



January 15, 2015

IMPACT OF THE FEDERAL TAX INCREASE PREVENTION ACT OF 2014 ON NORTH CAROLINA'S CORPORATE AND INDIVIDUAL INCOME TAX RETURNS

North Carolina's corporate income tax law uses federal taxable income as the starting point in determining North Carolina taxable income. North Carolina's individual income tax law uses federal adjusted gross income as the starting point in determining North Carolina taxable income. In both cases, the reference to federal law is to the Internal Revenue Code ("Code") as of a certain date. Currently, that reference is to the Code as of December 31, 2013. Each year the General Assembly determines whether to update its reference to the Code. Doing so would make recent amendments to the Code applicable for North Carolina income tax purposes. In some cases, the General Assembly chooses not to follow ("decouple" from) certain amendments to federal law.

On December 19, 2014, President Obama signed into law the Tax Increase Prevention Act of 2014 ("TIPA"). The Act extended several provisions in federal law that had sunset at the end of 2013. If the General Assembly does not update the reference to the Code to December 19, 2014 or later, the extension of those provisions will not apply for North Carolina income tax purposes.

The Revenue Laws Study Committee is charged with studying North Carolina's revenue laws and making recommendations with respect to those laws to the General Assembly. On January 13, 2015, the Revenue Laws Study Committee adopted a recommendation to update the reference to the Code to January 1, 2015 but to decouple from specific provisions in TIPA. The recommended bill may be viewed [here](#).

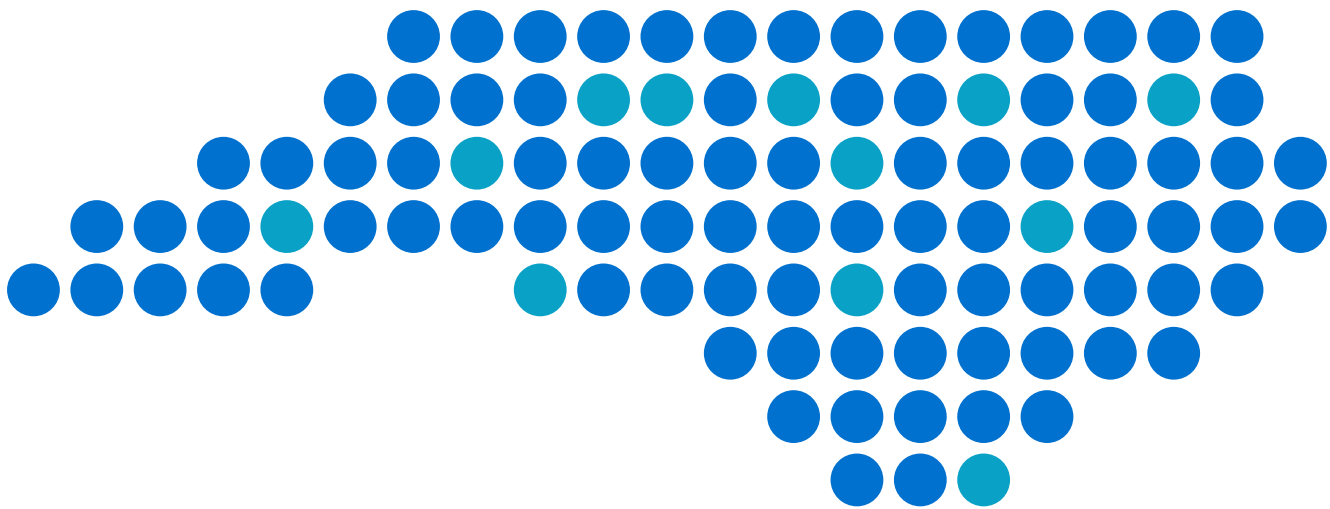
If the General Assembly enacts legislation to update the Code reference as recommended, North Carolina will require additions on the corporate and individual income tax returns for (a) 85% of the amount deducted as bonus depreciation on the federal return and (b) 85% of the difference between the amount deducted on the federal return for Code section 179 expenses, using the federal dollar and federal investment limitations, and the amount that would be deductible for Code section 179 expenses using the North Carolina dollar and North Carolina investment limitations set out for 2014. For individual income tax returns, additions would also be required for (a) the amount excluded from gross income for the discharge of qualified principal residence indebtedness, (b) the amount deducted in arriving at adjusted gross income for qualified tuition and related expenses, and (c) the amount excluded from gross income for a qualified charitable distribution from an individual retirement plan by a person who has attained age 70 ½. In addition, an individual would also be required to exclude amounts paid for mortgage insurance premiums from the deduction for qualified residence interest if the taxpayer claims itemized deductions on the North Carolina return.

Any person filing a North Carolina income tax return whose 2014 federal taxable income or federal adjusted gross income is impacted by the amendments to federal law included in TIPA should consider waiting to file the 2014 North Carolina income tax return until the General Assembly takes action. A taxpayer who files the 2014 income tax return before the General Assembly takes action may have to amend the return to reflect the General Assembly's action. The General Assembly is scheduled to convene on January 28, 2015. If the General Assembly enacts legislation to update the Code reference, the Department will provide additional guidance, including how to report any required additions on the 2014 returns.

2014 Individual Income Tax Instructions for Form D-400

NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE



Make it Easy on Yourself...
File Your Return Electronically!

Declaración Electrónica (EN ESPAÑOL)

2014 Tax Changes

See **WHAT'S NEW** in these instructions



N.C. DEPARTMENT OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0100

www.dornc.com

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Our website offers e-file options and a list of approved e-file vendors. The list is located at www.dorn.com/electronic/e-file.html.



Join over 3.5 million taxpayers that filed their North Carolina income taxes electronically last year – it improves processing, saves time, and reduces cost.

New E-File Payment Options for Taxpayers!

Individual income taxpayers can e-file returns and pay taxes electronically with an approved e-file vendor product. Bank draft payments for D-400V can now be made when you e-file your return. You also have the ability to schedule NC-40 estimated payments and file and/or pay D-410 extensions.

Friendly and Confidential Customer Service

For assistance in e-filing your returns, utilize the "Help" features that are provided by each software product.



Convenience of Direct Deposit

Electronic filing offers the option of having your refund deposited directly into your bank account, thereby, eliminating the possibility of your refund check being lost, stolen, or returned due to an incomplete/incorrect address. The direct deposit option is available only if you e-file your return. **(Please be sure to verify that your bank account information is accurate prior to submitting your return. Incorrect banking information may delay your refund and/or result in you receiving a paper check)**

Safe and Confidential

The Department complies with IRS security standards to safeguard your tax data.



Avoid Long Lines at the Post Office

Why wait in long lines at the post office? If you e-file your return, you will receive electronic confirmation that your return has been received.



More Accurate than Paper Returns

Computerized calculations are automatic and lower the chance of errors on the return.



Make it easy on yourself... File your return electronically!

N.C. income tax filers are encouraged to file returns and pay taxes electronically through approved tax software or online at www.dornc.com



Safe and Secure E-Filing Options for Individuals:

Free File... You may be eligible to e-file for FREE!!!

To find out if you qualify for Free File, please review the Quick Guide to Eligibility Requirements for Free File and Low Cost by clicking on the NCfreefile logo located on our website at <http://www.dornc.com/electronic/e-file.html>

Low Cost

If you do not qualify for free electronic filing, you may be eligible to electronically file your Federal and State returns at a low cost. The software prices are listed from lowest to highest on our website. To access the list of Low Cost options, click on the NCfreefile logo located on our website at <http://www.dornc.com/electronic/e-file.html>

VITA/TCE

Volunteer Income Tax Assistance/Tax Counseling for the Elderly (VITA/TCE) programs offer free Federal and State tax preparation and electronic filing for taxpayers with low or moderate income, disabilities, non-English speaking, or the elderly. Call the IRS at 1-800-829-1040 for a location.

How Do I E-File?

Use Your Computer

Visit our website at www.dornc.com to access E-File services available at no cost to eligible taxpayers or use a commercial tax preparation software for a modest fee. A link to approved software products sites is located on our website.

Ask Your Tax Preparer to File Your Federal and State Returns Electronically

“Where’s My Refund?” and Other E-Services

www.dornc.com

Click **E-Services** and select **Individuals**.

Where’s My Refund?

Track the status of your current individual income tax refund, amended returns and prior year returns filed late.

D-400V Individual Income Payment Voucher

Pay your current year individual income tax.

Bills and Notices

Make a payment on a bill or notice that you received from the Department of Revenue.

NC-40 Individual Estimated Income Tax

Pay your individual estimated income tax payments online.

D-410 Application for Extension for Filing Individual Income Tax Return

File your individual income tax extension and pay the tax electronically.

D-400V Amended Individual Income Payment Voucher

Pay the tax on your individual income tax amended return.

E-Alerts

Join our Tax Updates Mailing List. Mailings through this list will include bulletins, directives, and other important notices about law changes and related tax matters.

Before You Begin

The forms in this booklet are designed for electronic scanning that permits faster processing with fewer errors. To avoid unnecessary delays caused by manual processing, please follow the guidelines below:

Important: You must enter your social security number(s) in the appropriate boxes on the forms. Otherwise, we may be unable to process your return.

