



October 11, 2024

**Important Notice: Tax Relief Granted in The Disaster Recovery Act of 2024**

The following important information is addressed in this notice:

- Background
- Counties Eligible for Disaster Relief
- Taxpayers Eligible for Interest Relief
- Description of Interest Relief
- How to Receive Interest Relief
- Additional Time for Eligible Partnerships and S Corporations to Make Taxed PTE Election for Tax Year 2023

**Background**

On October 4, 2024, the North Carolina Department of Revenue (“Department”) [announced](#) State tax relief for taxpayers impacted by Hurricane Helene. That relief provided relief from certain penalties.

On October 10, 2024, Governor Roy Cooper signed [Session Law 2024-51](#). The law provides disaster relief for North Carolinians, including interest relief on specific taxes for eligible taxpayers. In addition, the law provides additional time for eligible partnerships and S corporations to make the election to have the partnership or S Corporation pay North Carolina income tax for tax year 2023.

**Counties Eligible for Disaster 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 and Nash County (collectively “Disaster Counties”). The following counties in North Carolina are Disaster Counties:

Alexander	Catawba	Lincoln	Polk
Alleghany	Clay	Macon	Rutherford
Ashe	Cleveland	Madison	Swain
Avery	Gaston	McDowell	Transylvania
Buncombe	Haywood	Mecklenburg	Watauga
Burke	Henderson	Mitchell	Wilkes
Caldwell	Jackson	Nash	Yancey

## Taxpayers Eligible for Interest Relief

The taxpayers eligible for interest relief depends on the type of tax. The following list identifies the taxpayers eligible for interest relief by type of tax (collectively, “Eligible Taxpayers”):

- Income and Franchise Tax – Taxpayers that reside or are located in a Disaster County.
- Sales and Use Tax – Taxpayers whose principal place of business is in a Disaster County.
- Withholding Tax – Taxpayers located in a Disaster County.

## Description of Interest Relief

The following describes interest relief for Eligible Taxpayers by type of tax.

- **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.<sup>1</sup>
- **Sales and Use Tax Returns<sup>2</sup>.** 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 3<sup>rd</sup> 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 3<sup>rd</sup> Quarter 2024 (Period Ending September 30, 2024) – Payment must be made on or before November 30, 2024.

<sup>1</sup> See [G.S. 105-163.15](#) and [G.S. 105-163.41](#).

<sup>2</sup> For purposes of this notice, a Sales and Use Tax Return is a Form E-500, Sales and Use Tax Return; E-500E, Combined General Rate Sales and Use Tax Return; and E-555, Boat and Aircraft Use Tax Return.

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- **Other Taxes.** The Department cannot waive interest for other types of tax or periods 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.<sup>3</sup>

## **How to Receive Interest Relief**

- **Underpayment of Estimated Tax.** An Eligible Taxpayer 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.<sup>4</sup>
- **Other Interest.** An Eligible Taxpayer assessed interest subject to waiver should notify the Department by taking one of the following actions:
  1. Submit [Form NC-5502](#), Special Penalty and Interest Waiver, and write “Hurricane Helene” in the space provided to explain why interest should be waived.
  2. 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.

## **Additional Time for Eligible Partnerships and S Corporations to Make Timely Taxed PTE Election for Tax Year 2023**

State law<sup>5</sup> allows an eligible partnership and an eligible S Corporation (collectively, a “PTE”) to elect to be taxed for North Carolina income tax purposes at the entity level (collectively, a “Taxed PTE”). The eligible PTE must make the Taxed PTE election on its timely filed annual North Carolina tax return (“NC Tax Return”).

Session Law 2024-51 allows an eligible PTE additional time to make the Taxed PTE election for tax year 2023 if the NC Tax Return for the PTE was due on or after September 25, 2024, through May 1, 2025, so long as the NC Tax Return is filed on or before May 1, 2025.

This additional time applies to all eligible PTEs, regardless of whether the PTE is in a Disaster County.

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<sup>3</sup> See [G.S. 105-237\(a\)](#).

<sup>4</sup> See [the instructions for the applicable 2024 tax return](#) which will be released in early 2025.

<sup>5</sup> See [G.S. 105-154.1\(a\)](#) and [G.S. 105-131.1A\(a\)](#).

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### **Assistance**

If you have any questions about this notice, or if you would like to request Form NC-5502, you may call the North Carolina Department of Revenue Customer Service line at 1-877-252-3052 (7:00 am until 4:30 pm Eastern Time, Monday through Friday), or write to Customer Service, PO Box 1168, Raleigh, NC 27602-1168.

*To the extent there is any change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding the subject of this notice and issued prior to this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.*