

November 12, 2024

Frequently Asked Questions for Tax Relief for Victims of Hurricane Helene

On October 3, 2024, the North Carolina Department of Revenue (Department) [announced](#) penalty relief for taxpayers impacted by Hurricane Helene. On October 10, 2024, Governor Roy Cooper signed [Session Law 2024-51](#). This new law provides various forms of relief for victims of Hurricane Helene including additional State tax relief. On October 11, 2024, the Department published a [second notice](#) that details the additional State tax relief.

On October 25, 2024, Governor Roy Cooper signed [Session Law 2024-53](#), The Disaster Recovery Act of 2024 – Part II. This law allows certain taxpayers to request to be eligible for the interest relief authorized in [Session Law 2024-51](#). On October 30, 2024, the Department published [Directive TA-24-01](#) that details the additional interest relief.

The purpose of this notice is to provide answers to frequently asked questions (FAQs) related to both penalty and interest relief. These FAQs are intended to provide general information to taxpayers and tax professionals. Accordingly, these FAQs may be updated or modified.

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Topic A. Penalty Relief

A1. Who is eligible for penalty relief?

All taxpayers identified as affected taxpayers by the [IRS](#) (collectively, Affected Taxpayers) are eligible for penalty relief.

Affected Taxpayers include:

- Individuals who live in North Carolina.
- Businesses (including tax-exempt organizations) whose principal place of business is in North Carolina.
- Other individuals and businesses whose records necessary to meet a State tax deadline are located in North Carolina.
- Relief workers who are assisting in North Carolina and are affiliated with a recognized government or philanthropic organization.
- Any individual visiting North Carolina who was killed or injured as a result of the disaster.

In addition, any taxpayer that is not included as an Affected Taxpayer that cannot meet its State filing or payment requirement as a result of Hurricane Helene (collectively, Non-Affected Taxpayers) is eligible for penalty waiver under the [Department's Penalty Waiver Policy](#).

A2. What penalty relief is available?

Except as noted in [Question A7](#), the Department will remove certain penalties assessed against Affected Taxpayers for licenses, returns, or payments due on September 25, 2024, through May 1, 2025, if the license is obtained, the return is filed, or the tax is paid by May 1, 2025.

A3. What penalties are included?

The following [penalties](#) (collectively, Late Action Penalties) are included:

- Failure to obtain a license (G.S. 105-236(a)(2))
- Failure to file a return (G.S. 105-236(a)(3))
- Failure to pay tax when due (G.S. 105-236(a)(4))
- Failure to file an informational return (G.S. 105-236(a)(10))

A4. What tax types are included in penalty relief?

All tax types are included in penalty relief.

A5. Are 2023 income tax returns eligible for penalty relief?

It depends. As noted in [Question A2](#), penalty relief is available to Affected Taxpayers that have tax returns due on September 25, 2024, through May 1, 2025, if the tax return is filed with the Department on or before May 1, 2025. This includes, but is not limited to, Affected Taxpayers that were granted an extension to file a 2023 tax return set to expire on October 15, 2024.

Examples:

- a) An individual who is an Affected Taxpayer was granted an extension to file their North Carolina individual income tax return for calendar year 2023 (NC Tax Return). Because the NC Tax Return is due on October 15, 2024, the Affected Taxpayer is eligible to receive penalty relief as long as the NC Tax Return is filed on or before May 1, 2025.
- b) An individual who is an Affected Taxpayer was not granted an extension to file their North Carolina individual income tax return for calendar year 2023 (NC Tax Return). Because the NC Tax Return was due on April 15, 2024, the Affected Taxpayer is not eligible for penalty relief when the Affected Taxpayer files the NC Tax Return.
- c) A corporation that is an Affected Taxpayer did not request an extension to file its North Carolina franchise and income tax return for the fiscal tax year ending June 30, 2024 (NC Tax Return). Because the NC Tax Return was due on October 15, 2024, the Affected Taxpayer is eligible to receive penalty relief so long as the NC Tax Return is filed on or before May 1, 2025.

A6. Are Affected Taxpayers that received Hurricane Debby tax relief eligible for penalty relief?

Yes. The Department will remove Late Action Penalties assessed against Affected Taxpayers that received Hurricane Debby tax relief if the license is obtained, the return is filed, or the tax is paid by May 1, 2025 (previously February 3, 2025).