- Be sure to enter your complete address on your return, including your apartment number, if applicable.
- Make sure you have received all of your W-2s, 1099s, and other tax documents that you need to prepare your return.
- **Do not** submit photocopies of the return. Submit original forms only. **Do not** use any prior year forms.
- **Use black or blue ink only. Do not use red ink or pencil.**
- Write your numbers in the boxes like this:

		1	7	3	6	0	0	0
--	--	---	---	---	---	---	---	---
- **Do not** use dollar signs (\$), commas, decimal points, or other punctuation marks like this:

		\$	1	1	7	,	3	6	0	.	0	0
--	--	----	---	---	---	---	---	---	---	---	---	---
- **Do not** use brackets to indicate negative numbers. Negative numbers are indicated by filling in the circle next to the number.
- **Do not** enter zeros or draw lines in boxes where no data is required.
- Round off to the nearest whole dollar. Drop amounts under 50 cents and increase amounts from 50 cents to 99 cents to the next whole dollar.
- Use capital letters.
- Print letters and numbers like this:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

0	1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---	---

- Fill in applicable circles completely.

Example: ☒ Yes ☐ No

What's New

For information about any additional changes to the 2014 tax law or any other developments affecting Form D-400 or its instructions, go to www.dorn.com.

Session Law 2013-316, House Bill 998, An Act to Simplify the North Carolina Tax Structure and to Reduce Individual and Business Tax Rates, was signed into law on July 23, 2013. The individual income tax rate was reduced, the N.C. standard deduction was increased, and many deductions and tax credits are no longer available for tax years beginning on or after January 1, 2014.

Change in tax rate. The individual income tax rate is reduced to a flat 5.8 percent for tax years beginning on or after January 1, 2014 and to 5.75 percent for tax years beginning on or after January 1, 2015.

N.C. Standard Deduction or N.C. Itemized Deductions. You may continue to claim either the N.C. standard deduction or N.C. itemized deductions, however, both have changed. (See Page 8)

- N.C. standard deduction has increased for each filing status,
- No additional standard deduction is available for taxpayers age 65 or older, or blind.
- N.C. itemized deductions are no longer identical to federal itemized deductions and are subject to certain limitations.

N.C. Standard Deduction Amounts for Most Taxpayers:

<u>Filing Status</u>	<u>Standard Deduction</u>
Single	\$ 7,500
Married Filing Jointly/Qualifying Widow(er)	\$15,000
Married Filing Separately	\$ 7,500
Head of Household	\$12,000

(See Page 8 for exceptions)

N.C. Itemized Deductions.

- Qualified home mortgage interest and real estate property taxes are allowed as deductions. The sum of those deductions cannot exceed \$20,000,
- Charitable contributions allowed as a deduction on the federal return are allowed without limitation.

Deduction for Other Retirement Benefits. There are no longer deductions available to certain taxpayers for up to \$4,000 for federal, state, or local government retirement benefits or up to \$2,000 for private retirement benefits.

Deduction for Net Business Income that is Not Considered Passive Income. There is no longer a deduction available to certain taxpayers for up to \$50,000 of net business income included in federal adjusted gross income.

Deduction for Contributions to N.C. College Savings Program. There is no longer a deduction for contributions made during the taxable year to an account in the Parental Savings Trust Fund of the State Education Assistance Authority (North Carolina's National College Savings Program - N.C. 529 Plan).

N.C. Personal Exemption Allowance.

You may no longer claim a personal exemption for yourself, your spouse, children, or any other qualifying dependents.

Credit for Children. Amounts are increased from \$100 to \$125 per qualifying child for some taxpayers. If you are allowed a federal child tax credit under section 24 of the Code you are allowed a tax credit for each dependent child for whom a federal credit was allowed. The credit amount is based on your filing status and adjusted gross income, as calculated under the Code. (See Page 15)

Child and Dependent Care Credit.

North Carolina no longer allows a tax credit for child and dependent care expenses.

Earned Income Tax Credit. North Carolina no longer has a State earned income tax credit.

N.C. Education Endowment Fund:

Contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. (See instructions for information about the Fund on Pages 7 and 11.)

The information contained in this booklet is to be used as a guide in the preparation of a North Carolina individual income tax return and is not intended to cover all provisions of the law.

Filing Requirements

The minimum gross income filing requirements under North Carolina law are different from the filing requirements under the Internal Revenue Code because North Carolina has its own standard deduction and no longer allows a personal exemption allowance.

Who is required to file a North Carolina individual income tax return?

- Every resident of North Carolina whose income for the taxable year exceeds the amount for his filing status shown in the Filing Requirements Chart.
- Every part-year resident who received income while a resident of North Carolina or who received income while a nonresident attributable to the ownership of any interest in real or tangible personal property in North Carolina or derived from a business, trade, profession or occupation carried on in North Carolina, or is derived from gambling activities in North Carolina and whose total income for

the taxable year exceeds the amount for his filing status shown in the Filing Requirements Chart.

- Every nonresident who received income for the taxable year from North Carolina sources that was attributable to the ownership of any interest in real or tangible personal property in North Carolina or derived from a business, trade, profession, or occupation carried on in North Carolina, or is derived from gambling activities in North Carolina and whose total income from all sources both inside and outside of North Carolina equals or exceeds the amount for his filing status shown in the filing requirements.
- If you had North Carolina income tax withheld during the year but your income is below the amount required for filing, as shown in the Filing Requirements Chart, you must still file a return to receive a refund.

If you were not required to file a federal income tax return but your gross income from all sources both inside and outside of North Carolina equals or exceeds the amount for your filing status shown in the filing requirements, you must complete a federal return and attach it to your North Carolina income tax return to show how your federal adjusted gross income, deductions, and exemptions were determined.

You and your spouse must file a joint North Carolina return if you file a joint federal income tax return, and both of you were residents of North Carolina or both of you had North Carolina taxable income.

If you file a joint federal return and your spouse is a nonresident of North Carolina and had no North Carolina taxable income, you may file a joint State return. Once you file a joint return, you cannot choose to file separate returns for that year after the due date of the return. However, you still have the option of filing your State return as married filing separately. If you choose to file a separate North Carolina return, you must complete either a federal return as married filing separately reporting only your income and deductions or a schedule showing the computation of your separate income and deductions and attach it to your North Carolina return. You must also include a copy of your joint federal return unless your federal return reflects a North Carolina address.

When filing a joint return, include the name and social security number of each spouse on the return. Both spouses are jointly and severally liable for the tax due on a joint return unless one spouse qualifies for innocent spouse relief for federal income tax purposes as a result of the "innocent spouse" rules provided under Internal Revenue Code Section 6015.

Filing Requirements Chart

Filing Status

A Return is Required if Federal Gross Income Exceeds

(1)	Single.....	\$ 7,500
(2)	Married - Filing Joint Return	\$ 15,000
(3)	Married - Filing Separate Return	\$ 7,500
	If spouse <u>does not claim</u> itemized deductions.....	\$ 7,500
	If spouse <u>claims</u> itemized deductions.....	0
(4)	Head of Household	\$ 12,000
(5)	Qualifying Widow(er) with dependent child.....	\$ 15,000
(6)	Nonresident alien.....	\$ 0

Note: There is no additional standard deduction available for taxpayers age 65 or older or blind. Also, there is no longer a separate chart for children and other dependents.

Instructions for Filing Form D-400

The Income Tax Return

All individuals (including part-year residents and nonresidents) must file their income tax return on Form D-400. If applicable, be sure to read the section entitled **Information for Part-Year Residents and Nonresidents**.

When to File

If you file your return on a calendar year basis, it is due on or before April 15 of the following year. A fiscal year return is due on the 15th day of the 4th month following the end of the taxable year. When the due date falls on a Saturday, Sunday, or holiday, the return is due on or before the next business day. A fiscal year return should be filed on a tax form for the year in which the fiscal year begins (For example: A 2014 tax form should be used for a fiscal year beginning in 2014).

Nonresident Aliens: Nonresident aliens are required to file returns at the same time they are required to file their federal returns.

Extensions

If you cannot file your return by the due date, you may apply for an automatic 6-month extension of time to file the return. **To receive the extension, you must file Form D-410, Application for Extension for Filing Individual Income Tax Return, by the original due date of the return.** You can file Form D-410 online at www.dornc.com. Click on **E-Services**. You should apply for an extension even if you believe you will be due a refund but cannot file by the due date.

You are not required to send a payment of the tax you estimate as due to receive the extension; however, it will benefit you to pay as much as you can with the extension request. **An extension of time for filing the return does not extend the time for paying the tax.** If you do not pay the amount due by the original due date, you will owe a 10 percent late-payment penalty and interest. The late-payment penalty will not be due if you pay at least 90 percent of your tax liability through withholding, estimated tax payments, or with Form D-410 by the original due date.

A late-filing penalty may be assessed if your return is filed after the due date (including extensions). The penalty is 5 percent per month (25 percent maximum) on the remaining tax due.

If you do not file the application for extension by the original due date of the return, you are subject to both a late-filing penalty and a late-payment penalty.

Out of the Country: If you were a U.S. citizen or resident and were out of the country on the regular due date of your return (April 15), you are granted an automatic 4-month extension for filing your North Carolina return if you fill in the "Out of the Country" circle on Page 1 of your return. "Out of the Country" means you live outside the United States and Puerto Rico and your main place of work is outside the United States and Puerto Rico, or you are in military service outside the United States and Puerto Rico. The time for payment of

the tax is also extended; however, interest is due on any unpaid tax from the original due date of the return until the tax is paid. If you are unable to file the return within the automatic 4-month extension period, an additional 2-month extension may be obtained by following the provisions in the first paragraph of this section; however, Form D-410 must be filed by the automatic 4-month extended date of August 15.

