

2025 Volunteer's Guide To Preparing North Carolina Income Tax Returns



**North Carolina
Department of Revenue**

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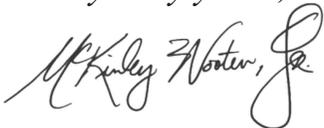
Dear Volunteer,

I would like to take this opportunity to express my gratitude for your service to the Volunteer Income Tax Assistance and the Tax Counseling for the Elderly programs for the 2025 tax season. The time and energy you provide in meeting the needs of North Carolina's elderly, handicapped, and low to moderate income taxpayers are essential as many of these individuals are unable to afford a paid preparer.

The North Carolina Department of Revenue is committed to the Volunteer Income Tax Assistance Program. We could not accomplish our goal without your unselfish efforts. I commend your willingness to help those in need and trust that you find the experience rewarding.

On behalf of the Department of Revenue, thank you for serving as a volunteer during the tax season. You are appreciated!

Very truly yours,



*McKinley Wooten, Jr.
Secretary of Revenue*



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INTRODUCTION

Note

The information contained in this manual is to be used as a guide in the preparation of the 2025 North Carolina individual income tax return and is not intended to cover all provisions of the law.

Purpose

This manual is designed to assist in the preparation of the 2025 North Carolina individual income tax return. It will provide guidance to complete the tax return. This should also serve as a reference guide once you begin offering volunteer assistance to taxpayers.

For volunteers participating in the VITA (Volunteer Income Tax Assistance) and the TCE (Tax Counseling for the Elderly) programs, it is very important for you to assist only with tax returns, supporting schedules, and forms for which you have been trained. Please advise taxpayers with difficult returns or portions of returns that are beyond the scope of your training to contact the Department of Revenue at 1-877-252-3052 for further assistance.

Confidentiality and Integrity

As a volunteer tax assistor, you have a special public trust to maintain the integrity of our tax system. The public places a high level of confidence in you; therefore, you **MUST NOT** disclose any tax return information you learn as a result of the assistance provided.

Quality

Providing quality service to taxpayers is our goal. Therefore, accuracy in completing tax returns is essential. The following list suggests some ways to ensure that each return is prepared correctly:

- Use a calculator to verify your math.
- Refer to your training manual and job aids for help with complicated topics.
- Use the checklists and worksheets provided.
- Consult with other, more experienced, volunteers at your site.
- Call the Department of Revenue’s taxpayer assistance number at 1-877-252-3052.

Forms

The Department of Revenue will provide all the forms needed for your site at the beginning of the filing season. Please send an email to the Customer Education Team at CustomerEducationTeam@ncdor.gov to request forms.

GENERAL INFORMATION

This section will discuss general information as to who should file a North Carolina individual income tax return, residency requirements, and which tax forms to use as well as when tax returns are due and other general information.

Who should file a North Carolina individual income tax return?

The minimum gross income filing requirements under North Carolina law are different from the filing requirements under the Internal Revenue Code because North Carolina law does not allow the same standard deduction amount as the Internal Revenue Code.

The following individuals are required to file a 2025 North Carolina individual income tax return:

- a. Every resident of North Carolina whose gross income for the taxable year exceeds the amount for their filing status shown in the Filing Requirements Chart on the following page.
- b. Every part-year resident who received income while a resident of North Carolina or who received income while a nonresident that was (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, or (2) derived from a business, trade, profession, or occupation carried on in North Carolina, or (3) is derived from gambling activities in North Carolina and whose total gross income for the taxable year exceeds the amount for their filing status shown in the Filing Requirements Chart on the following page.
- c. Every nonresident who received income for the taxable year from North Carolina sources that was (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, (2) or derived from a business, trade, profession, or occupation carried on in North Carolina, or (3) derived from gambling activities in North Carolina and whose total gross income from all sources both inside and outside of North Carolina for the taxable year exceeds the amount for their filing status shown in the Filing Requirements Chart on the following page.
- d. If a taxpayer's federal gross income was less than the amount shown in the Filing Requirements Chart for their filing status, the taxpayer must file a tax return to receive a refund of N.C. income tax withheld.

If a taxpayer was not required to file a federal income tax return, but their total gross income from all sources both inside and outside of North Carolina exceeds the amount for their filing status shown in the Filing Requirements Chart on the following page, the individual must complete a federal income tax return and attach it to their North Carolina income tax return to show how their federal adjusted gross income and deductions were determined.

Gross income includes all income a taxpayer receives in the form of money, goods, property, and services that is not exempt from tax. It also includes income from sources outside the United States.

When using the Filing Requirements Chart on the following page, do not include social security benefits as gross income.

Filing Requirements Chart	
<u>Filing Status</u>	<u>A Return is Required if Federal Gross Income Exceeds</u>
Single.....	\$ 12,750
Married - Filing Jointly.....	\$ 25,500
Married - Filing Separately	
If spouse <u>does not claim</u> itemized deductions.....	\$ 12,750
If spouse <u>claims</u> itemized deductions.....	0
Head of Household.....	\$ 19,125
Qualifying Widow(er)/Surviving Spouse	\$ 25,500
Nonresident Alien (<i>regardless of filing status</i>)	\$ 0

Is the taxpayer a resident or a nonresident?

“G.S. § 105-153.3(15)” defines a resident as “an individual who is domiciled in this State at any time during the taxable year or who resides in this State during the taxable year for other than a temporary or transitory purpose.”

In the absence of convincing proof to the contrary, an individual who is present within North Carolina for more than 183 days during the taxable year is presumed to be a resident for income tax purposes, but the absence of an individual from the State for more than 183 days raises no presumption that the individual is not a resident.

A resident who moves from the State during a taxable year is considered a resident of North Carolina until the individual has both established a definite domicile elsewhere and abandoned any domicile in North Carolina. A taxpayer may have several places of abode in a year, but at no time can an individual have more than one domicile. A mere intent or desire to make a change in domicile is not enough; voluntary and positive action must be taken. The fact of marriage does not raise any presumption as to domicile or residence.

Listed below are some of the factors to be considered in determining the legal residence of an individual for income tax purposes. As implied by the list of factors below, an individual's legal state of residence is reflected more by the routine events of life than by events such as voting or obtaining a driver's license which may occur every four or eight years.

1. Place of birth of the taxpayer, the taxpayer’s spouse, and the taxpayer’s children.
2. Permanent residence of the taxpayer’s parents.
3. Family connections and close friends.
4. Address used for federal tax returns, military purposes, passports, driver’s license, vehicle registrations, insurance policies, professional licenses or certificates, subscriptions for newspapers, magazines, and other publications, and monthly statements for credit cards, utilities, bank accounts, loans, insurance, or any other bill or item that requires a response.
5. Civic ties, such as church membership, club membership, or lodge membership.
6. Professional ties, such as licensure by a licensing agency or membership in a business association.
7. Payment of state income taxes.
8. Place of employment or, if self-employed, place where business is conducted.
9. Location of healthcare providers, such as doctors, dentists, veterinarians, and pharmacists.
10. Voter registration and ballots cast, whether in person or by absentee ballot.
11. Occasional visits or spending one’s leave “at home” if a member of the armed services.

12. Ownership of a home, insuring a home as a primary residence, or deferring gain on the sale of a home as a primary residence.
13. Location of pets.
14. Attendance of the taxpayer or the taxpayer's children at State supported colleges or universities on a basis of residence – taking advantage of lower tuition fees.
15. Location of activities for everyday "hometown" living, such as grocery shopping, haircuts, video rentals, dry cleaning, fueling vehicles, and automated banking transactions.
16. Utility usage, including electricity, gas, telecommunications, and cable television.

What is the taxpayer's status if they move into or out of North Carolina during 2025?

An individual who moves their domicile (legal residence) into or out of North Carolina during the tax year is a part-year resident. A part-year resident must complete Form D-400 Schedule PN, Part-Year Resident and Nonresident Schedule, and may need to complete Form D-400 Schedule PN-1, Other Additions and Other Deductions (if applicable) to determine the percentage of federal gross income, as adjusted, subject to North Carolina income tax.

Listed below are some of the factors to consider in determining when residency may have changed:

1. Selling a house and buying a new one.
2. Directing U.S. Postal Service to forward mail to a new address.
3. Transferring family medical records to a new healthcare provider.
4. Notifying senders of statements, bills, subscriptions, and similar items of a new address.
5. Registering a vehicle in a new jurisdiction.
6. Transferring memberships for church, health club, lodge, or similar activity.
7. Applying for professional certifications in a new jurisdiction.

The taxpayer is a full-year North Carolina resident, but the spouse is not. How should they file?

If a taxpayer files a joint federal return and their spouse is a nonresident of North Carolina who had no North Carolina taxable income, the taxpayer may file a joint North Carolina return or a North Carolina return as married filing separately. If the taxpayer chooses to file a North Carolina return as married filing separately, the taxpayer must complete either a federal return as married filing separately reporting only the taxpayer's income and deductions or a schedule showing the computation of the taxpayer's separate income and deductions and attach it to their North Carolina tax return.

