

# NC-4 Employee's Withholding Allowance Certificate

**PURPOSE** - Complete Form NC-4 so that your employer can withhold the correct amount of State income tax from your pay. **If you do not provide an NC-4 to your employer, your employer is required to withhold based on the filing status, "Single" with zero allowances.**

**FORM NC-4 EZ** - You may use Form NC4-EZ if you plan to claim either the N.C. Standard Deduction or the N.C. Child Deduction Amount (but no other N.C. deductions), and you do not plan to claim any N.C. tax credits.

**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. (See Publication 519, U.S. Tax Guide for Aliens, for more information on the green card test and the substantial presence test.)

**FORM NC-4 BASIC INSTRUCTIONS** - Complete the NC-4 Allowance Worksheet. The worksheet will help you determine your withholding allowances based on federal and State adjustments to gross income including 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 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 next 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 Form 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 the additional amount to be withheld on Line 2 of Form NC-4 (See page 5).

**NONWAGE INCOME** - If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40 to avoid underpayment of estimated tax interest. Form NC-40 is available on the Department's website at [www.dornc.com](http://www.dornc.com).

**HEAD OF HOUSEHOLD** - Generally you may claim "Head of Household" filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

**SURVIVING SPOUSE** - 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 for whom you can claim a federal exemption; and
2. You were entitled to file a joint return with your spouse in the year of your spouse's death.

**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 State adjustments to income, and State 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 State adjustments to income, and State tax credits to determine the number of allowances.

**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 North Carolina Department of Revenue.**

**CAUTION:** If you furnish an employer with an Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of 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, 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				County (Enter first five letters)
City	State	Zip Code (5 Digit)	Country (If not U.S.)	

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 \$11,249? 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 State deductions from income from Page 4, Schedule 3? Yes  No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 5? 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 \$19,999? 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 State deductions from income from Page 4, Schedule 3? Yes  No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 5? Yes  No
5. Will your spouse receive combined wages and taxable pensions of less than \$6,250 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 \$11,249? 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 State deductions from income from Page 4, Schedule 3? Yes  No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 5? 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 \$16,499? 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 State deductions from income from Page 4, Schedule 3? Yes  No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 5? 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 \$19,999?                      | 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 State deductions from income from Page 4, Schedule 3?       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 5? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **THREE (3)** 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 **THREE (3)** on Form NC-4, Line 1.

## NC-4 Part II

- |  |     |    |  |  |
|--|-----|----|--|--|
| 1. Enter your total estimated N.C. itemized deductions from Page 3, Schedule 1.....  | 1.  | \$ |  |  |
| 2. Enter the applicable N.C. standard deduction based on your filing status. <span style="font-size: 2em; vertical-align: middle;">}</span> \$ 8,750 if Single<br>\$17,500 if Married Filing Jointly or Surviving Spouse<br>\$ 8,750 if Married Filing Separately<br>\$14,000 if Head of Household ..... | 2.  | \$ |  |  |
| 3. Subtract Line 2 from Line 1. If Line 1 is less than Line 2, enter ZERO (0) .....  | 3.  | \$ |  |  |
| 4. Enter an estimate of your total N.C. Child Deduction Amount from Page 3, Schedule 2 .....   | 4.  | \$ |  |  |
| 5. Enter an estimate of your total federal adjustments to income and State deductions from federal adjusted gross income from Page 4, Schedule 3.....  | 5.  | \$ |  |  |
| 6. Add Lines 3, 4, and 5.....  | 6.  | \$ |  |  |
| 7. Enter an estimate of your nonwage income (such as dividends or interest) .....  | 7.  | \$ |  |  |
| 8. Enter an estimate of your State additions to federal adjusted gross income from Page 4, Schedule 4 .....  | 8.  | \$ |  |  |
| 9. Add Lines 7 and 8.....  | 9.  | \$ |  |  |
| 10. Subtract Line 9 from Line 6 ( <i>Do not enter less than zero</i> ).....  | 10. | \$ |  |  |
| 11. Divide the amount on Line 10 by \$2,500. Round down to whole number .....  | 11. |    |  |  |
| Ex. \$3,900 ÷ \$2,500 = 1.56 rounds down to 1  |     |    |  |  |
| 12. Enter the amount of your estimated N.C. tax credits from Page 4, Schedule 5 ..   | 12. | \$ |  |  |
| 13. Divide the amount on Line 12 by \$140. Round down to whole number .....  | 13. |    |  |  |
| Ex. \$200 ÷ \$140 = 1.43 rounds down to 1  |     |    |  |  |
| 14. If filing as Single, Head of Household, or Married Filing Separately, enter zero (0) on this line.<br>If filing as Surviving Spouse, enter 3.<br>If filing as Married Filing Jointly, enter the appropriate number from either (a), (b), (c), or (d) below.  |     |    |  |  |
| (a) Your spouse expects to have zero wages and expects to receive retirement benefits that will all be nontaxable for N.C. purposes, enter 3. (Nontaxable retirement benefits include: <i>Bailey</i> , Social Security, and Railroad retirement)   |     |    |  |  |
| (b) Your spouse expects to have combined wages and taxable pensions of more than \$1, but less than \$3,750, enter 2.  |     |    |  |  |
| (c) Your spouse expects to have combined wages and taxable pensions of more than \$3,750 but less than \$6,250, enter 1.   |     |    |  |  |
| (d) Your spouse expects to have combined wages and taxable pensions of more than \$6,250, enter 0.....   | 14. |    |  |  |
| 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 Line 1, NC-4.**

