



March 17, 2020

Important Notice: Department of Revenue Provides Penalty Relief to Persons Affected by Novel Coronavirus Disease

The purpose of this notice is to inform taxpayers who have been affected by novel coronavirus disease (“COVID-19”) of a limited-time waiver of certain penalties imposed upon taxpayers by the North Carolina Department of Revenue (“Department”).

On March 10, 2020, Governor Roy Cooper signed [Executive Order 116](#) declaring a state of emergency in response to COVID-19. The Secretary has become aware that, because of COVID-19, some taxpayers may not be able to meet certain filing or payment requirements. In response, the Secretary has elected to waive the following penalties for failing to obtain a license, to file a return, or to pay taxes:

- The penalty for failure to obtain a license (G.S. 105-236(a)(2));
- The penalty for failure to file a return (G.S. 105-236(a)(3));
- The penalty for failure to pay tax when due (G.S. 105-236(a)(4)); and
- The penalties regarding informational returns (G.S. 105-236(a)(10))

(collectively, “Late Action Penalties”). The waiver applies to the failure to timely obtain a license, file a return, or pay a tax that is due between March 15, 2020, and March 31, 2020, if the license is obtained, the return or extension application is filed, or the tax is paid by April 15, 2020.

North Carolina Tax Penalty Relief

General Statute 105-237(a) provides the Secretary of Revenue authority to waive or reduce penalties provided for in Subchapter 1 of Chapter 105. The Department’s Penalty Policy allows a waiver of penalties for special circumstances.

The Department will waive any Late Action Penalties assessed against taxpayers that have been affected by COVID-19 (“Affected Taxpayers”). The waiver for Affected Taxpayers will apply to Late Action Penalties for deadlines occurring between March 15, 2020, and March 31, 2020. To qualify for the waiver, an Affected Taxpayer must file the

return, pay the tax, obtain the license, or receive an extension on or before April 15, 2020. The waiver will be considered a waiver for special circumstances. The waiver will not be considered a waiver for good compliance that can only be granted once every three years per tax type.

State law prevents the Department from waiving any interest, including interest assessed for the underpayment of estimated tax, except in the limited case of interest on taxes imposed prior to or during a period for which a taxpayer has declared bankruptcy under Chapter 7 or Chapter 13 of Title 11 of the United State Code.

How to Obtain State Penalty Waivers

Affected Taxpayers who cannot meet their filing or payment requirement as a result of COVID-19 should complete [Form NC-5500](#), Request to Waive Penalties (“NC-5500”). Affected Taxpayers should write “COVID-19” on the top of the NC-5500.

The NC-5500 is available on the Department’s website, www.ncdor.gov. Affected Taxpayers that do not have access to the NC-5500 can attach a letter requesting a penalty waiver. The letter should contain the taxpayer’s name, address, SSN or FEIN, Account ID, and the tax type and tax period for which the taxpayer seeks waiver of penalty.

The NC-5500 or letter should be mailed to the North Carolina Department of Revenue, Customer Service, P.O. Box 1168, Raleigh, NC 27602.

Questions

This Important Notice may be updated as new information becomes available. If you have any questions about this notice, you may call 1-877-252-3052 to speak to a customer service representative or write to Customer Service, PO Box 1168, Raleigh, NC 27602.