General Refund Information

If you owe another State or local agency, the amount you owe may be deducted from your refund. If you have an outstanding federal income tax liability, the Internal Revenue Service may claim your North Carolina refund.

Need to Call Us About Your Refund?

You can check the status of your refund at www.dornc.com. The automated refund inquiry line 1-877-252-4052 (toll-free) will also give you the status of your current refund. You can also obtain amended return refund information. Service is available 24 hours a day seven days a week. You will need the first social security number and the amount of refund shown on your return when you call.

How to Pay Your Tax

If you owe additional tax, you can pay online by bank draft or credit or debit card using Visa or MasterCard. To pay online, go to the Department's website at www.dornc.com and click on **E-Services**.

You can also pay by check or money order. **Do not send cash.** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars. Make your check or money order payable to the N.C. Department of Revenue for the full amount due. Write "2014 D-400" and your name, address, and social security number on your payment. If you are filing a joint return, write both social security numbers on your payment in the order that they appear on the return. If you do not pay your tax online, you may go to our website and generate a personalized Form D-400V. Enclose the voucher with your return and payment, and mail to the address listed on page 2 of Form D-400. If you use tax software to prepare your return, be sure to include with your return and payment the Form D-400V generated by the software package.

Estimated Income Tax

You are required to pay estimated income tax if the tax shown due on your return, reduced by your North Carolina tax withheld and allowable tax credits, is \$1,000 or more regardless of the amount of income you have that is not subject to withholding. Each payment of estimated tax must be accompanied by **Form NC-40, North Carolina Individual Estimated Income Tax**. If you are filing estimated tax for the first time,

contact any of our offices so that appropriate forms can be mailed to you. You can also pay your estimated tax online at www.dornc.com. Click on **E-Services**.

You should prepare your estimated tax carefully, both to avoid having to pay a large amount of tax when you file your return, and to avoid owing interest for underpayment of estimated income tax. Payment of estimated tax does not relieve you of your responsibility for filing a return if one is due.

Statute of Limitations

Generally, to receive a refund, your return must be filed within three years from the date the original return was due or within two years after the tax was paid, whichever date is later. However, special rules extending the time for filing refund claims beyond the normal three year statute of limitations apply to overpayments attributable to (1) worthless debts or securities, (2) capital loss carrybacks, (3) net operating loss carrybacks, or (4) a contingent event. For overpayments resulting from worthless debts or securities, the period of time for demanding an overpayment is seven years; for overpayments resulting from capital loss or net operating loss carrybacks, the period of time is three years from the due date of the return for the year in which the loss was incurred rather than three years from the due date of the return for the year to which the loss is carried back. If you are subject to a contingent event and file notice with the Secretary of Revenue, the period to request a refund of an overpayment is six months after the contingent event concludes. For more specific guidance regarding a contingent event, please refer to our website <http://www.dornc.com/taxes/certainevents.html>.

Amended Returns

You may amend your return by filing **Form D-400X, Amended North Carolina Individual Income Tax Return for 2014**. Amended returns on which you owe additional tax are required to be filed and the tax paid within three years after the date on which the original return was filed or within three years from the date required by law for filing the return, whichever is later.

If changes are made to your federal return by the Internal Revenue Service, you must report the changes to the State by filing an amended return within six months from the date you receive the report from the Internal Revenue Service. If you do not amend your State return to reflect the federal changes and the Department of Revenue receives the report from the Internal Revenue Service, an assessment may be made by the Department within three years from the date of receipt of the report, and you forfeit your right to any refund which might have been due by reason of the changes.

Penalties and Interest

Failure to file penalty. Returns filed after the due date are subject to a penalty of 5 percent of the tax for each month, or part of a month, the return

is late (maximum 25 percent of the additional tax). If you file your return late, include this penalty on Line 23b of Form D-400.

Failure to pay penalty. Returns filed after April 15 without a valid extension are subject to a late-payment penalty of 10 percent of the unpaid tax. If you have an extension of time for filing your return, the 10 percent penalty will apply on the remaining balance due if the tax paid by the original due date of the return is less than 90 percent of the total amount of tax due. If the 90 percent rule is met, any remaining balance due, including interest, must be paid with the income tax return on or before the extended due date to avoid the late-payment penalty. If your payment is late, figure the amount of the penalty and include on Line 23b of Form D-400. The late-payment penalty will not be assessed if the amount shown due on an amended return is paid with the return. Proposed assessments of additional tax due are subject to the 10 percent late-payment penalty if payment of the tax is not received within 45 days of the assessment.

Other penalties. There are other penalties for negligence, filing a frivolous return, and fraud. Criminal penalties also apply for fraud with intent to evade or defeat the tax and for willful failure to file a return, supply information, or pay the tax.

Collection Assistance Fee. Any tax, penalty, and interest not paid within 90 days after the debt becomes collectible is subject to a 20 percent collection assistance fee.

Interest. Interest is due on tax not paid by April 15, even though you may have an extension of time for filing your return. You may obtain the current interest rate from any of the Department's offices. If you pay your tax late, figure the amount of interest due and include it on Line 23c of Form D-400.

Interest on the underpayment of estimated tax. Compute interest on any underpayment of estimated income tax on **Form D-422, Underpayment of Estimated Tax by Individuals**. Interest is not due if each payment equals 25 percent of the lesser of 90 percent (66 2/3 percent for farmers and fishermen) of the tax due on your current year's return or 100 percent of the tax due on your previous year's return. If interest is applicable, add the interest to the tax due, and include the full payment with your return. If a refund is due, subtract the amount of the interest from the refund.

N. C. Education Endowment Fund Contribution

You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund (to designate your overpayment, see Page 11, Line 28). To make a contribution, simply enclose Form NC-EDU and your payment. If you owe additional tax due on your return and would also like to make a contribution to the fund, you may write one check and enclose the check with both Form NC-EDU and Form D-400V. Your election to contribute to the Fund cannot be changed after



you file your return. Additional contributions to the Fund may be made by mailing your contribution directly to the North Carolina Department of Public Instruction, Cash Collections, 6331 Mail Service Center, Raleigh, North Carolina 27699-6331. Checks should be made payable to "North Carolina Department of Public Instruction" with an indication either on the check or in an attached note that it is a contribution for the NC Education Endowment Fund.

United States Armed Forces Pay

If you are serving in the United States Armed Forces and your legal residence is North Carolina, you are liable for North Carolina income tax and North Carolina income tax should be withheld from your pay regardless of where you may be stationed. If you are a legal resident of another state stationed in North Carolina on military orders, you are not liable for North Carolina income tax on your military pay, but income from other employment, a business, or tangible property in North Carolina is subject to North Carolina income tax.

Military Spouses

The Military Spouses Residency Relief Act of 2009 prohibits North Carolina from taxing the income earned for services performed in North Carolina by a spouse of a servicemember stationed in North Carolina if (1) the servicemember is present in North Carolina solely in compliance with military orders; (2) the spouse is in North Carolina solely to be with the servicemember; and (3) the spouse is domiciled in the same state as the servicemember. If all three of the conditions are met, an employer is not required to withhold North Carolina tax from wages paid to the military spouse. A spouse who does not meet these requirements should see "Information for Part-Year Residents and Nonresidents." The Act does not apply to military spouses who are domiciled in North Carolina. Withholding from wages paid to military spouses domiciled in North Carolina is still required.

Death of the Taxpayer

If you are the spouse or personal representative of an individual who died prior to filing a return, you may be required to file a return on the decedent's behalf. If so, enter the date of death in the applicable box on Page 1 of Form D-400 to indicate the return is being filed for a deceased individual.

An Income Tax Return for Estates and Trusts, Form D-407, must be filed for an estate for the period from the date of death to the end of the taxable year if the estate had taxable income from North Carolina sources or income which was for the benefit of a North Carolina resident, and the estate is required to file a federal return for estates and trusts.

If you are filing a return for an unmarried individual who died during the year, enter the date of death in the applicable box and enter the name of the deceased and the address of the executor, administrator, or court-appointed

representative. The executor, administrator, or court-appointed representative should fill in the circle above the deceased taxpayer information on Page 1 and sign the return. When filing a separate return for a decedent who was married at the time of death, enter the date of death, the name of the deceased, and the address of the surviving spouse. The surviving spouse should sign the return. In either case, be sure to enter the date of death in the space provided.

If you are a court-appointed representative, attach to the return a copy of the certificate that shows your appointment. A refund due on a return filed for a deceased taxpayer by a person other than a surviving spouse, executor, administrator or a court-appointed representative will be mailed to the Clerk of Superior Court of the county in which the taxpayer resided.

Information for Part-Year Residents and Nonresidents

If you move your legal residence into or out of North Carolina during the tax year, you are a resident of two different states during two different periods of the tax year.

You are a nonresident if you maintain your legal residence in another state or country even though you may temporarily reside in North Carolina. If you reside in North Carolina for more than 183 days of a tax year, you are presumed to be a resident for income tax purposes in the absence of factual proof of residence in another state. However, your absence from North Carolina for more than 183 days raises no presumption that you are not a resident.

