

# North Carolina Estate Tax Return

(For deaths occurring on or after January 1, 2005)

Decedent	County	State	Date of Death (MM-DD-YY)	Decedent's SSN
List all N.C. counties in which decedent owned real estate				( )
Personal Representative				Telephone
Address of Personal Representative				( )
Attorney				Telephone
Address of Attorney				( )
Accountant				Telephone
Address of Accountant				

Mail the closing certificate and other correspondence to:  
 Representative     Attorney     Accountant

1. Total gross estate (From Federal Form 706, Page 1, Line 1)	1.	_____	.00
2. Allowable deductions (From Federal Form 706, Page 1, Line 2)	2.	_____	.00
3. Taxable estate ( <b>before state death tax deduction</b> ) (Line 1 minus Line 2)	3.	_____	.00
4. Adjusted taxable gifts (From Federal Form 706, Page 1, Line 4)	4.	_____	.00
5. Add Lines 3 and 4	5.	_____	.00
6. Compute tax on amount on Line 5 using <b>Table A-Unified Rate Schedule, in Federal Form 706 Instructions</b>	6.	_____	.00
7. Total federal gift tax payable (From Federal Form 706, Page 1, Line 7)	7.	_____	.00
8. Line 6 minus Line 7	8.	_____	.00
9. Allowable unified credit (From Federal Form 706, Page 1, Line 11)	9.	_____	.00
10. Line 8 minus Line 9 (Do not enter less than zero)	10.	_____	.00
11. Enter the amount from Line 3 above	11.	_____	.00
12. Less adjustment to taxable estate	12.	_____ 6 0 0 0 0	.00
13. Adjusted taxable estate (Line 11 minus Line 12)	13.	_____	.00
14. Compute tax on amount on Line 13 using the <b>State Death Tax Credit Table</b> on Page 2	14.	_____	.00
15. Enter the lesser of lines 10 or 14 <b>(Important: If decedent was a North Carolina resident and all property was located in North Carolina, enter amount on this line on line 16 below. Otherwise, complete the applicable worksheet on page 2 to determine the North Carolina estate tax to enter on line 16.)</b>	15.	_____	.00
16. North Carolina estate tax	16.	_____	.00
17. Less prior payments. Explain in an attached statement.	17.	_____	.00
18. North Carolina estate tax due (Line 16 minus Line 17)	18.	_____	.00
19. a. Penalty _____ b. Interest _____ (Add Lines 19a and 19b and enter result here)	19c.	_____	.00
20. Total tax, penalty, and interest (Add Lines 18 and 19c) <b>Pay this amount</b>	20.	_____	.00

**Signature** - I authorize each person listed above to receive and inspect confidential tax information regarding the estate of this decedent. I certify that, to the best of my knowledge, this return is accurate and complete. If prepared by a person other than the personal representative, this certification is based on all information of which the preparer has any knowledge.

Signature of Representative \_\_\_\_\_ Date \_\_\_\_\_

Signature of Paid Preparer \_\_\_\_\_ Date \_\_\_\_\_

Use the State Death Tax Credit Table below to determine the amount to enter on Page 1, Line 14.

(1)		(2)	(3)	(4)	(1)		(2)	(3)	(4)
Adjusted Taxable Estate		Tax on amount in column (1)	Rate of tax on excess over amount in column (1)	Adjusted Taxable Estate		Tax on amount in column (1)	Rate of tax on excess over amount in column (1)	Tax on amount in column (1)	Rate of tax on excess over amount in column (1)
Equal to or more than	less than			Equal to or more than	less than				
0	\$40,000	0	None	2,040,000	2,540,000	106,800	8.0%		
\$40,000	90,000	0	0.8%	2,540,000	3,040,000	146,800	8.8%		
90,000	140,000	\$400	1.6%	3,040,000	3,540,000	190,800	9.6%		
140,000	240,000	1,200	2.4%	3,540,000	4,040,000	238,800	10.4%		
240,000	440,000	3,600	3.2%	4,040,000	5,040,000	290,800	11.2%		
440,000	640,000	10,000	4.0%	5,040,000	6,040,000	402,800	12.0%		
640,000	840,000	18,000	4.8%	6,040,000	7,040,000	522,800	12.8%		
840,000	1,040,000	27,600	5.6%	7,040,000	8,040,000	650,800	13.6%		
1,040,000	1,540,000	38,800	6.4%	8,040,000	9,040,000	786,800	14.4%		
1,540,000	2,040,000	70,800	7.2%	9,040,000	10,040,000	930,800	15.2%		
				10,040,000	-----	1,082,800	16.0%		

The worksheets below are used to determine the estate tax due for resident decedents who owned property outside of North Carolina and for nonresident decedents who owned property inside North Carolina.

You must complete the applicable worksheet to determine the amount to enter on Page 1, Line 16. If the decedent owned real property in another state or was a nonresident, you must attach a complete copy of *Federal Form 706* to this return.

