

NC-4 Employee's Withholding Allowance Certificate

PURPOSE - Complete Form NC-4 so your employer can withhold the correct amount of State income tax from your wages. **If you do not submit Form NC-4 to your employer, your employer must withhold as if your filing status is "Single" with no allowances.**

FORM NC-4 EZ - You may use Form NC-4 EZ if you plan to claim the N.C. standard deduction, plan to claim the N.C. child deduction amount (but no other N.C. deductions), do not plan to claim N.C. tax credits, or qualify to claim exempt status.

FORM NC-4 NRA - If you are a nonresident alien, you must use Form NC-4 NRA. In general, a nonresident alien is an alien (not a U.S. citizen) who has not passed the green card test or the substantial presence test. (*For more information on the green card test and the substantial presence test, see Publication 519, U.S. Tax Guide for Aliens.*)

FORM NC-4 GENERAL INSTRUCTIONS - Complete the **NC-4 Allowance Worksheet**. The worksheet will help you determine your withholding allowances based on federal and N.C. adjustments to income, the N.C. child deduction amount, N.C. itemized deductions, and N.C. tax credits. However, you may claim fewer allowances than you are entitled to if you wish to increase the amount of State income tax withheld during the tax year. If your withholding allowances decrease, you must file a new NC-4 with your employer within 10 days after the change occurs. **Exception:** When an individual ceases to be "Head of Household" after maintaining the household for the major portion of the year, a new NC-4 is not required until the first day of the first pay period that ends on or after January 1 of the following calendar year.

TWO OR MORE JOBS - If you have more than one job, determine the total number of allowances you are entitled to claim on all jobs using one NC-4 Allowance Worksheet. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 filed for the higher paying job and zero allowances are claimed for the other. You should also refer to the "Multiple Jobs Table" to determine any additional amount to be withheld on Form NC-4, Line 2 (See page 4).

NONWAGE INCOME - If you receive nonwage income, such as interest or

dividends, you may be required to make estimated income tax payments using **Form NC-40, Individual Estimated Income Tax**, to avoid owing interest on the underpayment of estimated income tax. Form NC-40 is available on the Department's website at ncdor.gov.

HEAD OF HOUSEHOLD - Generally, you may claim "Head of Household" filing status if you are unmarried or considered unmarried on the last day of the year, paid more than half of the cost of keeping up a home for the year, and had a qualifying person live with you in the home for more than half the year.

SURVIVING SPOUSE - Generally, you may claim "Surviving Spouse" filing status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

1. Your home is maintained as the main household of a child or stepchild whom you can claim as a dependent; and
2. You were entitled to file a joint return with your spouse for the year your spouse died.

MARRIED TAXPAYERS - For married taxpayers, both spouses must agree as to whether they will complete the NC-4 Allowance Worksheet based on the filing status, "Married Filing Jointly" or "Married Filing Separately."

- Married taxpayers who complete the worksheet based on the filing status, "Married Filing Jointly" should consider the sum of both spouses' income, federal and N.C. adjustments to income, the N.C. child deduction amount, N.C. itemized deductions, and N.C. tax credits to determine the number of allowances.
- Married taxpayers who complete the worksheet based on the filing status, "Married Filing Separately" should consider only his or her portion of income, federal and N.C. adjustments to income, the N.C. child deduction amount, N.C. itemized deductions, and N.C. tax credits to determine the number of allowances.

CAUTION: All NC-4 forms are subject to review by the North Carolina Department of Revenue. Your employer may be required to send this form to the Department. If you furnish your employer with an Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of State income tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld.

Cut here and give this certificate to your employer. Keep the top portion for your records.

NC-4 Employee's Withholding Allowance Certificate

1. Total number of allowances you are claiming
(Enter zero (0), or the number of allowances from Page 2, Line 17 of the NC-4 Allowance Worksheet)

2. Additional amount, if any, you want withheld from each pay period (Enter whole dollars)

.00

| | | | |
|--|-----------------------------------|---|--|
| Social Security Number | Filing Status | | |
| <input type="radio"/> Single or Married Filing Separately | | <input type="radio"/> Head of Household | <input type="radio"/> Married Filing Jointly or Surviving Spouse |
| First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) | M.I. | Last Name | |
| Address | State | Zip Code (5 Digit) | Country (If not U.S.) |
| City | County (Enter first five letters) | | |

Employee's Signature

Date

I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed on Line 1 above.

