TC if you enter an amount on this line) 16.

17. Subtract Line 16 from Line 15 17.

18. Consumer Use Tax (See instructions on Page 9) 18. If you certify that no Consumer Use Tax is due, fill in circle

19. Add Lines 17 and 18 19.

20. North Carolina Income Tax Withheld (Staple original or copy of the original State wage and tax statement(s) in lower left-hand corner of the return) a. Your tax withheld 20a.

b. Spouse's tax withheld 20b.

21. Other Tax Payments

a. 2014 Estimated Tax 21a.

b. Paid with Extension 21b.

c. Partnership 21c.

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.

d. S Corporation 21d.

22. Add Lines 20a through 21d and enter the total on Line 22 22.

23. a. Tax Due - If Line 19 is more than Line 22, subtract and enter the result 23a.

b. Penalties (Add Lines 23b and 23c and enter the total on Line 23d) c. Interest 23d.

e. Interest on the underpayment of estimated income tax (See Line instructions and enter letter in box, if applicable) 23e.

Exception to underpayment of estimated tax

24. Add Lines 23a, 23d, and 23e and enter the total Pay This Amount - You can pay online. Go to www.dornrc.com and click on Electronic Services for details. 24. \$

25. Overpayment - If Line 19 is less than Line 22, subtract and enter the result 25.

26. Amount of Line 25 to be applied to 2015 Estimated Income Tax 26.

27. Contribution to the N.C. Nongame and Endangered Wildlife Fund 27.

28. Contribution of overpayment to the N.C. Education Endowment Fund 28.

29. Add Lines 26, 27, and 28 29.

30. Subtract Line 29 from Line 25 and enter the Amount To Be Refunded For direct deposit, file electronically. Go to www.dornrc.com and click on efile. 30.

I certify that, to the best of my knowledge, this return is accurate and complete. If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge. Sign Here Your Signature Date Paid Preparer's Signature Date Spouse's Signature (If filing joint return, both must sign.) Date Preparer's FEIN, SSN, or PTIN Home Telephone Number (Include area code.) Preparer's Telephone 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