If you file a joint federal return and your spouse is a nonresident of North Carolina and had no North Carolina taxable income, you may file a joint State return. However, you still have the option of filing your State return as married filing separately. If you choose to file a separate North Carolina return, you must complete either a federal return as married filing separately reporting only your income and deductions or a schedule showing the computation of your separate income and deductions and attach it to your North Carolina return. You must also include a copy of your joint federal return unless your federal return reflects a North Carolina address. **Note:** Itemized nonbusiness deductions of a married couple may be claimed by a spouse only if that spouse was obligated to pay the items and actually paid the amount during the year. In the case of a joint obligation (such as mortgage interest and real estate taxes), the deduction is allowable to the spouse who actually paid the item.

Part-year residents and nonresidents receiving income from North Carolina sources must determine the portion of their federal gross income, as adjusted, that is subject to North Carolina income tax by completing Lines 20 through 22 on **Form D-400 Schedule S, Part D**. See the instructions for Lines 20 and 21 on Page 13.

A part-year resident receiving partnership income from a partnership doing business in North Carolina and in one or more other states

Instructions for Filing Form D-400

must prorate his share of the partnership's income attributable and not attributable to North Carolina between his periods of residence and nonresidence in accordance with the number of days in each period. Include on Line 20 of **Form D-400 Schedule S, Part D** your share of partnership income determined for the period of residence and your share of the partnership income attributable to North Carolina during the period of nonresidence.

If you have income from sources within another state or country while you are a resident of North Carolina and the other state or country taxes you on such income, you may be eligible to claim a tax credit on your North Carolina return. See "Credit for Tax Paid to Another State or Country" on Page 14 for additional information.

Line Instructions for Filing Form D-400

The references to line numbers on federal income tax forms were correct at the time of printing. If they have changed and you are unable to determine the proper line to use, please contact the Department of Revenue.

Lines 1 through 5 - Filing Status

Check the same filing status you checked on your federal return. **Important:** If either you or your spouse is a nonresident and had no North Carolina taxable income for the tax year, **see Page 5.**

Line 6 - Federal Adjusted Gross Income

Enter your federal adjusted gross income from your federal return. If federal adjusted gross income is a negative number, enter the negative amount and fill in the circle to indicate that the amount is negative. (Note: If you are completing a web fill-in form on the Department's website, enter a minus sign to indicate a negative number.)

Line 7 - Additions to Federal Adjusted Gross Income

See Page 12, Instructions for Form D-400 Schedule S for information about additions to federal adjusted gross income.

Line 9 - Deductions from Federal Adjusted Gross Income

See Page 12, Instructions for Form D-400 Schedule S for information about deductions from federal adjusted gross income.

Line 11 - N.C. Standard Deduction or N.C. Itemized Deductions

IMPORTANT: Do not enter your federal standard deduction or federal itemized deduction on Line 11, Form D-400.

You may deduct from federal adjusted gross income either the **N.C. standard deduction** or **N.C. itemized deductions**. It is important to note that both have changed. The N.C. standard deduction has increased for each filing status. However, there is no longer an additional standard deduction available for taxpayers age 65 or older, or blind. **If you are (1) married filing a separate return for North Carolina income tax purposes and your spouse itemizes deductions, (2) a nonresident alien, or (3) filing a short-year return because of a change in your accounting period, you are not entitled to the standard deduction.** Note: A short-year return does not relate to a taxpayer who files a return as a part-year resident. The N.C. itemized deductions no longer include all itemized deductions reported on your federal return.

N.C. Standard Deduction

Use the following chart to determine the amount of your N. C. standard deduction to enter on line 11.

N.C. Standard Deduction Chart

If your filing status is:	Your standard deduction is:
Single	\$ 7,500
Married filing jointly/Qualifying widow(er)	\$ 15,000
Married filing separately	
If spouse <u>does not claim</u> itemized deductions	\$ 7,500
If spouse <u>claims</u> itemized deductions	0
Head of household	\$ 12,000

N.C. Itemized Deductions (See Form D-400 Schedule S, Part C, Page 13)

No itemized deductions included on federal Form 1040 (Schedule A) are allowed as N.C. itemized deductions except **qualified home mortgage interest, real estate property taxes, and charitable contributions.**

The sum of qualified home mortgage interest and real estate property taxes claimed, under sections 163(h) and 164 of the Code, respectively, may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately or married filing jointly, the total home mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately with a joint obligation for home mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the home mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars (\$20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year." Charitable contributions allowed as a deduction under section 170 of the Code are allowed without limitation.

The N.C. itemized deductions are not subject to the overall limitation on itemized deductions under section 68 of the Code.

Line 14 - North Carolina Taxable Income

- If you were a **resident** of North Carolina for the entire year, enter the amount from Line 12 on Line 14.
- If you were a **part-year resident** or a **nonresident** you must complete **Form D-400 Schedule S, North Carolina Supplemental Schedule, Part D Lines 20 through 22** (See Page 13) and enter on Line 13 the decimal amount from Line 22. Multiply the amount on Line 12 by the decimal amount on Line 13 and enter the result on Line 14.

Part-year residents and nonresidents should read the instructions listed on Page 13 for additional information and complete the worksheet for Lines 20 and 21 on Page 14.

Line 15 - North Carolina Income Tax

To calculate your tax, multiply your North Carolina Taxable Income, Line 14 by 5.8% (0.058):

Line 16 - Tax Credits

See Page 14 for information about tax credits. Complete **Form D-400TC, Individual Tax Credits**, if you are entitled to one or more of the credits.

Line 18 – Consumer Use Tax

(If you certify that no Consumer Use Tax is due you must fill in circle on Line 18, Form D-400.)

North Carolina use tax is due by individuals on tangible personal property and certain digital property purchased, leased or rented inside or outside this State for storage, use, or consumption in North Carolina. Use tax is due on taxable services sourced to North Carolina. Individuals must pay use tax when retailers or facilitators do not collect tax on taxable transactions. Retailers or facilitators that are not “engaged in business” in this State are not required to collect North Carolina’s tax. Some out-of-state retailers or facilitators voluntarily collect North Carolina tax as a convenience to their customers. Retailers or facilitators that are not “engaged in business” may include mail-order companies, television shopping networks, and firms selling over the internet.

Items subject to sales and use tax include but are not limited to the following:

- Computers and other electronic equipment,
- Prewritten software including electronic downloads of software,
- Books, books on tape, and digital books delivered or accessed electronically,
- Audio compact discs, tapes, and records,
- Digital music delivered or accessed electronically,
- Magazines and newspapers including those delivered or accessed electronically,
- Clothing, appliances, furniture, home furnishings, sporting goods, and jewelry,
- Ringtones,
- Movies delivered or accessed electronically,
- Sales or recharges of prepaid telephone calling cards and phones,
- Service contracts to maintain or repair tangible personal property or a motor vehicle,
- Admission tickets to an entertainment activity purchased outside the state where admission to the activity may be gained in the state.

The use tax is calculated and due at the same rate as the sales tax. For January 1, 2014 through March 31, 2014, the rate was 7.5% in Durham and Orange Counties, 7.25% in Mecklenburg County, 7% in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 6.75% in all other counties. For April 1, 2014 through September 30, 2014, the rate was 7.5% in Durham and Orange Counties, 7.25% in Mecklenburg County, 7% in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 6.75% in all other counties. For October 1, 2014 through December 31, 2014, the rate was 7.5% in Durham and Orange Counties, 7.25% in Mecklenburg County, 7% in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 6.75% in all other counties. If you paid another state’s sales or use tax that was legally due on out-of-state purchases, that amount may be credited against the North Carolina use tax due. Credit is allowed for another state’s sales tax paid against the 4.75% North Carolina sales tax due. Separate credit is allowed for another state’s local tax paid against the North Carolina local and transit sales and use tax due. You may not claim a credit for sales tax or value-added tax paid to another country.

You should report use tax on purchases of food subject to the reduced rate of tax on Form E-554 and use tax on purchases of boats and aircraft on Form E-555. Businesses should report and remit sales and use tax on Form E-500.

Use Tax Table

NC Taxable Income
(D-400, Line 14)

NC Taxable Income
(D-400, Line 14)

<u>At Least</u>	<u>But Less Than</u>	<u>Use Tax Amount</u>	<u>At Least</u>	<u>But Less Than</u>	<u>Use Tax Amount</u>
\$ 0	2,200	\$ 1	\$ 23,000	24,400	\$ 16
2,200	3,700	2	24,400	25,900	17
3,700	5,200	3	25,900	27,400	18
5,200	6,700	4	27,400	28,900	19
6,700	8,100	5	28,900	30,400	20
8,100	9,600	6	30,400	31,900	21
9,600	11,100	7	31,900	33,300	22
11,100	12,600	8	33,300	34,800	23
12,600	14,100	9	34,800	36,300	24
14,100	15,600	10	36,300	37,800	25
15,600	17,000	11	37,800	39,300	26
17,000	18,500	12	39,300	40,700	27
18,500	20,000	13	40,700	42,200	28
20,000	21,500	14	42,200	43,700	29
21,500	23,000	15	43,700	45,200	30
			45,200 and over		

The estimated amount is .0675% (.000675) of North Carolina taxable income. If you believe the estimate from the table is too high for your out-of-state purchases, you may estimate what you think you owe.

