

# North Carolina

## Individual Estimated Income Tax

### Instructions:

This form is primarily for first time payers. You can use this form to make all of your estimated income tax payments for the year. **Note:** Instead of filing this form, you may pay your estimated tax online at [www.dornc.com](http://www.dornc.com). Click on **E-Services** and select **Individuals**.

**"Estimated Income Tax"** is the amount of income tax you expect to owe for the year after subtracting the amount of tax you expect to have withheld and the amount of any tax credits you plan to claim.

### Who Must Make Estimated Income Tax Payments

You should make estimated income tax payments if the tax due on your individual tax return, reduced by the amount of tax withheld and tax credits, will be \$1,000 or more.

You should estimate your income tax carefully to avoid having to pay a large balance when you file your income tax return (Form D-400) and to avoid owing interest for underpayment of estimated income tax (see discussion on **Interest for Failure to Pay Your Estimated Income Tax**). You may find it convenient to increase your withholding tax to avoid paying estimated income tax. If you do choose to increase the amount withheld, you should make sure the balance due on your income tax return will be less than \$1,000.

### When To Pay Your Estimated Income Tax

Generally you must make your first estimated income tax payment by April 15. You must either pay all of your estimated income tax at that time or pay in four equal amounts on or before **April 15, June 15, September 15 and January 15** of the following year. When the due date for the estimated income tax payment falls on a Saturday, Sunday or holiday, the payment is due on or before the next business day.

Although a payment of estimated income tax may not be due on April 15 based on your situation at that time, your expected income or deductions and tax credits may change so that a payment is due at a later date. In such cases, the payment dates are as follows:

#### If requirement is met after: Payment date is:

-April 1 and before June 1	June 15
-June 1 and before September 1	September 15
-September 1	January 15

If the first estimated income tax payment you are required to make is due after April 15, or if you are required to change your payments after paying the first installment, you should pay the remaining installments as follows:

#### If the installment is due-

**June 15:** pay 1/2 of the balance of

the net estimated income tax at that time, 1/4 of the balance on September 15 and the remaining 1/4 on January 15.

**September 15:** pay 3/4 of the balance of the net estimated income tax at that time and the remaining 1/4 on January 15.

If you file your income tax return (Form D-400) by January 31 of the following year and pay the entire balance due, you do not have to make the payment which would otherwise be due on January 15.

### Farmers and Fishermen

If at least two-thirds of your estimated gross income is from farming (including oyster farming) or commercial fishing, your estimated income tax may be paid at any time on or before January 15 of the following year. If your income tax return (Form D-400) is filed and the total tax is paid on or before March 1, you do not have to make an estimated income tax payment.

### Fiscal Year

If your income is reported on a fiscal year basis, your due dates are the 15th day of the 4th, 6th and 9th months of your fiscal year, and the first month of the following fiscal year. For more information on how to complete the Form NC-40 when paying your estimated income tax on a fiscal year basis, please refer to the instructions on **Completing the Estimated Income Tax Form (NC-40)** on this page.

### Interest for Failure to Pay Your Estimated Income Tax

You may owe interest for underpayment of estimated income tax or for not making payments on time. Interest will not be due if each installment payment is timely and equals twenty-five percent (25%) of the lesser of: (a) 90% (66 2/3% for farmers and fishermen) of the tax due on your current year's return; (b) 100% of the tax due on your previous year's return, if your previous year's return was a taxable year of 12 months and a return was filed for that year; or (c) 90% of the tax figured by annualizing the taxable income received during the year up to the month in which the installment is due.

Underpayment interest will not be due if you had no tax liability for the previous year.

Compute underpayment interest on **Form D-422, Underpayment of Estimated Tax by Individuals**.

You may obtain the form by writing the N.C. Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001, by calling the Department at **1-877-252-3052 (toll-free)**, or from the Department's website at [www.dornc.com](http://www.dornc.com).

### Completing the Estimated Income Tax Form (NC-40)

The instructions that follow will help you complete the forms correctly.

(1) First complete the worksheet on Page 2 to determine your estimated income tax for the tax year.

(2) Enter your name, address, and social security number in the space provided on the form. **If you intend to file a joint income tax return, please enter your name and social security number and your spouse's name and social security number on the form.** Enter in the applicable box the year for which the payment is intended. Fiscal year taxpayers enter the beginning and ending dates of the fiscal year in the boxes provided.

(3) Enter one-fourth (1/4) of the amount shown on Line 11 of the worksheet in the space marked **"Amount of this Payment"** on the NC-40 form. (EXCEPTION: If you paid too much tax on your income tax return (Form D-400) for the previous year, you may have chosen to apply the overpayment to your estimated income tax for the following year. If so, you may apply all or part of the overpayment to any estimated income tax installment. Send Form NC-40 only when you are making a payment.)

(4) Detach the form at the perforations.

(5) Make your check or money order payable to the N.C. Department of Revenue. **Pay in U. S. currency only. Please do not send cash.**

(6) Enter your social security number on your check or money order.

(7) Mail the completed estimated income tax form (NC-40) with your payment to: **NC Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0630.**

(8) To insure proper credit, please **do not fold the form or the payment. Do not staple, tape, or otherwise attach your payment to the form.**

## Worksheet for Computation of N.C. Estimated Income Tax

1. **Estimated Federal Adjusted Gross Income** ..... 1. \_\_\_\_\_
2. **Estimated Additions to Federal Adjusted Gross Income**  
(See *Individual Income Tax Instructions for Form D-400*) ..... 2. \_\_\_\_\_
3. Add Lines 1 and 2 and enter the total ..... 3. \_\_\_\_\_
4. **Estimated Deductions from Federal Adjusted Gross Income**  
(See *Individual Income Tax Instructions for Form D-400*) ..... 4. \_\_\_\_\_
5. **Subtract Line 4 from Line 3 and enter the total** ..... 5. \_\_\_\_\_
6. • If you plan to itemize deductions, enter the estimated total of your itemized deductions.  
  
• If you do not plan to itemize, enter your standard deduction.  
  
**IMPORTANT: Do not enter the amount from your federal return.**  
(You must refer to the *Individual Income Tax Instructions for Form D-400*) ..... 6. \_\_\_\_\_
7. **Estimated North Carolina Taxable Income** (Subtract Line 6 from Line 5) ..... 7. \_\_\_\_\_
8. **Amount of Tax** - Use the **Tax Rate** shown below ..... 8. \_\_\_\_\_
9. A. Estimated N. C. Tax to be withheld ..... A. \_\_\_\_\_  
B. Estimated Tax Credits ..... B. \_\_\_\_\_
10. Add Lines 9A and 9B ..... 10. \_\_\_\_\_
11. **Estimated Income Tax** (Subtract Line 10 from Line 8) If \$1,000 or more, fill out and mail the estimated income tax form along with your payment; if less than \$1,000, no payment is required at this time ..... 11. \_\_\_\_\_
12. If the first payment you are required to make is due April 15, enter 1/4 of Line 11 here and in the space marked "**Amount of this Payment**" on Form NC-40. Round off cents to the nearest whole dollar ..... 12. \_\_\_\_\_

**Tax Rate****5.75% of North Carolina Taxable Income**