What is the residency status of a taxpayer who is in the Armed Forces?

If a taxpayer is serving in the United States Armed Forces and their domicile (legal residence) is North Carolina, the taxpayer must pay North Carolina income tax and North Carolina income tax should be withheld from their military pay, regardless of where the taxpayer is stationed. Domicile or legal residence is an individual's permanent home. A taxpayer's legal residence does not change even though the taxpayer may be absent for one or more years unless the taxpayer intends to change their state of residence and take voluntary and positive actions to do so.

If a taxpayer is a legal resident of another state who is stationed in North Carolina on military orders, their military pay will not be taxed by North Carolina. However, any income that is (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, (2) or derived from a business, trade, profession, or occupation carried on in North Carolina, or (3) derived from gambling activities in North Carolina is subject to North Carolina income tax.

**The taxpayer is in the Armed Forces and the taxpayer and spouse are nonresidents.
Will the spouse's North Carolina income be taxed in North Carolina?**

The Veterans Benefits and Transition Act of 2018 amended the Servicemembers Civil Relief Act to allow the spouse of a servicemember to elect to use the same state of residence as the servicemember for state tax purposes. Beginning with taxable year 2018, this election can be made regardless of when or where the taxpayers were married.

The income earned for services performed in North Carolina by a spouse of a servicemember who made the residency election under the Veterans Benefits and Transition Act of 2018 is not subject to North Carolina income tax if: (1) the servicemember is present in North Carolina serving in compliance with military orders, (2) the servicemember's spouse is in North Carolina solely to be with the servicemember, and (3) the active duty servicemember maintains legal residence in a state other than North Carolina and the servicemember's spouse elects that same state as their legal state of residence.

If all three of the above 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 all of the requirements should see the instructions for Form D-400 Schedule PN in the individual income tax instruction booklet, Form D-401.

What form should the taxpayer use?

All individuals (including part-year residents and nonresidents) required to file a North Carolina individual income tax return must file Form D-400. If a taxpayer has additions to or deductions from federal adjusted gross income, they must complete and attach Form D-400 Schedule S, N.C. Adjustments for Individuals to Form D-400. If the taxpayer claims North Carolina itemized deductions, they must complete and attach Form D-400 Schedule A, N.C. Itemized Deductions to Form D-400. If a taxpayer is a part-year resident or nonresident who received income from North Carolina sources, they must complete and attach Form D-400 Schedule PN, Part-Year Resident and Nonresident Schedule to Form D-400 and may need to complete Form D-400 Schedule PN-1, Other Additions and Other Deductions (if applicable). If a taxpayer is claiming a North Carolina tax credit, they must complete and attach Form D-400TC, Individual Income Tax Credits to Form D-400. In addition, if a taxpayer is claiming a North Carolina tax credit and is required to complete Form NC-478 or Form NC-Rehab, they must attach the applicable form(s) to Form D-400.

When must the tax return be filed?

If a taxpayer's return is filed on a calendar year basis, the 2025 return is due on or before **April 15th, 2026**. When the due date falls on a Saturday, Sunday, or legal holiday, the return is due on or before the next business day.

A fiscal year return is due on the 15th day of the 4th month following the end of the taxable year. A fiscal year return must be filed on a tax form for the year in which the fiscal year begins. For example, a 2025 tax form must be used for a fiscal year beginning in 2025. If a fiscal year return is filed, the applicable dates should be printed in the boxes provided at the top of Form D-400.

If a taxpayer is out of the country on the original due date of the return, the taxpayer is granted an automatic four month extension to file their North Carolina individual income tax return if the circle is filled in on page 1 of Form D-400. "Out of the Country" means a taxpayer lives outside the United States and Puerto Rico and their main place of work is outside of the United States and Puerto Rico, or they 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. Nonresident aliens are required to file returns at the same time they are required to file their federal returns.

What if the taxpayer needs more time to file?

A taxpayer who receives an automatic extension to file a federal individual income tax return will be granted an automatic state extension to file their N.C. individual income tax return, Form D-400. In order for a taxpayer to receive the automatic state extension, the taxpayer **MUST** fill in the “Federal Extension” circle on page 1 of Form D-400.

If a taxpayer does not receive an automatic state extension to file their N.C. individual income tax return, the taxpayer may still request an extension of time to file their return by filing Form D-410, Application for Extension for Filing Individual Income Tax Return, by the original due date of the N.C. tax return. Without a valid state extension, a N.C. individual income tax return filed after the original due date is delinquent.

Important: Although a taxpayer isn’t required to make a payment of the tax they estimate as due with Form D-410, an extension of time to file a state tax return does not extend the time to pay the tax. If a taxpayer does not pay all of the taxes owed by the original due date, the taxpayer will owe interest on the remaining tax amount until the tax is paid. The taxpayer is also subject to all applicable penalties provided by law.

When should an Amended North Carolina income tax return be filed?

Generally, an amended return on which a taxpayer owes additional tax is required to be filed and the tax paid within three years after the date the taxpayer filed their return or within three years from the date required by law for filing the return, whichever is later. Amended returns requesting a refund must be filed within the statute of limitations.

If the Internal Revenue Service makes changes to a taxpayer’s federal return, the taxpayer must report the changes to the state by filing an amended return within six months from the date the report from the Internal Revenue Service is received. If a taxpayer does not amend the 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 the taxpayer’s right to any refund which might have been due by reason of the change is forfeited.

In addition, if a taxpayer voluntarily files an amended federal return that increases the amount of state tax payable, the taxpayer must file an amended North Carolina return within six months of filing the amended federal return. If the amended federal return contains an adjustment that would decrease that amount of state tax payable, the taxpayer may file an amended North Carolina return within the general statute of limitations for obtaining a refund. If a taxpayer does not amend the state return to report the federal changes, an assessment may be made by the Department within three years after the date the federal amended return was filed with the Internal Revenue Service, and the taxpayer’s rights to any refund which might have been due by reason of the amended return is forfeited.

What if the taxpayer moves?

If a taxpayer moves or has a change in their mailing address, the taxpayer should notify the Department of Revenue of their forwarding address by calling 1-877-252-3052. If the taxpayer is unable to call the Department, then they should write a letter requesting a change of address to North Carolina Department of Revenue, Attention: Customer Service, P.O. Box 1168 Raleigh, North Carolina 27602-1168. The letter should include their name(s), social security number(s) and their new mailing address.

GENERAL FORM INSTRUCTIONS

This section of the manual includes reminders about completing the North Carolina individual income tax return as well as what to do when the return is completed. The following information applies to **ALL** North Carolina individual income tax returns.

On-site quality review

The volunteer should review the return for accuracy and completeness. Properly reviewed returns will help prevent taxpayers from receiving a notice from the Department of Revenue. The following checklist should be used as a guideline for your review of the North Carolina individual income tax return.

- ✓ Are the name(s), address, social security number(s), county, and contact telephone number of the taxpayer(s) properly reflected on the return?
- ✓ Are the questions answered correctly in the circles under the name and address section?
- ✓ Is the filing status the same as the one checked on the federal return (unless the exception applies)?
- ✓ Has the federal adjusted gross income from the federal return been correctly transferred?
- ✓ Has the correct North Carolina tax been determined?
- ✓ Has the North Carolina income tax withheld been correctly transferred from the W-2 form(s) or 1099 statement(s)?
- ✓ Is the refund or balance due calculated correctly?
- ✓ Did the taxpayer(s) sign and date the tax return?
- ✓ Did the volunteer indicate the return was prepared by VITA or TCE, date the return, and identify the VITA site?
- ✓ Are all required forms and/or schedules attached to the tax return?

Rounding off cents to the nearest whole dollar

Round off to the nearest whole dollar. Drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next whole dollar.

Examples: \$2.15 would be decreased to \$2.00
 \$4.75 would be increased to \$5.00
 \$3.50 would be increased to \$4.00

Assembling the return

Staple the State's copy of all original, or a copy of the original, W-2 wage and tax statements, 1099 statements, or other statements verifying North Carolina income tax withheld. Be sure to include Federal Forms DD-214, 1099-R, or similar official document showing proof of service if the Bailey retirement deduction or military retirement deduction is claimed along with all required schedules, if applicable.

If a payment is due, do not staple, tape, paperclip, or otherwise attach the payment or voucher to the tax return or to each other. For additional information regarding a payment due, please see **"How to pay the tax"** on the next page.

Signing the return

The taxpayer's return is not considered valid unless it is signed. If the taxpayer is filing a joint return, the spouse must also sign. The taxpayer should include the signature date and contact phone number on the tax return. Providing the taxpayer's contact phone number may help speed the processing of their tax return. If the taxpayer answers questions over the phone, the Department may be able to process their return without mailing them a letter. If the taxpayer is filing a joint return, either spouse's phone number can be entered.