## Schedule 1 Estimated N.C. Itemized Deductions

Qualifying mortgage interest	\$ _____	
Real estate property taxes	\$ _____	
Total qualifying 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)		\$ _____
Total estimated N.C. itemized deductions. Enter on Page 2, Part II, Line 1		\$ _____

\*The sum of your qualified 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 qualified 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 section 24 of the Internal Revenue Code is allowed a deduction for each dependent child unless 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	Adjusted Gross Income	No. of Children	Deduction Amount per Qualifying Child	Estimated Deduction
Single	Up to \$ 20,000	_____	\$ 2,500	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,000	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 1,500	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,000	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 500	_____
	Over \$ 60,000	_____	\$ -	_____
MFJ or SS	Up to \$ 40,000	_____	\$ 2,500	_____
	Over \$ 40,000 Up to \$ 60,000	_____	\$ 2,000	_____
	Over \$ 60,000 Up to \$ 80,000	_____	\$ 1,500	_____
	Over \$ 80,000 Up to \$ 100,000	_____	\$ 1,000	_____
	Over \$ 100,000 Up to \$ 120,000	_____	\$ 500	_____
	Over \$ 120,000	_____	\$ -	_____
HOH	Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 45,000	_____	\$ 2,000	_____
	Over \$ 45,000 Up to \$ 60,000	_____	\$ 1,500	_____
	Over \$ 60,000 Up to \$ 75,000	_____	\$ 1,000	_____
	Over \$ 75,000 Up to \$ 90,000	_____	\$ 500	_____
	Over \$ 90,000	_____	\$ -	_____
MFS	Up to \$ 20,000	_____	\$ 2,500	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,000	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 1,500	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,000	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 500	_____
	Over \$ 60,000	_____	\$ -	_____

# 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 Line 1, NC-4.**

## Schedule 3 Estimated Federal Adjustments to Income

Federal adjustments to income are the amounts that are deducted from total income claimed on your federal return. Adjustments to income may include:

Health savings account deduction	\$	.
Moving expenses	\$	.
Alimony paid	\$	.
IRA deduction	\$	.
Student loan interest deduction	\$	.
Certain business expenses of reservists, performing artist, and fee-basis governmental officials	\$	.
<b>Total Federal Adjustments to Income</b>		<b>\$</b> .

### Estimated State Deductions from Federal Adjusted Gross Income to Consider for NC-4 Purposes

20% of prior bonus depreciation addback	\$	.
20% of prior section 179 addback	\$	.
Amount by which North Carolina basis of property exceeds federal basis of property - in year taxpayer disposes of property	\$	.
<b>Total State Deductions from Federal Adjusted Gross Income</b>		<b>\$</b> .

**(Do not consider any amount of the portion of Bailey Retirement Benefits, Social Security Benefits, Railroad Retirement Benefits included in Adjusted Gross Income or amount deposited during the taxable year to a personal education savings account under Article 39A of Chapter 115C of the General Statutes.)**

Total Federal Adjustments to Income and State Deductions from Federal Adjusted Gross Income. Enter on Page 2, Part II, Line 5 \$ .

## Schedule 4 Estimated State Additions to Federal Adjusted Gross Income to Consider for NC-4 Purposes

Shareholder's share of built-in gains tax that the S corporation paid for federal income tax purposes	\$	.
Amount by which federal basis of property exceeds NC basis of property - in year taxpayer disposes of property	\$	.
Amount of gross income from domestic production activities that a taxpayer excludes from gross income under section 199 of the Internal Revenue Code	\$	.
Amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under Section 108 of the code.	\$	.
Adjustment for bonus depreciation	\$	.
Adjustment for section 179 expense deduction	\$	.
<b>Total State Additions to Federal Adjusted Gross Income. Enter on Page 2, Part II, Line 8</b>		<b>\$</b> .

## Schedule 5 Estimated N.C. Tax Credits

Tax Credit for Income Taxes Paid to Other States by Individuals \$ .

### Additional Tax Credits and Carryovers

Credit for Rehabilitating Income-Producing Historic Structure (Article 3L)	\$	.
Credit for Rehabilitating Nonincome-Producing Historic Structure (Article 3L)	\$	.
Installments of expired tax credits (Article 3B, Article 3D, and Article 3H)	\$	.
Tax credits carried over from previous years	\$	.
<b>Total Tax Credits and Carryovers. Enter on Page 2, Part II, Line 12</b>		<b>\$</b> .

## Multiple Jobs Table

Find the amount of your estimated annual wages from your lowest paying job(s) in the left hand column. Follow across to find the amount of additional tax to be withheld for each pay period. Enter the additional amount to be withheld on Line 2 of your **Form NC-4**.

### Additional Withholding for Single, Married, or Surviving Spouse with Multiple Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	500	1	1	1	0
500	1500	5	2	2	1
1500	2500	9	5	4	2
2500	3500	14	7	6	3
3500	4500	19	9	9	4
4500	5500	23	12	11	5
5500	6500	28	14	13	6
6500	7500	33	16	15	8
7500	8500	37	19	17	9
8500	Unlimited	41	20	19	9

### Additional Withholding for Head of Household Filers with Multiple Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	1000	2	1	1	1
1000	2000	7	3	3	2
2000	3000	12	6	5	3
3000	4000	16	8	8	4
4000	5000	21	10	10	5
5000	6000	26	13	12	6
6000	7000	30	15	14	7
7000	8000	35	17	16	8
8000	9000	40	20	18	9
9000	10000	44	22	20	10
10000	11000	49	24	23	11
11000	12000	54	27	25	12
12000	13000	58	29	27	13
13000	14000	63	31	29	15
14000	Unlimited	65	33	30	15