A7. Are there exceptions to penalty relief?

Yes. There is one exception. An Affected Taxpayer that has been notified by the Department that they are required to pay State withholding tax by the date set by the IRS for depositing federal employment taxes on those same wages (i.e., a semiweekly taxpayer) will only receive penalty relief on tax payments due on or after September 25, 2024, and before October 10, 2024, if the payments are made by October 10, 2024.

A8. How can an Affected Taxpayer have penalties removed if penalties were assessed in error?

An Affected Taxpayer that was assessed a Late Action Penalty in error should notify the Department of the error by taking one of the following actions:

- Submit [Form NC-5500](#), Request to Waive Penalties or [Form NC-5501](#), Request for Waiver of an Informational Return Penalty and write “Hurricane Helene” at the top of the form.
- Call the Department at 1-877-252-3052 (7:00 am until 4:30 pm, Eastern Time, Monday through Friday).

A9. How can a Non-Affected Taxpayer request penalty relief?

In accordance with the [Department’s Penalty Waiver Policy](#), a Non-Affected Taxpayer may request a penalty waiver if a natural disaster caused the taxpayer to not meet their State filing or payment requirement. To request a penalty waiver, submit [Form NC-5500](#) or [Form NC-5501](#), whichever is applicable.

Note. When filing Form NC-5500, a Non-Affected Taxpayer should complete the “natural disaster” section of the form. When filing Form NC-5501, a Non-Affected Taxpayer should place an “X” in the block beside “other” located on Part 4 of the form and write “Hurricane Helene” as the circumstance that prevented the timely filing of the informational return.

Topic B. Interest Relief

B1. Who is eligible for interest relief?

Certain taxpayers are automatically eligible for interest relief. Certain other taxpayers can request to be eligible for interest relief.

Automatic. A taxpayer that files a return for one of the following tax types [for the tax period\(s\) allowed by law](#) is automatically eligible for interest relief (an Eligible Taxpayer).

1. [Income and Franchise Tax](#). A taxpayer that resides or is located in any [Disaster County](#).
2. [Sales and Use Tax](#). A taxpayer whose principal place of business is in a [Disaster County](#).
3. [Withholding Tax](#). A taxpayer located in a [Disaster County](#).

By Request. A taxpayer can request to be an Eligible Taxpayer, as defined above, if the taxpayer timely [submits a request to the Department](#) **AND** the taxpayer meets one or more of the following conditions (a Qualified Taxpayer):

1. The taxpayer’s tax preparer is located in a [Disaster County](#).
2. The taxpayer’s records necessary to meet a tax deadline are located in a [Disaster County](#).

B2. I am an Eligible Taxpayer. What tax periods qualify for interest relief?

The Department will waive interest on the underpayment of tax for following tax periods:

Income and Franchise Tax Returns. The Department will waive the accrual of interest from September 25, 2024, through May 1, 2025, on an underpayment of tax imposed on a franchise, corporate income, or individual income tax return, including a partnership and estate and trust tax return, due on September 25, 2024, through May 1, 2025. Interest relief includes interest accrued on the underpayment of estimated income tax.

Sales and Use Tax Returns. The Department will waive interest for the following:

1. Monthly Return for September 2024 – Payment must be made on or before November 20, 2024.
2. Monthly Return for October 2024 – Payment must be made on or before December 20, 2024.
3. Quarterly Return for 3rd Quarter 2024 (Period Ending September 30, 2024) – Payment must be made on or before November 30, 2024.

Withholding Tax Returns. The Department will waive interest for the following:

1. Monthly Return for September 2024 – Payment must be made on or before November 15, 2024.
2. Monthly Return for October 2024 – Payment must be made on or before December 15, 2024.
3. Quarterly Return for 3rd Quarter 2024 (Period Ending September 30, 2024) – Payment must be made on or before November 30, 2024.

B3. How can a Qualified Taxpayer request to be treated like an Eligible Taxpayer?

A [Qualified Taxpayer](#) can request to be treated like an Eligible Taxpayer by [timely](#) submitting [Form NC-5502, Special Penalty and Interest Waiver](#) (Form NC-5502). The form must contain the following information:

1. **Taxpayer Information** - Taxpayer's name, social security number (SSN) or federal employer id number (FEIN), and address.
2. **Waiver Information** - The tax type(s), period start date(s) and period end date(s) for which the Qualified Taxpayer may request interest relief. Note: The tax type and period must be within the periods identified in question B2.
3. **Explanation** - Identify where the tax preparer or records necessary to meet the tax deadline are located.
4. **Eligible Taxpayer Box** - Check the box labeled "Check this box to request the interest relief authorized under the Disaster Recovery Act of 2024 - Part II."