Preparer's signature

Generally, individuals who are paid to prepare individual income tax returns are required by law to sign and date the return and to provide a taxpayer identification number. Individuals participating in the VITA or TCE program should indicate in bold letters VITA or TCE, date the return, and also identify the site where the return was prepared in the "Preparer's Signature" section of the tax return.

How to pay the tax

If a taxpayer owes additional tax, they can pay online by bank draft (free), or credit or debit card using Mastercard or Visa (\$2 convenience fee for every \$100 paid). This online service is accurate, secure, and convenient. For details, visit the Department's website at **ncdor.gov**.

A taxpayer 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. The taxpayer should make their check or money order payable to the N.C. Department of Revenue for the full amount due. The taxpayer should write "2025 D-400" and their name, address, and social security number on their payment. If a taxpayer is filing a joint return, both names and social security numbers should be written on the payment in the order that they appear on the return.

If the taxpayer does not pay online, they may visit the Department's website and generate a personalized D-400V, Individual Income Tax Payment Voucher. They can submit the payment voucher with their return and payment, and mail to the following address:

**N.C. DEPARTMENT OF REVENUE
P.O. BOX 25000
RALEIGH, NC 27640-0640**

If tax software is used to prepare a taxpayer's return, include Form D-400V and payment with the tax return generated by the software package.

Refunds

A taxpayer can check the status of their refund at the Department's website at **ncdor.gov**. The automated refund inquiry line 1-877-252-4052 (toll-free) will also give the taxpayer the status of their current refund. The taxpayer can also obtain amended return refund information. Service is available 24 hours a day, seven days a week. The taxpayer will need the first social security number and the amount of refund shown on their return when contacting the Department.

Mailing the return

After the North Carolina Individual Income Tax has been completed and reviewed, return it to the taxpayer for signing and mailing. **YOU MUST NOT BE RESPONSIBLE FOR MAILING ANY TAXPAYER'S RETURN.** Please advise the taxpayer to make a copy of the completed return along with all supporting schedules before mailing and to keep the copy for at least three years. Advise the taxpayer to mail the original forms. Photocopies are not acceptable. Also, remind the taxpayer that the return (or application for an extension) must be mailed no later than **Wednesday, April 15, 2026.**

Inform the taxpayer to mail the return to one of the following addresses:

Refunds: N.C. Department of Revenue
P.O. Box R
Raleigh, NC 27634-0001

All Other Returns: N.C. Department of Revenue
P.O. Box 25000
Raleigh, NC 27640-0640

**FORM D-400,
NORTH CAROLINA INDIVIDUAL
INCOME TAX RETURN**

Name, Address, and Social Security Number

Enter the taxpayer's name, address, and social security number. If a taxpayer is filing as married filing jointly, enter the spouse's name and social security number in the designated space. If a taxpayer is married filing separately, provide the spouse's name and social security number on Line 3.

County

Enter the first 5 letters of the county in which the taxpayer resided on the last day of 2025. The county of residence may be different than the county of the taxpayer's mailing address.

N.C. Education Endowment Fund Contribution

A taxpayer may elect to contribute to the N.C. Education Endowment Fund by making a contribution to the fund. To contribute, a taxpayer can enclose Form NC-EDU and their payment with their completed Form D-400. If a taxpayer owes additional income tax on their return and would like to make a contribution to the fund, the taxpayer may write one check and enclose the check with both Form NC-EDU and Form D-400V. To designate part of the taxpayer's overpayment to the N.C. Education Endowment Fund, see instructions for Line 31 on Page 16 of the individual income tax instruction booklet, Form D-401.

Out of the Country

Fill in the circle if the taxpayer or, if married filing jointly, the taxpayer's spouse were out of the country on the statutory due date of the return.

Deceased Taxpayer Information

If a taxpayer is a surviving spouse or an executor, administrator, or court-appointed personal representative, (collectively "personal representative") of an individual who died during tax year 2025, they may be required to file a return on the decedent's behalf.

If an individual is a personal representative and is filing a tax return for an unmarried individual or a married filing separate return for an individual who died during tax year 2025, enter the name of the deceased and your address in the "Name and Address" section. In the "Deceased Taxpayer Information" section, fill in the circle and enter the taxpayer's date of death. You should also sign the tax return. In addition, attach to the tax 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 spouse or personal representative will be mailed to the Clerk of Superior Court of the county in which the taxpayer resided.

If a taxpayer is a surviving spouse and chooses to file married filing jointly with their spouse who died during tax year 2025, enter their name, the name of the deceased, and their address in the "Name and Address" section of the return. In the "Deceased Taxpayer Information" section, enter the date of the decedent's death in the space provided. The surviving spouse should also sign the tax return.

If a taxpayer is a surviving spouse and chooses to file married filing separately for their spouse who died during tax year 2025, enter the name of the deceased taxpayer and their address in the "Name and Address" section of the return. In the "Deceased Taxpayer Information" section, enter the date of the decedent's death in the space provided. The surviving spouse should also sign the return.

Residency Status

A taxpayer should fill in the applicable circles to indicate whether he/she and, if married filing jointly, their spouse were residents of North Carolina for the entire year. If married filing separately, a taxpayer should not complete the information for their spouse.

Veteran Information

Fill in the applicable circle(s) to indicate whether the taxpayer and, if married filing jointly, the taxpayer's spouse are veterans. If married filing separately, a taxpayer should not complete the information for their spouse. Veteran information, which is voluntarily reported, is used to compile a report about the number of veterans filing tax returns in North Carolina. No information regarding a taxpayer's tax liability will be shared. Information specific to individual employers or employees shall remain confidential in accordance with G.S. § 105-259.

Federal Extension

A taxpayer should fill in the circle to certify if he/she and, if married filing jointly, their spouse were granted an automatic extension to file their 2025 federal income tax return. If a taxpayer does not certify that an automatic federal extension was granted, then the taxpayer may be subject to applicable penalties.

Lines 1-5 Filing Status

A taxpayer should fill in the circle next to the same filing status that was checked on their federal tax return. If a taxpayer did not file a federal tax return, the taxpayer should fill in the circle that corresponds to the filing status that they would have been entitled to if they had filed a federal tax return. If a taxpayer's federal return does not reflect a North Carolina address, the taxpayer **must** attach a copy of their federal tax return to their state tax return.

If a taxpayer files a joint federal return and their spouse is a nonresident of North Carolina who had no North Carolina taxable income, they may file a joint N.C. tax return or a married filing separately N.C. tax return. If the taxpayer chooses to file a separate N.C. return, they must complete either a federal return as married filing separately reporting only their income and deductions or a schedule showing the computation of their separate income and deductions and attach it to their N.C. tax return.

Line 6 Federal Adjusted Gross Income

Enter the taxpayer's federal adjusted gross income. If the taxpayer filed a 2025 federal tax return, enter their federal adjusted gross income from their completed federal return (Form 1040, Line 11a). If the taxpayer did not file a federal income tax return, a schedule must be completed showing the computation of the taxpayer's federal adjusted gross income and deductions. Attach the schedule to their N.C. income tax return. If the taxpayer's federal adjusted gross income is negative, enter the amount and fill in the circle next to the line to indicate the amount is negative.

Line 7 Additions to Federal Adjusted Gross Income

In calculating North Carolina taxable income, a taxpayer **MUST** add to federal adjusted gross income certain items that were not included in the taxpayer's federal adjusted gross income. Lines 1 through 16 of Form D-400 Schedule S, N.C. Adjustments for Individuals, should be completed if applicable. Enter the total additions from Line 16, Form D-400 Schedule S on Line 7. For more information, see "Part A – Additions to Federal Adjusted Gross Income (Lines 1 through 16)" on Page 17 of the individual income tax instruction booklet, Form D-401.

Line 8 Add Lines 6 and 7.

Line 9 Deductions from Federal Adjusted Gross Income

In calculating North Carolina taxable income, a taxpayer may deduct from federal adjusted gross income certain items that were included in the taxpayer's federal adjusted gross income. Lines 17 through 41 of Form D-400 Schedule S, Adjustments for Individuals, should be completed, if applicable. Enter the total deductions from Line 41, Form D-400 Schedule S on Line 9. For more information, see "Part B – Deductions from Federal Adjusted Gross Income (Lines 17 through 41)" on Page 18 of the individual income tax instruction booklet, Form D-401.

Line 10a Child Deduction

Enter the number of qualifying children for whom a taxpayer was allowed a federal child tax credit for tax year 2025.

Line 10b Child Deduction

Enter the amount of the child deduction. To compute the child deduction, complete the "Child Deduction Worksheet" on page 13 of the individual income tax instruction booklet, Form D-401.

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

A taxpayer may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions. In most cases, a taxpayer's state income tax will be less if the taxpayer takes the larger of their N.C. itemized deductions or their N.C. standard deduction.

A taxpayer should fill in the correct circle to indicate which deduction they are claiming.