NC-4 Allowance Worksheet

Part I

Answer **all** of the following questions **for your filing status**.

Single -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$15,249? Yes No
2. Will your N.C. child deduction amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or N.C. deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Married Filing Jointly -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$27,999? Yes No
2. Will your N.C. child deduction amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or N.C. deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No
5. Will your spouse receive combined wages and taxable retirement benefits of less than \$10,250 or only retirement benefits not subject to N.C. income tax? Yes No

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Married Filing Separately -

1. Will your portion of N.C. itemized deductions from Page 3, Schedule 1 exceed \$15,249? Yes No
2. Will your N.C. child deduction amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or N.C. deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Head of Household -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$21,624? Yes No
2. Will your N.C. child deduction amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or N.C. deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

NC-4 Allowance Worksheet

Surviving Spouse -

| | | |
|--|------------------------------|-----------------------------|
| 1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$27,999? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. child deduction amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or N.C. deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **FIVE (5)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Part II to determine if you qualify for additional allowances. Otherwise, enter **FIVE (5)** on Form NC-4, Line 1.

NC-4 Part II

| | | |
|---|--|--------------------|
| 1. Enter an estimate of your N.C. itemized deductions from Page 3, Schedule 1..... | 1. <u>\$</u> | |
| 2. Enter the applicable N.C. standard deduction based on your filing status. | { \$12,750 if Single \$25,500 if Married Filing Jointly or Surviving Spouse \$12,750 if Married Filing Separately \$19,125 if Head of Household | 2. <u>\$</u> |
| 3. Subtract Line 2 from Line 1. If Line 1 is less than Line 2, enter ZERO (0) | 3. <u>\$</u> | |
| 4. Enter an estimate of your N.C. child deduction amount from Page 3, Schedule 2..... | 4. <u>\$</u> | |
| 5. Enter an estimate of your total federal adjustments to income and N.C. deductions from federal adjusted gross income..... | 5. <u>\$</u> | |
| 6. Add Lines 3, 4, and 5..... | 6. <u>\$</u> | |
| 7. Enter an estimate of your nonwage income (such as interest or dividends) | 7. <u>\$</u> | |
| 8. Enter an estimate of your N.C. additions to federal adjusted gross income | 8. <u>\$</u> | |
| 9. Add Lines 7 and 8..... | 9. <u>\$</u> | |
| 10. Subtract Line 9 from Line 6 (<i>Do not enter less than zero</i>)..... | 10. <u>\$</u> | |
| 11. Divide the amount on Line 10 by \$2,500. Round down to whole number | 11. | |
| Ex. $\$3,900 \div \$2,500 = 1.56$ rounds down to 1 | | |
| 12. Enter an estimate of your N.C. tax credits..... | 12. <u>\$</u> | |
| 13. Divide the amount on Line 12 by \$103. Round down to whole number | 13. | |
| Ex. $\$200 \div \$103 = 1.94$ rounds down to 1 | | |
| 14. If filing as Single, Head of Household, or Married Filing Separately, enter zero (0) on this line. If filing as Surviving Spouse, enter 5. If filing as Married Filing Jointly, enter the appropriate number from either (a), (b), (c), (d), (e), or (f) below. | | |
| (a) Your spouse expects to have combined wages and taxable retirement benefits of less than or equal to \$250 for N.C. purposes, enter 5. (Taxable retirement benefits do not include: <i>Bailey, Certain Military Retirement, Social Security, and Railroad retirement</i>) | | |
| (b) Your spouse expects to have combined wages and taxable retirement benefits of more than \$250 but less than or equal to \$2,750, enter 4. | | |
| (c) Your spouse expects to have combined wages and taxable retirement benefits of more than \$2,750 but less than or equal to \$5,250, enter 3. | | |
| (d) Your spouse expects to have combined wages and taxable retirement benefits of more than \$5,250 but less than or equal to \$7,750, enter 2. | | |
| (e) Your spouse expects to have combined wages and taxable retirement benefits of more than \$7,750 but less than or equal to \$10,250, enter 1. | | |
| (f) Your spouse expects to have combined wages and taxable retirement benefits of more than \$10,250, enter 0..... | | |
| 15. Add Lines 11, 13, and 14, and enter the total here..... | 15. | |
| 16. If you completed this worksheet on the basis of Married Filing Jointly, the total number of allowances determined on Line 15 may be split between you and your spouse, however, you choose. Enter the number of allowances from Line 15 that your spouse plans to claim | 16. | |
| 17. Subtract Line 16 from Line 15 and enter the total number of allowances here and on Line 1 of your Form NC-4, Employee's Withholding Allowance Certificate | 17. | |

NC-4 Allowance Worksheet Schedules

Important: If you cannot reasonably estimate the amount to enter in the schedules below, you should enter ZERO (0) on Form NC-4, Line 1.