**Worksheet 1 - For North Carolina Resident Decedent with Property Outside of North Carolina**

1. Enter the gross value of property included on Line 1, Page 1 that has a tax situs in another state \_\_\_\_\_ .00
2. Divide Line 1 above by the amount of the total gross estate (From Line 1, Page 1)  
(Enter result as a decimal amount rounded to four decimal places) \_\_\_\_\_
3. Enter the amount from Line 15, Page 1 \_\_\_\_\_ .00
4. Multiply the amount on Line 3 above by the decimal amount on Line 2 above \_\_\_\_\_ .00
5. Subtract Line 4 from Line 3 (Enter result here and on Line 16, Page 1) \_\_\_\_\_ .00

**Worksheet 2 - For Nonresident Decedent with Property Inside North Carolina**

6. Enter the gross value of real property included on Line 1, Page 1 that is located in North Carolina plus the gross value of personal property included in Line 1, Page 1 that has a tax situs in North Carolina \_\_\_\_\_ .00
7. Divide Line 6 above by the amount of the total gross estate (From Line 1, Page 1)  
(Enter the result as decimal amount rounded to four decimal places) \_\_\_\_\_
8. Multiply the amount on Line 15, Page 1 by the decimal amount on Line 7 above  
(Enter the result here and on Line 16, Page 1) \_\_\_\_\_ .00

## General Instructions for North Carolina Estate Tax Return North Carolina Department of Revenue

### North Carolina Estate Tax

**Background:** For decedents dying before January 1, 2002, the North Carolina estate tax was equal to the state death tax credit for federal purposes. The federal Economic Growth and Tax Relief Act of 2001 made changes to the federal estate tax laws by phasing out the state death tax credit over four years beginning in 2002. The credit was fully repealed in 2005. For decedents dying on or after January 1, 2005, the state death tax credit was replaced on the federal estate tax return with a deduction for state death taxes paid.

**Current Law:** For decedents dying on or after January 1, 2005, North Carolina estate tax is due on the estate when a federal estate tax would be payable if the federal estate tax was determined **without** regard to the deduction for state death taxes. The North Carolina estate tax is equal to the state death tax credit that was allowable under section 2011 of the Internal Revenue Code as it existed prior to 2002. The tax is calculated using the **State Death Tax Credit Table** on page 2 of Form A-101. The amount of the North Carolina estate tax is limited to the federal estate tax that would be payable if the federal estate tax was computed without regard to the deduction for state death taxes.

**Filing Requirement** -- A North Carolina Estate Tax Return is required to be filed by the personal representative if a federal estate tax return (Form 706) is required to be filed with the Internal Revenue Service and the decedent was domiciled in North Carolina at death or the decedent owned real property or tangible personal property located in North Carolina. If the decedent was domiciled in North Carolina and all property is located in North Carolina, include copies of pages 1, 2, and 3 of Federal Form 706. If decedent owned property outside of North Carolina or was not domiciled in North Carolina, include a complete copy of Federal Form 706.

**When and Where to File** -- A North Carolina Estate Tax Return must be filed with the North Carolina Department of Revenue at the same time the federal estate tax return is due which is currently nine months from the date of death. Form A-101 should be mailed to the **North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0100**.

**Paying the Tax** -- Payment should include the tax plus any applicable penalties and interest. Include the name of the estate on the payment. Attach payment to the return and mail to the above address. The personal representative may elect to make installment payments of North Carolina estate tax in the same manner as elected for federal estate tax payments under section 6166 of the Internal Revenue Code. Acceleration of the federal payments also accelerates the State payments. If the personal representative elects the same North Carolina installment payments, attach supporting documentation of the IRS acceptance of the election. The personal representative is liable for the estate tax that is not paid within two years after it was due. This liability is limited to the value of estate assets under the representative's control.

**Penalties and Interest** -- If the return is not filed by the due date, a late filing penalty of five percent of the tax (maximum 25 percent) is due for each month, or part of a month, the return is late. If the full amount of tax is not paid by the due date, a late payment penalty of ten percent of the unpaid tax (minimum \$5.00) is due. Interest accrues from the due date and continues to accrue until the tax is paid. Contact the Department of Revenue for the current interest rate.

**Extensions** -- If the North Carolina Estate Tax Return cannot be filed by the due date, an extension of time for filing the return and paying the tax may be granted. A request for an extension must be submitted in writing to the Department (at the above address) on or before the due date of the return. In lieu of requesting an extension, proof of a federal extension may be submitted with the return when filed.

**Uniform Valuation** -- The personal representative is required to file a copy of the Federal Estate Tax Closing Letter with the Department within two years of receipt. If changes are made to the federal estate tax return by the Internal Revenue Service, the personal representative must report the changes to the State by filing an amended North Carolina Estate Tax Return with a copy of the federal changes. If the amended return and payment of any additional tax due is not received by the Department within two years of receipt of the report of federal changes, a penalty of five percent of the additional tax for each month or part of a month that the return is late (minimum \$5.00; maximum 25 percent) is due.

**IMPORTANT: Copies of pages 1, 2, and 3 of Federal Form 706 must be attached to this return. If the decedent owned real property in another state or was not domiciled in North Carolina, you must attach a complete copy of Federal Form 706 to this return.**