North Carolina Standard Deduction

Use the chart below to determine the amount of the taxpayer's N.C. standard deduction based on their filing status.

N.C. Standard Deduction Chart	
If your filing status is:	Your standard deduction is:
Single	\$ 12,750
Married filing jointly/Qualifying widow(er)/ Surviving spouse	\$ 25,500
Married filing separately	I
If spouse does not claim itemized deductions	\$ 12,750
If spouse claims itemized deductions	0
Head of household	\$ 19,125

If you are not eligible for the federal standard deduction, your N.C. standard deduction is ZERO. (For information on who is eligible for the federal standard deduction, see federal publication 501, Dependents, Standard Deduction, and Filing Information.)

North Carolina Itemized Deductions (See Form D-400 Schedule A, N.C. Itemized Deductions)

To compute a taxpayer's North Carolina itemized deductions, complete Form D-400 Schedule A, Lines 1 through 10.

Line 12a Add Lines 9, 10b, and 11.

Line 12b Subtract the amount on Line 12a from Line 8.

Line 13 Part-Year Residents and Nonresidents Taxable Percentage

Part-year residents and nonresidents enter the taxable percentage as calculated on Form D-400 Schedule PN. **The taxable percentage must be entered as a decimal amount; round to four decimal places.**

Note: The resulting percentage may be greater than 100%, but not less than 0%.

Line 14 North Carolina Taxable Income

Full-year residents enter the amount from Line 12b.

Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13.

Line 15 North Carolina Income Tax

To calculate a taxpayer's North Carolina income tax, multiply Line 14 by the income tax rate of 4.25% (0.0425). If North Carolina taxable income is zero or less, enter a zero.

Line 16 Tax Credits

Enter the amount from Form D-400TC, Individual Income Tax Credits, Part 3, Line 20, if applicable.

Line 17 Subtract Line 16 from Line 15.

Line 18 Consumer Use Tax

A taxpayer must pay consumer use tax if they purchased, leased, or rented items inside or outside of this State for storage, use, or consumption in North Carolina and did not pay the applicable sales and use tax at the time of purchase. Items subject to North Carolina use tax include tangible personal property, certain digital property and taxable services. **A taxpayer must pay use tax to the Department when retailers, remote sellers, or facilitators fail to collect sales or use tax on taxable transactions.** A taxpayer should use Line 18 to report all consumer use tax that is owed on purchases other than purchases of a boat, an aircraft, or food subject to the 2% rate of tax. To determine the correct amount of consumer use tax due for tax year 2025, use the appropriate worksheet found on Page 26 of the individual income tax instruction booklet, Form D-401. **Note:** If a taxpayer certifies that no consumer use tax is due, the taxpayer should fill in the circle in the space provided.

Line 19 Add Lines 17 and 18.

Line 20 N.C. Income Tax Withheld

Enter the total North Carolina income tax withheld on Lines 20a and 20b, as applicable. If completing a married filing joint return, enter the North Carolina income tax withholding on Lines 20a and 20b in the same order as the names are listed in the name and address section of the return. Do not include any income tax withheld from a state other than North Carolina.

Be sure to attach to the taxpayer's return a copy of all federal Form W-2 statements, 1099 statements, and any other statements that report North Carolina income tax withheld for tax year 2025. It is not necessary to attach a 1099 statement on which no North Carolina income tax withheld is reported unless a taxpayer is claiming a **Bailey** retirement deduction or a military retirement deduction.

Line 21 Other Tax Payments

- a) **2025 Estimated Tax** – Enter any estimated income tax payments for tax year 2025 (including any portion of the taxpayer’s 2024 refund that was applied to the taxpayer’s 2025 estimated income tax).
- b) **Paid with Extension** – If the taxpayer applied for a N.C. extension (Form D-410), enter the amount of North Carolina income tax paid with the extension.
- c) **Partnership** – If the taxpayer was a nonresident partner in a partnership doing business in North Carolina, enter the taxpayer’s share of the income tax paid to North Carolina by the manager of the partnership on the taxpayer’s distributive share of the partnership income. Include with the 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 the taxpayer was a nonresident shareholder of an S Corporation doing business in North Carolina, enter the taxpayer’s share of the income tax paid to North Carolina by the S corporation on the taxpayer’s distributive share of the S Corporation income. Include with the return a copy of Form NC K-1 for Form CD-401S provided by the S Corporation to verify the amount claimed.

Line 22 Additional Payments (Amended Returns Only)

Complete this line only if amending the 2025 tax return. Please see page 15 of the individual income tax instruction booklet, Form D-401, for more information.

Line 23 Total Payments

Add Lines 20a through 22.

Line 24 Previous Refunds (Amended Returns Only)

Complete this line only if amending the 2025 tax return. Please see page 15 of the individual income tax instruction booklet, Form D-401 for more information.

Line 25 Subtract Line 24 from Line 23.

Line 26a If Line 25 is less than Line 19, subtract Line 25 from Line 19. Otherwise, go to Line 28.

Line 26b and 26c Penalties and Interest

See “Will I Owe Interest and Penalties?” beginning on page 8 of the individual income tax instruction booklet, Form D-401, to determine if any penalties apply to the taxpayer or if the taxpayer owes interest.

Line 26d Add Lines 26b and 26c and enter the total amount of penalties and interest on Line 26d.

Line 26e Interest on the Underpayment of Estimated Income Tax

A taxpayer may owe interest if they underpaid their estimated income tax for any payment period. A taxpayer will not owe interest if they had no tax liability in 2024, or if their 2025 tax liability, minus their tax credits and North Carolina income tax withheld for tax year 2025, is less than \$1,000. Complete Form D-422, “Underpayment of Estimated Tax by Individuals,” to determine if a taxpayer owes interest on the underpayment of estimated income tax for tax year 2025. Enter the correct amount of interest on Line 26e. The interest will increase a taxpayer’s tax liability or reduce their overpayment.

Exceptions to Underpayment of Estimated Income Tax

In certain cases, a taxpayer may be able to reduce or eliminate underpayment interest. If any of the following exceptions apply, enter the exception code “E” in the box provided and enter the interest amount on Line 26e.

- **Farmers and Fisherman.** If a taxpayer is a farmer or fisherman and files their 2025 N.C. income tax return and pays the tax in full by March 1, 2026, they will not owe interest. A taxpayer is a farmer or fisherman if they received at least two-thirds of their gross income for the year from farming or fishing.
- **Annualized Income.** If a taxpayer's income varied during the year and completed Form D-422A, Annualized Income Installment Worksheet, enter the amount of interest due on Form D-400, Line 26e.

Line 27 Total Due

Add Lines 26a, 26d, and 26e and enter the total on Line 27. **This is the total tax, penalties, and interest due.**

Line 28 Overpayment

If Line 25 is more than Line 19, you have overpaid your tax. Subtract Line 19 (and any amount shown on Line 26e) from Line 25 and enter the overpayment on Line 28.

Line 29 Estimated Income Tax

If a taxpayer has overpaid their tax, a taxpayer may elect to have a portion of their overpayment applied to their estimated tax for the following year by entering the amount to be applied on Line 29. **The election to apply any overpayment to 2026 cannot be changed after the 2025 return is filed.**

Line 30 N.C. Nongame and Endangered Wildlife Fund

If a taxpayer wishes to contribute part or all of their refund to the N.C. Nongame and Endangered Wildlife Fund, enter the amount of the contribution on Line 30. The election to contribute to the N.C. Nongame and Endangered Wildlife Fund cannot be changed after the 2025 return is filed. If a taxpayer is not due a refund, they may still contribute to this fund by donating online or mailing their donation directly to the North Carolina Wildlife Resources Commission, 1702 Mail Service Center, Raleigh, North Carolina 27699-1700. Checks should be made payable to the Nongame & Endangered Wildlife Fund. For more information about the fund or to donate online, visit ncwildlife.org/Give-Donate and select NC Wildlife Diversity Endowment Fund.

Line 31 N.C. Education Endowment Fund

If a taxpayer wishes to contribute part or all of their refund to the N.C. Education Endowment Fund, enter the amount of the contribution on Line 31. The election to contribute to the N.C. Education Endowment Fund cannot be changed after the 2025 return is filed. If a taxpayer is not due a refund, they may still contribute to the N.C. Education Endowment Fund by making a contribution with their tax return or mailing a donation directly to the North Carolina Department of Public Instruction, Cash Collections, 6336 Mail Service Center, Raleigh, North Carolina 27699-6336.

Line 32 N.C. Breast and Cervical Cancer Control Program

If a taxpayer wishes to contribute part or all of their refund to the NC BCCCP, enter the amount of the contribution on Line 32. The election to contribute to NC BCCCP cannot be changed after the 2025 return is filed. A taxpayer may also contribute to the NC BCCCP by mailing a donation directly to N.C. Cancer Prevention and Control Branch of the Division of Public Health of the Department of Health and Human Services, 1922 Mail Service Center, Raleigh, North Carolina 27699-1922. Checks should be made payable to "North Carolina Department of Health and Human Services" with an indication either on the check or in an attached note that it is a contribution for the N.C. Breast and Cervical Cancer Control Program Fund.