Multiply NC
Taxable Income
by .0675% (.000675)

Instructions for Filing Form D-400**Use Tax Worksheet - Taxpayers Who Have Records of All Out-of-State Purchases**

1. Enter the total amount of out-of-state purchases, including delivery charges, for 1/1/14 through 3/31/14 1. _____
2. Multiply Line 1 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 2. _____
3. Enter the total amount of out-of-state purchases, including delivery charges, for 4/1/14 through 9/30/14 3. _____
4. Multiply Line 3 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 4. _____
5. Enter the total amount of out-of-state purchases, including delivery charges, for 10/1/14 through 12/31/14 5. _____
6. Multiply Line 5 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 6. _____
7. Enter the tax legally due and paid to another state on the purchases. This amount may not exceed the total of Lines 2, 4, and 6 7. _____
8. Add Lines 2, 4, and 6, then subtract Line 7 and enter the result, rounded to the nearest whole dollar, here and on Form D-400, Line 18 8. _____

Use Tax Worksheet 2 - Taxpayers Who Do Not Have Records of All Out-of-State Purchases

1. For purchases of items that cost less than \$1,000, see the Use Tax Table on the previous page to estimate the use tax due based on your North Carolina taxable income shown on Form D-400, Line 14 and enter the amount 1. _____
2. For purchases of items that cost \$1,000 or more:
 - 2a - Enter the total amount of purchases, including delivery charges, of \$1,000 or more for 1/1/14 through 3/31/14 2a. _____
 - 2b - Multiply Line 2a by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 2b. _____
 - 2c - Enter the total amount of purchases, including delivery charges, of \$1,000 or more for 4/1/14 through 9/30/14 2c. _____
 - 2d - Multiply Line 2c by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 2d. _____
 - 2e - Enter the total amount of purchases, including delivery charges, of \$1,000 or more for 10/1/14 through 12/31/14 2e. _____
 - 2f - Multiply Line 2e by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 2f. _____
3. Add Lines 1, 2b, 2d and 2f and enter the total amount of use tax due 3. _____
4. Enter the tax legally due and paid to another state on the purchases. This amount may not exceed the amount on Line 3 4. _____
5. Subtract Line 4 from Line 3 and enter the result, rounded to the nearest whole dollar, here and on Form D-400, Line 18 5. _____

Lines 20a and 20b - N.C. Income Tax Withheld

Enter your North Carolina tax withheld on Line 20a. If you are married and you file a joint return, enter your North Carolina withholding on Line 20a and your spouse's withholding on Line 20b. **Do not** include any income tax withheld by a state other than North Carolina or any other tax amounts that were withheld.

Be sure to attach your original or a copy of the original State wage and tax statements (Form W-2), 1099 statements, or other statements verifying North Carolina tax withheld to your return. It is not necessary to attach 1099 statements on which no North Carolina income tax withheld is reported unless you are claiming a **Bailey** retirement deduction (See Form D-400 Schedule S, Part B, Line 8). Wage and tax statements or 1099 statements generated by tax software programs cannot be used to verify North Carolina tax withholding.

Line 21 - Other Tax Payments

a - 2014 Estimated Tax - Enter any estimated income tax payments for 2014 (including any portion of your 2013 refund that was applied to your 2014 estimated income tax). See Page 6 for additional information about estimated income tax.

b - Paid with Extension - If you filed an automatic extension of time, enter the amount of North Carolina income tax paid with the extension.

c - Partnership - If you are a nonresident partner, enter your share of the tax paid to North Carolina by the manager of the partnership on your distributive share of the partnership income. Include with your return a copy of Form NC K-1 for Form D-403 provided by the partnership to verify the amount claimed.

d - S Corporation - If you are a nonresident shareholder of an S corporation, enter your share of the income tax paid to North Carolina by an S corporation on your distributive share of the S corporation income. Include with your return a copy of Form NC K-1 for Form CD-401S provided by the S corporation to verify the amount claimed.

Lines 23a through 23e - Tax, Penalties, and Interest

a - If Line 19 is more than Line 22, you owe additional tax. Subtract Line 22 from Line 19 and enter the result on Line 23a.

b - Penalties - See "Penalties and Interest" on Pages 6 and 7 to determine if any penalties apply to you.

c - Interest - See "Penalties and Interest" on Page 7 to determine if you owe interest.

d - Total of penalties and interest.

e - Interest on the Underpayment of Estimated Income Tax and Exceptions- You may owe interest if you underpaid your estimated tax for any payment period. You will not owe interest if you had no tax liability in the prior year or if

this year's tax liability, less any amount withheld and allowable tax credits, is less than \$1,000. Complete Form D-422 to see if you owe interest. Enter the interest on Line 23e. The interest will increase your tax liability or reduce your overpayment. You do not have to attach Form D-422 or Form D-422A to your return; however, maintain the form for your records.

Exception to Underpayment of Estimated Tax:

- Enter an "F" in the box if you are a farmer or fisherman. You will not owe interest if you are a farmer or fisherman and pay the tax due by March 2, 2015. You are a farmer or fisherman if you received at least two-thirds of your gross income for the year from farming and fishing.
- Enter an "A" in the box if you completed Form D-422A, Annualized Income Installment Worksheet, in determining the amount to enter on Line 23e.

Line 24 - Pay This Amount

Add Lines 23a, 23d, and 23e and enter the total on Line 24. This is the total tax, penalties, and interest due. Mail your return and payment to the **North Carolina Department of Revenue, P.O. Box 25000, Raleigh, North Carolina 27640-0640**. Make your check or money order payable to the NC Department of Revenue. **Important:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.

You may also pay electronically or generate a personalized payment voucher Form D-400V by visiting www.dornc.com.

Line 25 - Overpayment

If Line 22 is more than Line 19, you have overpaid your tax. Subtract Line 19 (and any amount shown on Line 23e) from Line 22 and enter the amount of the overpayment on Line 25.

Line 26 - Estimated Income Tax

If you have overpaid the tax, you may elect to have your refund applied to your estimated tax for the following year by entering the amount to be applied on Line 26. The election cannot be changed after you file your return. The last allowable date for making a 2015 estimated tax payment is January 15, 2016; therefore, to apply a portion of your refund to 2015 estimated tax, you must file your 2014 return by January 15, 2016.

Line 27 - N. C. Nongame and Endangered Wildlife Fund

Help keep North Carolina wild by contributing any portion of your refund to the N.C. Nongame and Endangered Wildlife Fund. Your tax deductible contributions are essential to monitoring and managing our wildlife populations, including turtles, flying squirrels, frogs, mussels, salamanders, and hundreds of bird species

from terns and pelicans to woodpeckers and warblers. Conserving these species and their habitats is important to our state, our economy, and our quality of life. If wildlife conservation is important to you, please give what you can and help conserve North Carolina's wildlife for future generations to enjoy.

If you wish to contribute to the Fund, enter the amount of your contribution on Line 27. Your election to contribute to the Fund cannot be changed after you file your return. If you are not due a refund, you may still contribute to this Fund by donating online or mailing your donation directly to the North Carolina Wildlife Resources Commission, 1702 Mail Service Center, Raleigh, North Carolina 27699-1702. Checks should be made payable to the Nongame & Endangered Wildlife Fund. For more information about the Fund or to donate online, check out www.ncwildlife.org/give.



Line 28 - Contribution of Overpayment to N.C. Education Endowment Fund

If you wish to contribute all or part of your refund to the N.C. Education Endowment Fund, enter the amount of your contribution on Line 28. Your election to contribute to the Fund cannot be changed after you file your return. Additional contributions to the Fund may be made by mailing your contribution directly to the North Carolina Department of Public Instruction, Cash Collections, 6331 Mail Service Center, Raleigh, North Carolina 27699-6331. Checks should be made payable to "North Carolina Department of Public Instruction" with an indication either on the check or in an attached note that it is a contribution for the NC Education Endowment Fund.



Line 30 - Amount to be Refunded

If you are due a refund, mail your return to the **North Carolina Department of Revenue, P.O. Box R, Raleigh, North Carolina 27634-0001**. Refunds of less than \$1.00 are made only upon written request.

Line Instructions for Form D-400 Schedule S, North Carolina Supplemental Schedule

The references to line numbers on federal income tax forms were correct at the time of printing. If they have changed and you are unable to determine the proper line to use, please contact the Department of Revenue.

If you do not have additions to or deductions from federal adjusted gross income, you are not claiming N.C. itemized deductions and you are not computing North Carolina taxable income for part-year residents and nonresidents, do not complete or attach Schedule S.

Important: If you enter an amount on Line 7, 9, 11 (if claiming N.C. itemized deductions), or 13, you must attach Form D-400 Schedule S to Form D-400, Individual Income Tax Return, otherwise, we may be unable to process your return.

Part A - Additions to Federal Adjusted Gross Income

Line 1 - Interest Income

Enter the amount of interest received from notes, bonds, and other obligations of states and political subdivisions other than North Carolina if not included in federal adjusted gross income. This includes exempt interest dividends received from regulated investment companies (mutual funds) to the extent such dividends do not represent interest from obligations of North Carolina or its political subdivisions.

Line 2 - Adjustment for Domestic Production Activities

North Carolina does not allow the domestic production activities deduction. Therefore, if you claimed the deduction on Line 35 of federal Form 1040, the amount claimed must be added to federal adjusted gross income.

Line 3 - Other Additions to Federal Adjusted Gross Income

The amount by which your basis of property under federal law exceeds your basis of property for State purposes must be added to your adjusted gross income in the year that you dispose of the property.