5. **Signature** – Sign and date the form. The form must be signed by the taxpayer or a representative when a valid power of attorney has been accepted by the Department.

Note: If a taxpayer [automatically qualifies for interest relief](#), the taxpayer should not submit Form NC-5502 to request to be eligible for interest relief.

B4. What is the deadline to submit Form NC-5502?

[Form NC-5502](#) must be submitted to the Department on or before 11:59 pm (Eastern Time) November 25, 2024. A Qualified Taxpayer that submits Form NC-5502 after 11:59 pm (Eastern Time) on November 25, 2024, will **not** be treated as an Eligible Taxpayer.

B5. How should a Qualified Taxpayer submit Form NC-5502?

The fastest way to submit [Form NC-5502](#) is online at ncdor.gov. After submission, the electronic form will immediately be sent to the Department. The taxpayer will receive a confirmation message that their request was submitted to the Department.

Any taxpayer that does not have electronic access may submit Form NC-5502 by mail. A paper form can be obtained by calling the Department at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), or by visiting a [service center](#).

Note: If a taxpayer [automatically qualifies for interest relief](#), the taxpayer should not submit Form NC-5502 to request to be eligible for interest relief.

B6. What counties are Disaster Counties for purposes of interest relief?

[Session Law 2024-51](#) provides disaster relief for any county declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Helene.

B7. What counties in North Carolina are Disaster Counties for Interest Relief?

As of the date of this notice, the following counties in North Carolina are Disaster Counties:

Alexander	Clay	Lincoln	Stanly
Alleghany	Cleveland	Macon	Surry
Ashe	Forsyth	Madison	Swain
Avery	Gaston	McDowell	Transylvania
Buncombe	Graham	Mecklenburg	Union
Burke	Haywood	Mitchell	Watauga
Cabarrus	Henderson	Nash	Wilkes
Caldwell	Iredell	Polk	Yadkin
Catawba	Jackson	Rowan	Yancey
Cherokee	Lee	Rutherford	

B8. How can Eligible Taxpayers have interest waived?

Underpayment of Estimated Tax. Eligible Taxpayers that did not pay the required amount of estimated income tax for tax year 2024 and owes interest on the underpayment should enter “E” in the “Exception to Underpayment of Estimated Tax” box on the applicable 2024 tax form.¹

Other Interest. Eligible Taxpayers that are assessed interest subject to waiver should notify the Department by taking one of the following actions:

1. Submit [Form NC-5502](#) online at [ncdor.gov](#). After submission, the electronic form will immediately be sent to the Department. In addition, the taxpayer will see a confirmation page that the request was submitted to the Department.
2. Mail a paper version of [Form NC-5502](#) to the address printed on the form. Write “Hurricane Helene” in the space provided on the form to explain why interest should be waived.
3. Call the Department at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday).

Note. Form NC-5502 is available on the Department’s website, [ncdor.gov](#). However, any Eligible Taxpayer that does not have electronic access to Form NC-5502 can call the Department at 1- 877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), to request assistance or visit a service center.

B9. I am not an Eligible Taxpayer. Will interest continue to accrue on unpaid tax?

Yes. The Department cannot waive interest not provided by the [Disaster Recovery Act](#) except 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 States Code.²

Topic C. Miscellaneous

C1. I cannot meet my installment payment agreement requirements due to Hurricane Helene. What should I do?

Taxpayers with an active payment agreement with the Department who have experienced hardship due to Hurricane Helene should call the Department at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), to request assistance.

¹ See the [instructions for the applicable 2024 tax return](#) which will be released in early 2025.

² See [G.S. 105-237\(a\)](#).

C2. I am currently under a wage or bank garnishment issued by the Department. I have experienced a hardship because of Hurricane Helene. What should I do?

Taxpayers with an active wage or bank garnishment who have experienced hardship due to Hurricane Helene should call the Department at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), to request assistance.

C3. What if I have a question not covered in these FAQs?

Call the Department at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), to request assistance.