Line 33 Add Lines 29 through 32.

Line 34 Amount to be Refunded

Subtract Line 33 from Line 28. This is the **Amount To Be Refunded.**

**FORM D-400 SCHEDULE S,
N.C. ADJUSTMENTS FOR
INDIVIDUALS**

The starting point for North Carolina taxable income is federal adjusted gross income as of **January 1, 2023**. This means that any change made to the Internal Revenue Code after January 1, 2023, including changes made to the Code as part of the federal reconciliation act (“OBBA”) **DO NOT** apply when calculating North Carolina taxable income for tax year 2025 unless North Carolina conforms to federal income tax law. For example, North Carolina does not conform to the federal standard deduction amount, to the federal itemized deduction amount, or to the federal additional deductions reported on federal Schedule 1-A. Because there are areas of nonconformity with federal income tax law, modifications may need to be made to federal adjusted gross income, (collectively “NC adjustments”). **Note:** Taxpayers and preparers are encouraged to check the Department’s website for any updates to federal conformity and NC adjustments.

Form D-400 Schedule S, N.C. Adjustments for Individuals contains two Parts: Part A, Additions to Federal Adjusted Gross Income and Part B, Deductions from Federal Adjusted Gross Income. If the taxpayer has no additions to or deductions from federal adjusted gross income, do not complete or attach Form D-400 Schedule S to Form D-400. If an amount is entered on Form D-400, North Carolina Individual Income Tax Return, Lines 7 or 9, Form D-400 Schedule S must be attached. *(For information on a specific NC adjustment, see the 2025 Personal Taxes Bulletin or Form D-401 which are available from the Departments website.)*

Part A - Additions to Federal Adjusted Gross Income (Lines 1 through 16)

Line 1 Interest Income from Obligations of States Other than N.C.

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 Deferred Gains Reinvested Into an Opportunity Fund

North Carolina did not follow the temporary deferral of income for certain gains timely invested in a qualified Opportunity Fund under IRC section 1400Z-2. These gains are not deferred for North Carolina tax purposes and must be included in determining N.C. taxable income. Enter the amount of gain reinvested into a qualified Opportunity Fund under IRC section 1400Z-2 that was excluded from federal AGI.

Line 3 Bonus Depreciation

North Carolina did not adopt the bonus depreciation provisions in IRC sections 168(k) or 168(n) for property placed in service for tax year 2025. A taxpayer must add 85% of the amount of bonus depreciation deducted on the taxpayer’s federal return to the taxpayer’s state return. Enter 85% of the amount of bonus depreciation deducted on the taxpayer’s federal return.

Line 4 IRC Section 179 Expense

North Carolina did not conform to the increased federal expense deduction or increased investment limitations for tax year 2025. N.C. dollar and investment limitations are \$25,000 and \$200,000, respectively. A taxpayer must add 85% of the difference between the IRC section 179 expense deduction using federal limitations and the deduction using N.C. limitations. Enter 85% of the difference between IRC section 179 expense deduction using federal limitations and the deduction using N.C. limitations.

Line 5 S Corporation Shareholder Built-in Gains Tax

Enter the amount by which a shareholder's share of S Corporation income is reduced under IRC section 1366(f)(2) for the taxable year by the amount of built-in tax imposed on the S Corporation under IRC section 1374.

Line 6 Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2025

Enter the amount by which a taxpayer's basis of property under federal law exceeds their basis of property for state purposes in the year the taxpayer disposes of the property.

Line 7 Federal Net Operating Loss Deduction

If a taxpayer utilized a federal net operating loss ("NOL") in tax year 2025, enter the amount of the loss deducted. Note: If you are required to add back a federal NOL, you may be able to deduct a N.C. NOL.

Line 8 State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust

Enter the amount of a shareholder's, partner's, or beneficiary's share of the amount deducted under section 164 of the Code as state, local, or foreign income tax by an S Corporation, Partnership, or Estate and Trust.

Line 9 Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose

Effective for taxable years beginning on or after January 1, 2006, and repealed effective for taxable years beginning on or after January 1, 2014, certain contributions made to North Carolina's National College Savings Program ("N.C. 529 Plan") were deductible for state tax purposes. If a taxpayer took a state tax deduction for contributions made to the N.C. 529 Plan while the deduction was in effect, and in tax year 2025, the taxpayer withdrew funds from the plan, enter the amount deducted in the prior years to the extent the funds withdrawn were not used for a purpose allowed under IRC section 529.

Line 10 Discharge of Qualified Principal Residence Indebtedness

North Carolina did not adopt the provision of IRC section 108 that allows an individual to exclude from federal gross income the cancellation of qualified principal residence debt. Enter the amount of qualified principal residence debt discharged in 2025 excluded from federal gross income under IRC section 108.

Line 11 Qualified Education Loan Payments Paid by Employer

North Carolina did not conform to the amendment to IRC section 127(c), which temporarily expanded the definition of "educational assistance" to include employer payments of qualified education loans, as defined under IRC section 221(d)(1). Enter the amount of payments made by your employer for qualified education loans, as defined in IRC section 221(d)(1), excluded from federal gross income under IRC section 127(c).

Line 12 Expenses Allocable to Income Exempt or Excluded From Gross Income

North Carolina law requires a taxpayer to add to federal adjusted gross income all expenses allocable to income that is either wholly excluded from federal gross income or wholly exempt from North Carolina income tax to the extent those expenses are excluded from federal adjusted gross income. Enter the amount of expenses allocable to income not subject to North Carolina income tax.

Line 13 Discharge of Certain Student Loan Debt

North Carolina did not conform to IRC Section 108(f)(5), which permits a student loan discharged under certain circumstances to be excluded from federal gross income. Enter the amount of any student loan discharged and not included in gross income under IRC 108(f)(5).

Line 14 Taxed Pass-Through Entity Loss

North Carolina law allows partnerships and S Corporations to elect to pay North Carolina income tax on income attributable to North Carolina at the entity level (collectively a “Taxed PTE”). If a taxpayer is a partner or a shareholder (collectively, an “Owner”) in a Taxed PTE, the taxpayer is required to add to federal adjusted gross income their distributive share of loss attributable to North Carolina from the Taxed PTE. The Taxed PTE will provide the Owner with the amount of loss to include on Line 14 on the applicable Form NC K-1.

Line 15 Reserved for Future Use

Do not enter an amount on this line. **Leave the line blank.** This line will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of this line may prevent the Department from processing the taxpayer’s tax return.**

Line 16 Total Additions

Add Lines 1 through 15. Enter the total on Line 16 and on Form D-400, Line 7. If an amount is entered on Line 16, Form D-400 Schedule S must be attached to Form D-400. If Form D-400 Schedule S is not attached to Form D-400, the Department may not be able to process the tax return.

Part B - Deductions from Federal Adjusted Gross Income (Lines 17 through 41)

Line 17 State or Local Income Tax Refund

Enter the amount of any state or local income tax refund included in the taxpayer’s federal adjusted gross income.

Line 18 Interest Income From Obligations of the United States or United States’ Possessions

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 19 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 20 Retirement Benefits Received by Vested N.C. State Government, N.C. Local Government, or Federal 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 20 for the amount of retirement benefits included in federal adjusted gross income. A copy of Form 1099-R or Form W-2 received from the payer must be attached to the return to support the deduction.

Line 21 Certain Retirement Benefits Received by a Retired Member of the United States Uniformed Services Not Deducted on Line 20

A retired member of the United States Uniformed Services or their eligible beneficiary may deduct the following payments received from the United States government in 2025:

- Uniformed Service retirement payments received by a retired member who served at least 20 years in the Uniformed Service or who was medically retired from the Uniformed Service. **Note:** The deduction does not apply to severance payments received by a person due to separation under 10 U.S.C. Chapter 61.
- Payments from the Survivor Benefit Plan to a beneficiary of a retired member who served at least 20 years in the Uniformed Services or who was medically retired from the Uniformed Services.

Important: Retirees of the United States Uniformed Services who deducted retirement income on Line 20 under *Bailey* may not deduct the same retirement income on Line 21.

Line 22 Bonus Asset Basis

In the event of an actual or deemed transfer of an asset occurring on or after January 1, 2013, wherein the tax basis of the asset carries over from the transferor to the transferee for federal income tax purposes, the transferee must add any remaining bonus depreciation deductions allowed to the basis of the transferred asset and depreciate the adjusted basis over any remaining life of the asset. The transferor is not allowed any future bonus depreciation deductions.

Line 23 Bonus Depreciation

A taxpayer may deduct an amount equal to 20% of the bonus depreciation deduction added to federal adjusted gross income on their 2020, 2021, 2022, 2023, and 2024 state tax returns.