Line 4 - Total Additions

Add Lines 1 through 3. Enter the total on Line 4 and on Form D-400, Line 7.

Part B - Deductions from Federal Adjusted Gross Income

Line 5 - State Income Tax Refund

Enter the amount of any state or local income tax refund included on Line 10 of your federal return, Form 1040.

Line 6 - Interest From United States Obligations

Enter the amount of interest received from notes, bonds, and other obligations of the United States (such as U.S. savings bonds, treasury notes and bills, etc.) or United States possessions.

Line 7 - Taxable Portion of Social Security and Railroad Retirement Benefits

Social security and railroad retirement benefits are not subject to State income tax. Enter any Title 2 social security benefits received under the Social Security Act and any Tier 1 or Tier 2 railroad retirement benefits received under the Railroad Retirement Act that were included in federal adjusted gross income. Railroad Retirement Act benefits include railroad unemployment insurance benefits and railroad sickness benefits.

Line 8 - Retirement Benefits Received by Vested Government Retirees (Bailey Settlement)

As a result of the North Carolina Supreme Court's decision in ***Bailey v. State of North Carolina***, North Carolina may not tax certain retirement benefits received by retirees (or by beneficiaries of retirees) of the State of North Carolina and its local governments or by United States government retirees (including military). **The exclusion applies to retirement benefits received from certain defined benefit plans, such as the North Carolina Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the North Carolina Consolidated Judicial Retirement System, the Federal Employees' Retirement System, or the United States Civil Service Retirement System, if the retiree had five or more years of creditable service as of August 12, 1989.** The exclusion also applies to retirement benefits received from the State's §401(k) and §457 plans if the retiree had contributed or contracted to contribute to the plan prior to August 12, 1989. **The exclusion does not apply to local government §457 plans or to §403(b) annuity plans.** Benefits

from other State, local, and federal retirement plans may or may not be excluded depending on rulings in the ***Bailey*** case. **The exclusion does not apply to retirement benefits paid to former teachers and state employees of other states and their political subdivisions.**

A retiree entitled to exclude retirement benefits from North Carolina income tax should claim a deduction on Line 8 for the amount of excludable retirement benefits included in federal adjusted gross income. Even if all your retirement is excludable under Bailey, you must still file a North Carolina return if you meet the minimum gross filing requirements on Page 5. A copy of Form 1099-R or W-2 received from the payer must be attached to the return to support the deduction.

Line 9 - Adjustment for Bonus Depreciation Added Back in 2009, 2010, 2011, 2012, and 2013

North Carolina did not adopt the 50 percent bonus depreciation provisions in IRC section 168(k) for tax year 2008 or in IRC sections 168(k) or 168(n) for tax years 2009 and 2010. Similarly, North Carolina did not adopt the provisions of the Small Business Jobs Act of 2010 which extended the 50 percent bonus depreciation through 2011 or the Tax Relief Act of 2010 which doubled and extended bonus depreciation from 50 percent to 100 percent for qualified property acquired and placed in service after September 8, 2010 and before January 1, 2012. The Tax Relief Act makes 50 percent bonus depreciation available for qualified property placed in service after December 31, 2011 and before January 1, 2013. Certain long-lived property and transportation property is eligible for 100 percent expensing if placed in service before January 1, 2013. Any amount added to federal taxable income or federal adjusted gross income on the 2009, 2010, 2011, 2012, and 2013 State returns may be deducted in five equal installments beginning with the 2010, 2011, 2012, 2013, and 2014 State returns, respectively. Therefore, enter 20 percent of the bonus depreciation added back on the 2009, 2010, 2011, 2012, and 2013 State returns.

Line 10 - Adjustment for Section 179 Expense Added Back in 2010, 2011, 2012, and 2013

North Carolina did not conform to the increased expense deduction or increased investment limit for section 179 property but rather maintained the expense deduction and investment limit allowed under the Internal Revenue Code as of May 1, 2010. Any amount added to federal taxable income or federal adjusted gross income on your 2010, 2011, 2012, and 2013 returns may be deducted in five equal installments beginning with the 2011, 2012, 2013, and 2014 State returns, respectively. Therefore, enter 20 percent of the section 179 expense deduction added back on your 2010, 2011, 2012, and 2013 State returns.

Line Instructions for Form D-400 Schedule S, North Carolina Supplemental Schedule

Line 11 - Other Deductions From Federal Adjusted Gross Income

- The gain from the sale or disposition of North Carolina obligations issued before July 1, 1995, is deducted from adjusted gross income if the law under which the obligations were issued specifically exempts the gain.
- The amount by which your basis of property for State purposes exceeds your basis of property for federal purposes must be deducted from your adjusted gross income in the year that you dispose of the property.
- Income that meets both of the following requirements:
 - a. Is earned or received by an enrolled member of a federally recognized Indian tribe.
 - b. Is derived from activities on a federally recognized Indian reservation while the member resides on the reservation. Income from intangibles having a situs on the reservation and retirement income associated with activities on the reservation are considered income derived from activities on the reservation.

Line 12 - Total Deductions

Add Lines 5 through 8 and Lines 9f, 10e, and 11. Enter the total on Line 12 and on Form D-400, Line 9.

Part C - N.C. Itemized Deductions

No itemized deductions included on federal Schedule A (Form 1040) are allowed as N.C. Itemized Deductions except **qualified home mortgage interest, real estate property taxes, and charitable contributions**.

The sum of qualified home mortgage interest and real estate property taxes claimed, respectively, under sections 163(h) and 164 of the Code may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately or married filing jointly, the total home mortgage interest and real estate property taxes claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately with a joint obligation for home mortgage interest and real estate property taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of home mortgage interest and real estate property taxes paid by both spouses exceeds twenty thousand dollars (\$20,000), the deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for tax year 2014.

Charitable contributions allowed as a deduction under section 170 of the Code are allowed

without limitation.

The itemized deductions are not subject to the overall limitation on itemized deductions under section 68 of the Code.

Line 13 - Qualifying Home Mortgage Interest

Enter the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence.

Line 14 - Real Estate Property Taxes

Enter the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code.

Line 15 - Total Home Mortgage Interest and Real Estate Property Taxes

Add Lines 13 and 14 and enter the amount.

Line 16 - Qualifying Home Mortgage Interest and Real Estate Property Taxes Limitation

Total home mortgage interest and real estate property taxes may not exceed \$20,000. For spouses filing as married filing separately or married filing jointly, the sum of home mortgage interest and real estate property tax deductions claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000).

Line 17 - Allowable North Carolina Home Mortgage Interest and Real Estate Property Taxes

Compare Line 15 and Line 16. Enter whichever is less.

Line 18 - Charitable Contributions

Enter the amount of charitable contributions allowed as a deduction under section 170 of the Code.

Line 19 - N.C. Itemized Deductions

Add Lines 17 and 18. Enter the amount on Line 19 and Form D-400, Line 11.

Part D - Computation of North Carolina Taxable Income for Part-Year Residents and Nonresidents

Lines 20 and 21 - Part-Year Resident/Nonresident Worksheet

Important: You must fill in applicable circles.

- Fill in circle(s) if you or your spouse *moved into or out of North Carolina* during the year and enter the dates of residency in the boxes.
- Fill in circle(s) if you or your spouse were *nonresidents of North Carolina* for the entire year.

If you were a part-year resident of North Carolina during the taxable year 2014 OR if you were a nonresident and you received income from North Carolina sources, you must complete the worksheet on Page 14 to determine the portion of federal gross income, as adjusted, that is subject to North Carolina income tax. After you complete the worksheet, enter the amount from Column B, Line 28 on Form D-400 Schedule S, Line 20. Enter the amount from Column A, Line 28 on Form D-400 Schedule S, Line 21. In Column B, enter only the portion of the North Carolina additions and deductions shown in Column A that are applicable to North Carolina. For example, if you received interest income from United States obligations of \$1,200 evenly during the year and you became a North Carolina resident on July 1, you should enter \$1,200 on Line 21 of Column A and \$600 on Line 21 of Column B.

Line 20

Enter the amount from **Column B, Line 28 of the Part-Year Resident/Nonresident Worksheet** on Page 14 of the Instructions.

Line 21

Enter the amount from **Column A, Line 28 of the Part-Year Resident/Nonresident Worksheet** on Page 14 of the Instructions

Line 22

Divide Line 20 by Line 21. Enter the result as a decimal amount here and on Form D-400, Line 13; round to four decimal places.

Line Instructions for Filing Form D-400 Schedule S, Part D**Part-Year Resident/Nonresident Worksheet***Please retain this worksheet with your records.***Column A**Income as Shown on
Federal Return**Column B**Income Subject to
North Carolina Tax**Income**

1. Wages	1.		
2. Taxable interest	2.		
3. Taxable dividends	3.		
4. State and local income tax refunds	4.		
5. Alimony received	5.		
6. Schedule C or C-EZ business income or (loss)	6.		
7. Schedule D capital gain or (loss)	7.		
8. Other gains or (losses)	8.		
9. Taxable amount of IRA distributions	9.		
10. Taxable amount of pensions and annuities	10.		
11. Schedule E - Rents, royalties, partnerships, S-Corps estates, trusts, etc.	11.		
12. Schedule F - Farm income or (loss)	12.		
13. Unemployment compensation	13.		
14. Taxable amount of Social Security or Railroad Retirement benefits	14.		
15. Other income	15.		
16. Add lines 1 through 15.	16.		