Schedule 1

Estimated N.C. Itemized Deductions

| | |
|--|----------|
| Home Mortgage Interest | \$ _____ |
| Real Estate Property Taxes | \$ _____ |
| Total Home Mortgage Interest and Real Estate Property Taxes* | \$ _____ |
| Charitable Contributions (Same as allowed for federal purposes) | \$ _____ |
| Medical and Dental Expenses (Same as allowed for federal purposes) | \$ _____ |
| Repayment of Claim of Right Income | \$ _____ |
| Total Estimated N.C. Itemized Deductions. Enter on Page 2, Part II, Line 1 | \$ _____ |

*The sum of your home mortgage interest and real estate property taxes may not exceed \$20,000. For married taxpayers, the \$20,000 limitation applies to the combined total of home mortgage interest and real estate property taxes claimed by both spouses, rather than to each spouse separately.

Schedule 2

Estimated N.C. Child Deduction Amount

A taxpayer who is allowed a federal child tax credit under Internal Revenue Code ("IRC") section 24 is allowed a deduction for each qualifying child unless federal adjusted gross income exceeds the threshold amount shown below.

The N.C. child deduction amount can be claimed only for a child who is under 17 years of age on the last day of the year.

| Filing Status | Federal Adjusted Gross Income | | Number of Qualifying Children | Deduction Amount per Qualifying Child | Estimated N.C. Child Deduction |
|---------------|-------------------------------|------------------|-------------------------------|---------------------------------------|--------------------------------|
| | Up to \$ 20,000 | Over \$ 20,000 | | | |
| Single | Up to \$ 20,000 | | | \$ 3,000 | |
| | Over \$ 20,000 | Up to \$ 30,000 | | \$ 2,500 | |
| | Over \$ 30,000 | Up to \$ 40,000 | | \$ 2,000 | |
| | Over \$ 40,000 | Up to \$ 50,000 | | \$ 1,500 | |
| | Over \$ 50,000 | Up to \$ 60,000 | | \$ 1,000 | |
| | Over \$ 60,000 | Up to \$ 70,000 | | \$ 500 | |
| | Over \$ 70,000 | | | \$ - | |
| MFJ or SS | Up to \$ 40,000 | | | \$ 3,000 | |
| | Over \$ 40,000 | Up to \$ 60,000 | | \$ 2,500 | |
| | Over \$ 60,000 | Up to \$ 80,000 | | \$ 2,000 | |
| | Over \$ 80,000 | Up to \$ 100,000 | | \$ 1,500 | |
| | Over \$ 100,000 | Up to \$ 120,000 | | \$ 1,000 | |
| | Over \$ 120,000 | Up to \$ 140,000 | | \$ 500 | |
| | Over \$ 140,000 | | | \$ - | |
| HOH | Up to \$ 30,000 | | | \$ 3,000 | |
| | Over \$ 30,000 | Up to \$ 45,000 | | \$ 2,500 | |
| | Over \$ 45,000 | Up to \$ 60,000 | | \$ 2,000 | |
| | Over \$ 60,000 | Up to \$ 75,000 | | \$ 1,500 | |
| | Over \$ 75,000 | Up to \$ 90,000 | | \$ 1,000 | |
| | Over \$ 90,000 | Up to \$ 105,000 | | \$ 500 | |
| | Over \$ 105,000 | | | \$ - | |
| MFS | Up to \$ 20,000 | | | \$ 3,000 | |
| | Over \$ 20,000 | Up to \$ 30,000 | | \$ 2,500 | |
| | Over \$ 30,000 | Up to \$ 40,000 | | \$ 2,000 | |
| | Over \$ 40,000 | Up to \$ 50,000 | | \$ 1,500 | |
| | Over \$ 50,000 | Up to \$ 60,000 | | \$ 1,000 | |
| | Over \$ 60,000 | Up to \$ 70,000 | | \$ 500 | |
| | Over \$ 70,000 | | | \$ - | |