Line 24 IRC Section 179 Expense

A taxpayer may deduct an amount equal to 20% of the IRC section 179 expense deduction added to federal adjusted gross income on their 2020, 2021, 2022, 2023, and 2024 state tax returns.

Line 25 Recognized IRC Section 1400Z-2 Gain

A taxpayer may deduct a gain included in federal adjusted gross income under IRC section 1400Z-2 to the extent the same amount was included in the calculation of N.C. taxable income in a prior year.

Line 26 Gain From the Disposition of Exempt NC Obligations Issued Before July 1, 1995

A taxpayer may deduct the gain from the sale or disposition of North Carolina obligations issued before July 1, 1995, from adjusted gross income if the law under which the obligations were issued specifically exempts the gain.

Line 27 Exempt Income Earned or Received by a Member of a Federally Recognized Indian Tribe

A taxpayer may deduct income that meets both of the following requirements:

- a) Is earned or received by an enrolled member of any federally recognized Indian tribe.
- b) Is derived from activities on any 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 28 Amount by Which State Basis Exceeds Federal Basis for Property
Disposed of in 2025**

If a taxpayer disposed of property in tax year 2025, you may deduct the amount by which their basis of the property for state tax purposes exceeds their basis of the property for federal tax purposes.

**Line 29 Ordinary and Necessary Business Expense Reduced or Not Allowed
Due to Claiming a Federal Tax Credit in Lieu of a Deduction**

If a taxpayer claimed a federal tax credit against their federal income tax liability, or if a taxpayer claimed the federal Employee Retention Credit against their federal payroll tax, the taxpayer may deduct the amount of qualified business expenses not deducted on their federal return that would have been allowed had they not taken the federal credit. **This deduction is allowed only to the extent North Carolina does not allow a similar credit for the amount.**

Line 30 Personal Education Student Account Deposits

A taxpayer may deduct the amount deposited during the taxable year to a personal education savings account (“PESA”) under Article 41 of Chapter 115C of the General Statutes **to the extent the deposit is included in calculating federal adjusted gross income.**

**Line 31 Certain State Emergency Response and Disaster Relief Reserve Fund
Payments**

A taxpayer may deduct the amount paid from the State Emergency Response and Disaster Relief Reserve Fund for hurricane relief assistance **to the extent this amount is included in federal adjusted gross income.** This amount does not include amounts paid to the taxpayer from the State Emergency Response and Disaster Relief Fund for goods or services provided by the taxpayer.

Line 32 Certain Economic Incentive Payments

A taxpayer may deduct the amount received as an economic incentive pursuant to G.S. § 143B-437.012 or Part 2G or Part 2H of Article 10 of G.S. § 143B **to the extent this amount is included in federal adjusted gross income.**

Line 33 Certain N.C. Grant Payments

A taxpayer may deduct the amount of grant payment received from the following North Carolina COVID-19 relief programs **to the extent the payment is included in federal adjusted gross income:**

- Business Recovery Grant (“BRG”) program
- ReTOOLNC program
- Specific rent and utility assistance programs (For more information, see S.L. 2020-97.)

Line 34 Certain Net Operating Loss Carrybacks

A taxpayer may deduct an amount equal to 20% of the net operating loss carryback added to federal adjusted gross income under G.S. § 105-153.5(c2)(8), (9), or (10) on their 2013 through 2019 state tax return.

Line 35 Excess Net Operating Loss Carryforward

A taxpayer may deduct an amount equal to 20% of the excess net operating loss carryforward deduction added to federal adjusted gross income on their 2019 and 2020 state tax return.

Line 36 Excess Business Loss

A taxpayer may deduct an amount equal to 20% of the excess business loss added to federal adjusted gross income on their 2018, 2019, and 2020 state tax return.

Line 37 Business Interest Limitation

A taxpayer may deduct an amount equal to 20% of the business interest limitation added to federal adjusted gross income on their 2019 and 2020 state tax return.

Line 38 Taxed Pass-Through Entity Income

If a taxpayer is a partner or a shareholder (collectively, an “Owner”) in a pass-through entity (a “PTE”), the taxpayer may be eligible to deduct certain income earned by a PTE from their federal adjusted gross income. For more information on what type of income is deductible, see G.S. 105-153.5(c3) and the explanation below.

Line 38a N.C. Sourced

North Carolina law allows eligible PTEs to elect to pay North Carolina income tax on income **attributable to North Carolina** at the entity level (collectively, a “Taxed PTE”). If the taxpayer is an Owner in a Taxed PTE, the taxpayer may deduct from federal adjusted gross income their distributive share of income attributable to North Carolina from the Taxed PTE. The Taxed PTE will provide the Owner with the amount of the deduction to take on Line 38a on the applicable Form NC K-1.

Line 38b Non-N.C. Sourced

North Carolina law also allows a **resident owner** a deduction from federal adjusted gross income for the Owner’s distributive share of the PTE’s income **not attributable to North Carolina**. In order to be deductible, the income must both be included in the PTE’s taxable income reported to another state or the District of Columbia and subject to an entity-level income tax. Because this deduction is based on income not attributable to North Carolina, the PTE will not provide the Owner with the amount of the deduction on the applicable Form NC K-1. However, using an alternative method, the PTE must provide the Owner with the amount of the deduction to take on Line 38b.

Line 38c Add Lines 38a and 38b. Enter the total on Line 38c.

Line 39 N.C. Net Operating Loss

North Carolina no longer conforms to the federal net operating loss deduction. If a taxpayer’s deductions for tax year 2025 are more than their income for tax year 2025, a taxpayer may have an N.C. net operating loss. To compute the N.C. net operating loss, use Form NC-NOL, which is available on the Department’s website.

Line 40 Reserved for Future Use

Do not enter an amount on this line. **Leave the line blank.** This line will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of this line may prevent the Department from processing the taxpayer’s tax return.**

Line 41 Total Deductions

Add Lines 17 through 22, 23f, 24f, and 25 through 37, 38c, 39, and 40. Enter the total on Line 41 and on Form D-400, Line 9. **If an amount is entered on Line 41, you must attach Form D-400 Schedule S to Form D-400. If you do not attach Form D-400 Schedule S to Form D-400, the Department may not be able to process the tax return.**

**FORM D-400 SCHEDULE A,
N.C. ITEMIZED DEDUCTIONS**

North Carolina itemized deductions are not identical to federal itemized deductions. The items allowed in calculating North Carolina itemized deductions include: home mortgage interest, real estate property taxes, charitable contributions, medical and dental expenses, and repayment of claim of right income. These deductions are subject to certain North Carolina limitations. To determine the amount of N.C. itemized deductions, complete Lines 1 through 10 on Form D-400 Schedule A and attach to Form D-400.

Line 1 Home Mortgage Interest

Enter the amount allowed as a deduction for interest paid or accrued during tax year 2025 under section 163(h) of the Code with respect to any qualified residence.

Line 2 Real Estate Property Taxes

Enter the amount allowable as a deduction for property taxes paid or accrued on real estate under IRC section 164 for tax year 2025. A taxpayer that files a joint return, single return, or as head of household may not deduct more than \$10,000 of real estate property taxes while married taxpayers filing separately may not deduct more than \$5,000.

Line 3 Home Mortgage Interest and Real Estate Property Taxes before Limitation

Add Lines 1 and 2 and enter the result on Line 3.

Line 4 Home Mortgage Interest and Real Estate Property Taxes Limitation

Statutorily, the sum of qualified mortgage interest and real estate property taxes claimed may not exceed \$20,000. For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate property taxes claimed by both spouses combined may not exceed \$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 that taxable year.

Line 5 Home Mortgage Interest and Real Estate Property Taxes after Limitation

Compare Line 3 with Line 4 and enter the **smaller** amount.

Line 6 Charitable Contributions

Enter the amount allowed as a deduction for charitable contributions under IRC section 170 for tax year 2025.

Line 7a Medical and Dental Expense Before Limitation

Enter the amount allowed as a deduction for medical and dental expenses under IRC section 213. Do not include on Line 7a items that are not included in federal adjusted gross income. For example, do not include insurance premiums paid by a taxpayer's employer.

Line 7b Enter the Amount from Form D-400, Line 6

If the amount on Line 6 is negative, fill in the circle next to the line to indicate the amount is negative.

Line 7c Multiply Line 7b by 7.5% (0.075)

If this amount is zero or less, enter a zero on Line 7c.

Line 7d Medical and Dental Expenses after Limitation

Subtract Line 7c from Line 7a. If Line 7c is more than Line 7a, enter a zero on Line 7d.

Line 8 Repayment of Claim of Right Income

A taxpayer may be entitled to a deduction for the repayment of income included in federal adjusted gross income in an earlier tax year because it appeared that the taxpayer had an unrestricted right to such income, to the extent the repayment is not deducted in arriving at federal adjusted gross income in 2025. If the repayment is more than \$3,000, the deduction is the amount of the repayment. If a taxpayer claimed itemized deductions on their 2025 federal income tax return, enter the amount claimed on federal Schedule A, Line 16. If the repayment is \$3,000 or less, refer to the worksheet below to calculate the taxpayer’s deduction.