North Carolina Additions To Federal Adjusted Gross Income*(See Form D-400 Schedule S, Part A)*

17. Interest income from obligations of states other than NC	17.		
18. Other additions to federal adjusted gross income that relate to gross income	18.		
19. Add Lines 16, 17, and 18.	19.		

North Carolina Deductions From Federal Adjusted Gross Income*(See Form D-400 Schedule S, Part B)*

20. State and local income tax refund (from Line 4 above)	20.		
21. Interest from obligations of the United States or United States' possessions	21.		
22. Taxable portion of Social Security or Railroad Retirement benefits	22.		
23. Bailey retirement benefits (Enter in Col. A the total of the amount on Line 8, Form D-400 Schedule S)	23.		
24. Adjustment for bonus depreciation (Enter in Col. A the total of the amount on Line 9f, Form D-400 Schedule S)	24.		
25. Adjustment for 179 expense deduction (Enter in Col. A the amount from Line 10e, Form D-400 Schedule S)	25.		
26. Other deductions from federal adjusted gross income that relate to gross income	26.		
27. Add lines 20 through 26.	27.		
28. Line 19 minus line 27.	28.		

- Enter the amount from **Column B, Line 28** on Form D-400 Schedule S, Part D, Line 20.
- Enter the amount from **Column A, Line 28** on Form D-400 Schedule S, Part D, Line 21.

↑
(Enter this amount on Form D400
Schedule S, Part D, Line 21)

↑
(Enter this amount on Form D400
Schedule S, Part D, Line 20)

General Information for Claiming Tax Credits - Form D-400TC**► Credit for Tax Paid to Another State or Country**

When income is taxed by North Carolina for a period during which you were a legal resident of North Carolina and the same income is also taxed by another state or country because it was earned in or derived from sources within that state or country, a tax credit may be claimed, but not on the basis of a withholding statement alone. Attach a copy of the return filed with the other state or country and a copy of the check or receipt if a balance of tax was paid with the return.

Complete the North Carolina return and include all income both within and outside the State. Compute the tax as though no credit is to be claimed. Complete Part 1 of Form D-400TC to determine the allowable tax credit. **The amount entered on Line 1, Part 1 of Form D-400TC is total income from all sources received while a resident of North Carolina**, adjusted by the applicable additions and/or deductions to federal adjusted gross income that relate to gross income that you listed on Form D-400 Schedule S, Parts A and B. The amount of **net tax paid** on Line 6 is any prepayment of tax (tax withheld, estimated tax payments, amount paid with extension, etc.) plus any additional tax paid or **less any refunds** received or expected to be received. Attach a copy of the tax return filed with the other state and proof of the payment.

Include on Line 2, Part 1 of Form D-400TC your share of any S Corporation income that is attributable to and taxed by another state, whether or not the other state taxed the income at the individual or corporate level. Include on Line 6, Part 1, Form D-400TC the net tax you paid another state on your share of S Corporation income or your pro rata share of the net corporate tax paid by the S Corporation to another state that taxes the corporation rather than the shareholder. Attach a schedule to your return showing the total amount of tax paid to the other state by the S Corporation, and how your pro rata share of the tax was determined.

If you claim credit for tax paid to more than one state or country, use the worksheet on Page 15 to determine the tax credit allowable for each state or country. Determine the total credits for all states by adding the amount on Line 7 of each worksheet and enter the total on Form D-400TC, Line 7a. Be sure to use separate worksheets to determine the separate credits for each state or country.

Nonresidents are not entitled to this tax credit.

Out-of-State Tax Credit Worksheet

1. Total income from all sources (combined for joint filers) from Federal Form 1040, Line 22; 1040A, Line 15; or 1040EZ, Line 4, while a resident of North Carolina, adjusted by the applicable additions shown on Line 1 and deductions shown on Lines 5 through 10e of Form D-400 Schedule S, Parts A and B. Do not make any adjustment for any portion of Lines 3 or 11 of Form D-400 Schedule S, Parts A and B that does not relate to gross income.1. _____
2. The portion of Line 1 that was taxed by the other state or country2. _____
3. Divide Line 2 by Line 1 and enter the result as a decimal amount (Round to four decimal places)3. _____
4. Enter total North Carolina income tax (From Form D-400, Line 15)4. _____
5. Multiply Line 3 by Line 45. _____
6. Amount of net tax paid to the other state or country on the income shown on Line 2 (See instructions on Page 14 for definition of net tax paid)6. _____
7. Enter the lesser of Line 5 or Line 67. _____

► Credit for Children

For tax year 2014, the amount of credit has increased from \$100 to \$125 per qualifying child for some taxpayers.

You may claim a child tax credit on your State return for each dependent child for whom a federal child tax credit was allowed under section 24 of the Code. The amount of credit allowed for the taxable year is equal to the amount listed in the table below based on your adjusted gross income, as calculated under the Code (Form D-400, Line 6).

The credit for children can be claimed only for a child who was under 17 years of age on the last day of the year. A part-year resident or nonresident may claim a prorated credit based on the percentage of income that is subject to North Carolina tax.

Please refer to the chart below and complete the **Credit for Children Worksheet** to determine the amount of allowable credit. You must enter the number of dependent children for whom you were allowed a federal tax credit and the amount of the credit on Form D-400TC, Part 2, Line 8.

Credit for Children

<u>Filing Status</u>	<u>AGI</u>	<u>Credit Amount per Qualifying Child</u>
<u>Married Filing Jointly/Qualifying Widow(er)</u>	Up to \$40,000	\$125
	Over \$40,000 and up to \$100,000	\$100
	Over \$100,000	\$0
<u>Head of Household</u>	Up to \$32,000	\$125
	Over \$32,000 and up to \$80,000	\$100
	Over \$80,000	\$0
<u>Single or Married Filing Separately</u>	Up to \$20,000	\$125
	Over \$20,000 and up to \$50,000	\$100
	Over \$50,000	\$0

Credit for Children Worksheet

1. Multiply the number of children for whom you are entitled to claim the federal child tax credit by \$100 or \$125 and enter the result here. (**Full-year residents enter this amount here and on Line 3 below.**)1. _____
2. **Part-year residents and nonresidents** multiply the amount on Line 1 by the decimal amount from Form D-400, Line 13 and enter the result here and on Line 3 below. If Line 13 of Form D-400 is more than 1.0000, enter the amount from Line 1 here and on Line 3 below.2. _____
3. Credit for children (Include the amount on this line in the total on Form D-400TC, Part 2, Line 8.)3. _____

► Credit for Qualified Business Investments (Repealed effective for investments made on or after January 1, 2014)

A tax credit is allowed for qualifying investments in the equity securities or subordinated debt of a qualified business venture, qualified grantee business, or a qualified licensee business. The credit is 25% of the amount invested or \$50,000, whichever is less. The tax credit is not allowed for the year in which the investment is made but is allowed for the taxable year beginning during the calendar year following the calendar year in which the investment was made. Any unused credit may be carried forward for the next succeeding five years. Your basis in the equity securities or subordinated debt acquired as a result of your investment must be reduced by the amount of allowable credit.

General Information for Claiming Tax Credits - Form D-400TC

To be eligible for the credit, you must file Form D-499, Application for Tax Credit for Qualified Business Investments, with the Secretary of Revenue. The application should be filed on or before April 15 and no later than October 15 of the year following the calendar year in which the investment was made. An application filed after October 15 will not be accepted. See Page 2 of Form D-499 for additional rules and regulations for claiming the credit. The allowable credit should be shown on Form D-400TC, Line 10. You must attach a copy of the qualified business tax credit approval letter from the Department of Revenue to verify the credit claimed on the return.

► Credit for Rehabilitating Historic Structure

Income-producing – Generally, a taxpayer who is allowed a federal income tax credit under section 47 of the Internal Revenue Code for making rehabilitation expenditures for a certified historic structure located in North Carolina is allowed a credit equal to 20% of the expenditures that qualify for the federal credit (40% of expenditures if the facility at one time served as a State training school for juvenile offenders).

Nonincome-producing – Generally, a taxpayer who is not allowed a federal income tax credit under section 47 of the Internal Revenue Code and who makes rehabilitation expenses for a State-certified historic structure located in North Carolina is allowed a credit equal to 30% of the rehabilitation expenses (40% of expenditures if the facility at one time served as a State training school for juvenile offenders). To qualify for the credit, the rehabilitation expenses must exceed \$25,000 within a 24-month period. You must attach to the return a copy of the certification obtained from the State Historic Preservation Officer verifying that the historic structure has been rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation.

Important: The credit for rehabilitating a historic structure must be claimed in five equal installments beginning with the taxable year in which the property is placed in service. Any unused portion of the credit may be carried forward for the succeeding five years.

► Credit for Rehabilitating Historic Mill Facility

A tax credit is also allowed for rehabilitating a historic mill facility. The amount of credit depends on the location of the facility and whether it was renovated as income producing or nonincome producing property. Contact the Department of Revenue for additional information about the credit.

► Business Incentive and Energy Tax Credits (*Limited to 50% of Tax Liability*)

The following tax credits are available as incentives to new and expanding businesses or for investing in renewable energy property or low-income housing. If you believe you are entitled to one or more of the tax credits, contact the Department for Form NC-478 Series or you may download the forms from our website at www.dornc.com. Form NC-478 Series is used to calculate and report tax credits that are limited to 50% of your tax less the sum of all other tax credits that you claim. Complete the form and attach it to the front of your income tax return.