Repayment of Claim of Right Worksheet	
Repayment of amounts under a claim of right if \$3,000 or less:	
1. Enter the amount of claim of right income repaid during 2024.....	1. _____
2. Enter amount from D-400 Line 6, federal adjusted gross income.....	2. _____
3. Multiply Line 2 by 2% (0.02) (If negative, enter the number zero)	3. _____
4. Subtract Line 3 from Line 1. Enter amount on Form D-400, Schedule A, Line 8	4. _____

Line 9 Reserved for Future Use

Do not enter an amount on this line. **Leave the line blank.** This line will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of this line may prevent the Department from processing the taxpayer’s tax return.**

Line 10 Total N.C. Itemized Deductions

Add Lines 5, 6, 7d, 8, and 9. This is the amount of North Carolina itemized deductions that a taxpayer may deduct on Form D-400, Line 11. **If an amount is entered on Line 10, Form D-400 Schedule A must be attached to Form D-400. If Form D-400 Schedule A is not attached to Form D-400, the Department may not be able to process the tax return.**

**FORM D-400 SCHEDULE PN,
PART-YEAR RESIDENT AND
NONRESIDENT SCHEDULE**

If the taxpayer or their spouse, if married filing jointly, were not full-year residents of North Carolina during tax year 2025, the taxpayer must complete Form D-400 Schedule PN to determine the percentage of federal gross income, as adjusted, that is subject to North Carolina income tax. A taxpayer is a “**part-year resident**” if they moved to North Carolina and became a resident during the tax year, or they moved out of North Carolina and became a resident of another state during the tax year. A taxpayer is a “**nonresident**” if they were not a resident of North Carolina at any time during the tax year.

Form D-400 Schedule PN contains three Parts: Part A, Residency Status; Part B, Allocation of Income for Part-Year Residents and Nonresidents; and Part C, Part-Year Residents and Nonresidents Taxable Percentage.

Part A – Residency Status

The taxpayer and/or spouse, if married filing jointly, must fill in the applicable circle(s) indicating their residency status for tax year 2025. Part-year residents must also enter the dates of North Carolina residency in the boxes provided.

Part B – Allocation of Income for Part-Year Residents and Nonresidents

Lines 1 through 15

In Column A, Lines 1 through 15, enter the income a taxpayer received from all sources during tax year 2025. *(If a taxpayer filed a 2025 federal income tax return, enter the amounts reported on their federal return.)* If married filing jointly, a taxpayer must include the total income from all sources of both spouses, even if only one spouse is a resident. In Column B, enter the amount of Column A received from North Carolina sources or income received while the taxpayer was a resident of North Carolina.

If a taxpayer is a part-year resident include all income received while a taxpayer was a resident of North Carolina. This would include income from another state if this income was received while a taxpayer was a resident of North Carolina. In addition, a part-year resident receiving partnership income from a partnership doing business in North Carolina and in one or more other states must prorate the partner’s share of the partnership’s income attributable and not attributable to North Carolina between the partner’s periods of residence and non-residence in accordance with the number of days in each period.

Line 16 Total Income

For Column A and Column B, add Lines 1 through 15. Enter the total of each column on Line 16.

Lines 17a through 17e. North Carolina Additions to Federal Adjusted Gross Income

In Column A, enter the amounts entered on Form D-400 Schedule S, Part A, that relate to gross income. In Column B, enter the amount of Column A that is applicable to North Carolina. **Important:** Lines 17a through 17d specifically list North Carolina adjustments that are required to be added back to the taxpayer’s federal adjusted gross income, when applicable. Line 17e is a total of several N.C. adjustments specifically listed on Form D-400 Schedule PN-1. Before making an entry on Line 17e, review Part A of Form D-400 Schedule PN-1 to determine if a taxpayer is required to make additional N.C. adjustments that relate to gross income.

Example: If a taxpayer received interest income from obligations of a state other than N.C. of \$1,200 evenly during the year and became a North Carolina resident on July 1, the taxpayer should enter \$1,200 on Line 17a of Column A and \$600 on Line 17a of Column B.

Line 18 Total Additions

For Column A and Column B, add Lines 17a through 17e. Enter the total of each column on Line 18.

Line 19a through 19h. North Carolina Deductions from Federal Adjusted Gross Income

In Column A, enter the amounts entered on Form D-400 Schedule S, Part B, that relate to gross income. In Column B, enter the amount of Column A that is applicable to North Carolina. **Important:** Lines 19a through 19g specifically list N.C. adjustments that may be deducted from the taxpayer's federal adjusted gross income, when applicable. Line 19h is a total of several N.C. adjustments specifically listed on Form D-400 Schedule PN-1. Before making an entry on Line 19h, review Part B of Form D-400 Schedule PN-1, to determine if a taxpayer is allowed to make additional N.C. adjustments that relate to gross income.

Line 20 Total Deductions

For Column A and Column B, add Lines 19a through 19h. Enter the total of each column on Line 20.

Line 21 Total Income Modified by N.C. Adjustments

For Column A and Column B, add Line 16 plus Line 18 minus Line 20.

Part C – Part-Year Residents and Nonresidents Taxable Percentage**Line 22**

Enter the amount from Column B, Line 21. If the amount on Line 22 is negative, fill in the circle next to the Line to indicate the amount is negative.

Line 23

Enter the amount from Column A, Line 21. If the amount on Line 23 is negative, fill in the circle next to the Line to indicate the amount is negative.

Line 24 Part-Year Residents and Nonresidents Taxable Percentage

Divide Line 22 by Line 23. This is the percentage of the taxpayer's federal adjusted gross income, as adjusted, that is subject to North Carolina income tax. The resulting percentage may be greater than 100%. Enter the result as a decimal amount; round to four decimal places on Form D-400, Line 13. **If an amount is entered on Form D-400, Line 13, the taxpayer must attach Form D-400, Schedule PN to Form D-400. Otherwise, the Department may be unable to process the tax return**

**FORM D-400 SCHEDULE PN-1,
OTHER ADDITIONS AND OTHER
DEDUCTIONS**

If a taxpayer or their spouse, if married filing jointly, are required to file Form D-400 Schedule PN, a taxpayer must review Form D-400 Schedule PN-1 to determine if they need to report N.C. adjustments that relate to gross income that were not specifically listed on Form D-400 Schedule PN. N.C. adjustments that relate to gross income for tax year 2025 that do not have a designated line on Form D-400 Schedule PN for tax year 2025 are listed on Form D-400 Schedule PN-1 for tax year 2025.

Part A – Other Additions to Federal Adjusted Gross Income That Relate to Gross Income

Lines 1 through Line 11

In Column A, enter the amount entered on Form D-400 Schedule S, Part A. In Column B, enter the amount of Column A that is applicable to North Carolina. **Important:** Do not enter an amount on Column A, Line 11, or Column B, Line 11. **Leave these lines blank.** These lines will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of these lines may prevent the Department from processing a taxpayer’s tax return.**

Line 12 Total Other Additions

For Column A and Column B, add Lines 1 through 11. Enter the total of Column A on Line 12 and on Form D-400 Schedule PN, Column A, Line 17e. Enter the total of Column B on Line 12 and Form D-400 Schedule PN, Column B, Line 17e.

Part B – Other Deductions From Federal Adjusted Gross Income That Relate to Gross Income

Lines 13 through Line 29

In Column A, enter the amount entered on Form D-400 Schedule S, Part B. In Column B, enter the amount of Column A that is applicable to North Carolina. **Important:** Do not enter an amount on Column A, Line 29, or Column B, Line 29. **Leave these lines blank.** These lines will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of these lines may prevent the Department from processing a taxpayer’s tax return.**

Line 30 Total Other Deductions

For Column A and Column B, add Lines 13 through 29. Enter the total of Column A on Line 30 and on Form D-400 Schedule PN, Column A, Line 19h. Enter the total of Column B on Line 30 and on Form D-400 Schedule PN, Column B, Line 19h.

If an amount is entered on Form D-400, Schedule PN, Line 17e or Line 19h, the taxpayer MUST attach Form D-400, Schedule PN-1 to Form D-400. Otherwise, the Department may be unable to process the tax return. Failure to substantiate a tax deduction may result in the disallowance of the deduction.

**FORM D-400TC,
INDIVIDUAL INCOME TAX
CREDITS**

Form D-400TC and, if applicable, Form NC-478, and Form NC-Rehab must be filed for any taxable year in which a taxpayer is eligible to claim a tax credit or an installment of a tax credit against their tax liability. This requirement applies even if a taxpayer's tax liability is not large enough for a taxpayer to benefit from the credit.