Do not enter a qualified business investment tax credit on Line 19. Tax credits for qualified business investments are claimed on Line 10. If you are entitled to one of the following tax credits, enter the amount of the credit on Form D-400TC, Line 19.

- Credit for investing in machinery and equipment *
- Credit for creating jobs *
- Credit for business property *
- Credit for real property *
- Credit for research and development
- Credit for interactive digital media *
- Credit for investing in central office or aircraft facility property *
- Credit for technology commercialization *
- Credit for renewable fuel facility
- Credit for investing in low-income housing *
- Credit for use of North Carolina ports *
- Credit for investing in renewable energy property
- Credit for work opportunity *
- Credit for constructing a railroad intermodal facility
- Credit for small business employee health benefits *
- Credit for biodiesel producers *
- Credit for donating funds to a nonprofit organization to enable the nonprofit to acquire renewable energy property.
- Credit for renewable energy property facility *

These credits have expired and are only available for future installments and unused carryforwards. *

► Sunset for Tax Credits - Effect on Future Installments and Carryforwards

For tax year 2014, various tax credits have been repealed. Taxpayers that qualified for these tax credits may continue to take any remaining installments and carryforwards of the tax credits after the sunset date if the taxpayer continues to meet the statutory eligibility requirements for each particular tax credit.

For example, the Article 3J credit for creating jobs is repealed for business activities that occur on or after January 1, 2014. In tax year 2013, a taxpayer, who met all eligibility requirements set out in N.C. Gen. Stat. § 105-129.83 and satisfied the threshold requirement for job creation, created jobs in this State. The taxpayer claimed the jobs credit by filing Form NC-478A (the applicable NC-478 series form) and by paying the fee of \$500.00 with the 2013 tax return on April 15, 2014. The taxpayer is allowed to take the first installment of the 2013 jobs credit on its 2014 tax return. Any unused portion of the first installment may be carried forward for the succeeding five years. The taxpayer is allowed to continue to take remaining installments as long as the taxpayer continues to meet the requirements of N.C. Gen. Stat. § 105-129.83 and N.C. Gen. Stat. § 105-129.87. If the taxpayer fails to maintain eligibility requirements, remaining installments are forfeited and only the carryforward amount of a previously accrued installment may be taken, subject to the carry forward provisions of N.C. Gen. Stat. § 105-129.84.

Important: Unless otherwise stated, the tax credits described in these instructions may not exceed the tax liability for the tax year, reduced by other tax credits.

Tax Rate - 5.8% (.058)

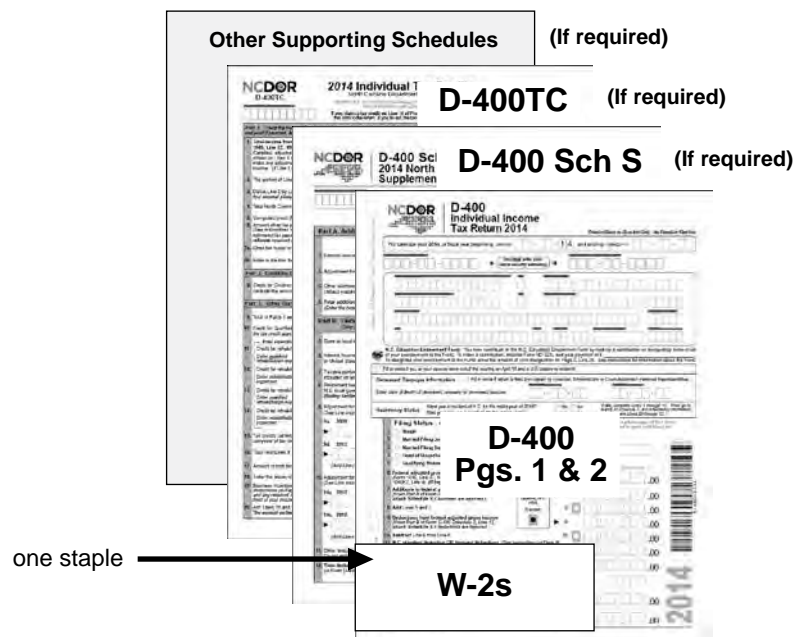
Important Reminders

- Do not submit photocopies of the return. Submit original forms only. Do not use any prior year forms to file a current year return.
- Double-check your figures, including your social security number. Accuracy speeds processing of your tax return.
- Claim the same filing status you claimed on your federal return. (Nonresidents see instructions on Page 8.) If you do not fill in the applicable circle to indicate your filing status, processing of your return will be delayed.
- Sign and date your return on Page 2. If you file a joint tax return, both you and your spouse must sign the return. Staple the originals or copies of the original State wage and tax statements in the lower left-hand corner of the return.
- You must include a copy of your federal return with your North Carolina return unless your federal return reflects a North Carolina address or you file electronically.
- If you owe additional tax, you can now pay by bank draft using an approved e-file software product. You may also pay your tax online by bank draft, credit or debit card (Visa or Mastercard) through the NCDOR website at www.dornc.com. Click on E-Services for details. If you do not pay your tax online, go to our website and generate a personalized payment voucher Form D-400V. Enclose the voucher with your return and payment, and mail to the address listed on Page 2 of Form D-400. If you do not pay online or by payment voucher, mail a check or money order with your return for the full amount due. Please write "2014 D-400", and your name, address, and social security number on the payment. If filing a joint return, write both social security numbers on your payment in the order that they appear on the return. **Note:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.

What you should send us...

- ✓ Your North Carolina income tax return (Form D-400)
- ✓ Form D-400 Schedule S if claiming additions to income on Line 7, deductions from income on Line 9, N.C. itemized deductions on Line 11 or computation of North Carolina taxable income for part-year residents and nonresidents on Line 13.
- ✓ Form D-400TC if you claimed a tax credit
- ✓ W-2s and 1099s showing North Carolina tax withheld and a 1099R if you claimed a **Bailey** retirement deduction
- ✓ A check or money order payable to "N.C. Department of Revenue" if you have a balance due. (**Note:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.)
- ✓ Other North Carolina forms or supporting schedules that are required according to the instructions (Please do not send copies of completed worksheets from the instruction booklet or other unnecessary attachments.)
- ✓ A copy of the tax return you filed in the other state if you are claiming a tax credit for tax paid to another state

Assemble your North Carolina return for mailing in the order shown



Note: If you are filing Form NC-478 series, be sure to attach the form to the front of your income tax return.

Important: If you owe tax, do not staple, tape, or otherwise attach your check or voucher to your return or to each other. Instead, just put them loose in the envelope.

Important Toll Free Telephone Numbers

Automated Refund Inquiry Line..... 1-877-252-4052
 Taxpayer Assistance and Forms..... 1-877-252-3052

Tax Assistance

Information about individual income tax and tax forms may be obtained from our website at www.dornc.com. You may also call the Taxpayer Assistance and Collection Center at 1-877-252-3052 (toll free) for additional assistance in completing your tax forms or to request forms.

Property for Sale

Looking for a bargain on good used vehicles, furniture, appliances, tools, and jewelry? Go to www.dornc.com/taxes/usub/ and click on **Items Available Through State Surplus Property Agency** or call (919) 854-2160.

Maintaining Records

You should keep canceled checks, receipts, or other documentation, including a copy of your federal return, to verify any amount entered on your tax return for a period of at least three years from the due date of the return or three years from the date the return is filed, whichever is later. Lack of adequate records may result in the disallowance of all or part of the deductions. Your canceled check, money order stub, or Departmental receipt showing payment of tax should be kept for at least five years from the due date of the tax return.

Important Notice Regarding Substitute Returns

Any facsimile or substitute form must be approved by the Department of Revenue prior to its use. If you use computer generated returns, the software company is responsible for requesting approval and receiving an assigned identification number. The Department publishes a list on our website of software developers who have received approval. Photocopies of the return are not acceptable. Returns that cannot be processed by our imaging and scanning equipment will be returned to the taxpayer with instructions to refile on an acceptable form.

Federal Privacy Act Notice

Disclosing your social security number on your return is required by regulations issued by the Secretary of Revenue under G.S. 105-152, 155, 251, and 252. Social security numbers are used in the administration of the State's tax laws and to exchange tax information with other states and the Internal Revenue Service. Always list your social security number on any attachments to your return and on any correspondence to the Department of Revenue.

Assistance For Disabled, Low Income, and Senior Citizen Taxpayers

If you are disabled, have a low income, or are a senior citizen, income tax returns can be prepared free of charge through the VITA (Volunteer Income Tax Assistance)/TCE (Tax Counseling for the Elderly) programs. For locations and dates of assistance, taxpayers in North Carolina can call the Internal Revenue Service toll free, 1-800-829-1040, weekdays.

Tax Fraud Hotline 1-800-232-4939

(919) 707-7597 in Wake County

The Department of Revenue provides a toll free number for citizens who wish to report instances of tax fraud. The number is 1-800-232-4939 (8:00 a.m. to 5:00 p.m., Monday through Friday, except holidays) and should be called **only** to report instances of fraud.

Mailing Addresses

If you are due
a refund: ⇒ N.C. Department of Revenue
P.O. Box R
Raleigh, N.C. 27634-0001

If you are not
due a refund: ⇒ N.C. Department of Revenue
P.O. Box 25000
Raleigh, N.C. 27640-0640