**Part 1 Credit for Income Tax Paid to Another State or Country – N.C.
Residents Only (Lines 1 through 7b)**

When income is taxed by North Carolina for a period during which a taxpayer was 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. **Important:** No credit is allowed for income taxes paid to a city, county, or other political subdivision of a state or country or to the federal government. **Nonresidents are not entitled to this tax credit.**

North Carolina residents must complete Form D-400 and calculate North Carolina income tax. Then, complete Part 1 of Form D-400TC to determine the amount of allowable tax credit. **Note:** If a taxpayer wishes to claim a tax credit for taxes paid to more than one state or country, do not complete Lines 1 through 6. Instead, use the "Out-of-State Tax Credit Worksheet" on page 23 of the individual income tax instruction booklet, Form D-401, to determine the amount of allowable tax credit for each state or country.

**Line 1 Total Income from All Sources while a Resident of N.C. Modified by N.C.
Adjustments to Federal Adjusted Gross Income**

Enter on Line 1 the total amount of income from all sources a taxpayer received while a resident of North Carolina, adjusted by the applicable additions and deductions to federal adjusted gross income that relate to gross income that were listed on Form D-400 Schedule S, Parts A and B. **Important:** If the amount of Line 1 is negative, enter the amount and fill in the circle located next to Line 1 to indicate the amount is negative.

Example: Mr. B's total income from Federal Form 1040, Line 9, is \$48,000. Mr. B earned \$36,000 of the \$48,000 while a resident of North Carolina. The North Carolina adjustments are as follows: state income tax refund of \$300 and interest from U.S. Savings Bond of \$200. In this example, the amount to enter on Line 1 of Form D-400TC is \$35,500 (\$36,000 - \$300 - \$200).

Line 2 Portion of Line 1 that was Taxed by Another State or Country

Enter on Line 2 the portion of total income from all sources that a taxpayer received while a resident of North Carolina, adjusted by the applicable additions and deductions to federal adjusted gross income that relate to gross income (from Line 1, above), that was taxed by another state or country. Include on Line 2 the taxpayer's 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.

Line 3 Percentage

Divide Line 2 by Line 1. Enter the result as a decimal amount; round to four decimal places.

Line 4 Total North Carolina Income Tax

Enter the amount from Form D-400, Line 15.

Line 5 Computed Credit

Multiply Line 4 by Line 3.

Line 6 Amount of Net Tax Paid to the Other State or Country on the Income Shown on Line 2

Enter on Line 6 only the amount of **net tax paid** to another state or country on the income shown on Line 2. The amount of **net tax paid** is any prepayment of tax (tax withheld, estimated tax payments, amount paid with an extension, etc.) plus any additional tax paid **less any refunds** received or expected to be received. Include on Line 6 the net tax paid to another state on the taxpayer’s share of S Corporation income or their 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 showing the total amount of tax paid to the other state by the S Corporation, and how the taxpayer’s pro rata share of the tax was determined. **Important:** A taxpayer must attach a copy of the tax return filed with the other state or country and a copy of their check, receipt or other proof showing payment of income tax paid to the other state or country.

Line 7a Credit for Income Tax Paid to Another State or Country

Enter the lesser of Line 5 or Line 6. This is the amount of tax credit for income tax paid to another state or country.

Line 7b

Enter the number of states or countries for which a credit is claimed.

Out-of-State Tax Credit Worksheet	
<i>(Use a separate worksheet to determine the separate credit for each state or country.)</i>	
1. Total income (loss) from all sources while a resident of N.C. modified by N.C. adjustments to federal gross income	1. _____
2. The portion of Line 1 that was taxed by the other state or country	2. _____
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 4 by Line 3	5. _____
6. Amount of net tax paid to the other state or country on the income shown on Line 2 (See above for definition of net tax paid.)	6. _____
7. Enter the lesser of Line 5 or Line 6. To determine the total amount of credit for income tax paid to another state or country, add the amount of Line 7 on each worksheet and enter the total on Form D-400TC, Line 7a. On Line 7b, be sure to enter the number of states or countries for which a credit is claimed.	7. _____

Part 2 Credits for Rehabilitating Historic Structures

Line 8 Credit for an income-producing historic structure (Article 3D)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 9 Credit for a nonincome-producing historic structure (Article 3D)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 10a Expenditures for income-producing historic mill facility (Article 3H)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 10b Credit for an income-producing historic mill facility (Article 3H)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 11a Expenditures for nonincome-producing historic mill facility (*Article 3H*)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 11b Credit for a nonincome-producing historic mill facility (*Article 3H*)

See page 23 of the individual income tax instruction booklet, Form D-401.

Line 12 Credit for an income-producing historic structure (*Article 3L*)

(From *Form NC-Rehab*, Part 4)

See page 24 of the individual income tax instruction booklet, Form D-401.

Line 13 Credit for a nonincome-producing historic structure (*Article 3L*)

(From *Form NC-Rehab*, Part 4)

See page 24 of the individual income tax instruction booklet, Form D-401.

Part 3 Computation of Total Tax Credits to be Taken for Tax Year 2025

Line 14 Tax Credits carried over from previous years

Do not include any carryover of income tax credits taken on Form NC-478 or Form NC-Rehab.

Line 15 Leave the line blank.

This line will be used by the Department to accommodate future changes to the 2025 tax return, if applicable. **The unauthorized use of this line may prevent the Department from processing the taxpayer's tax return.**

Line 16 Total

Add Lines 7a, 8, 9, 10b, 11b, 12, 13, 14, and 15.

Line 17 North Carolina income tax

Enter the amount of North Carolina income tax from Form D-400, Line 15.

Line 18 Enter the lesser of Line 16 or Line 17.

Line 19 Total business incentive and energy tax credits

Attach Form NC-478 and any required supporting schedules to the front of Form D-400. See **Note** on page 24 of the individual income tax instruction booklet, Form D-401.

Line 20 Total Tax Credits to be Taken for Tax Year 2025

Add Lines 18 and 19. Enter the result on Line 20 and on Form D-400, Line 16. **The amount on Line 20 cannot exceed the tax shown on Form D-400, Line 15.**

If a tax credit is claimed on Form D-400, Line 16, the taxpayer must attach Form D-400TC to Form D-400. Otherwise, the Department may be unable to process the tax return. Failure to substantiate a tax credit may result in the disallowance of that credit. For more information on tax credits, you may visit the Department's website at ncdor.gov.

**NORTH CAROLINA DEPARTMENT OF REVENUE
IMPORTANT TELEPHONE NUMBERS**

Automated Refund Inquiry Line 1-877-252-4052
(Please allow at least 12 weeks before calling.)

Taxpayer Assistance and Forms 1-877-252-3052

Tax Fraud Hotline (8:00 a.m. to 5:00 p.m., Monday through Friday)

 Toll Free 1-800-232-4939

 Wake County..... 1-919-707-7597

Department of Revenue Website.....ncdor.gov

AMENDED RETURN Fill in circle (See instructions)

IMPORTANT: Do not send a photocopy of this form. Print in Black or Blue Ink Only. No Pencil or Red Ink.

For calendar year 2025, or fiscal year beginning (MM-DD) - - 25 and ending (MM-DD-YY) - - - -

Your Social Security Number Spouse's Social Security Number You must enter your social security number(s)

Personal information section including fields for First Name, Last Name, M.I., Spouse's Name, Mailing Address, City, State, Zip Code, Country, and County.

N.C. Education Endowment Fund: 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.

Qualification questions: Out of Country, Deceased Taxpayer Information, Residency Status, Veteran Information, and Federal Extension.

Filing Status (Fill in one circle only)

- 1. Single
2. Married Filing Jointly
3. Married Filing Separately
4. Head of Household
5. Qualifying Widow(er)

Main calculation section with lines 6 through 15, including Federal Adjusted Gross Income, Additions, Deductions, Child Deduction, and North Carolina Taxable Income.

If amount on Line 6, 8, 12b, or 14 is negative, fill in circle. Example: (circle)



Staple All Pages of Your Return Here

Staple W-2s Here

16. Tax Credits (From Form D-400TC, Part 3, Line 20) 16. .00

17. Subtract Line 16 from Line 15 17. .00

18. Consumer Use Tax (See instructions) 18. .00

If you certify that no Consumer Use Tax is due, fill in circle.

19. Add Lines 17 and 18 19. .00

20. North Carolina Income Tax Withheld a. Your tax withheld .00 b. Spouse's tax withheld .00

21. Other Tax Payments a. 2025 estimated tax .00 b. Paid with extension .00 c. Partnership .00 d. S Corporation .00

If you claim a partnership payment on Line 21c or S corporation payment on Line 21d, you must attach a copy of the NC K-1.

22. Additional Payments (Amended Returns Only. See instructions) 22. .00

23. Add Lines 20a through 22 23. .00

24. Previous Refunds (Amended Returns Only. See instructions) 24. .00

25. Subtract Line 24 from Line 23. (If less than zero, see instructions.) 25. .00

If amount on Line 25 is negative, fill in circle. Example:

26. a. Tax Due - If Line 25 is less than Line 19, subtract Line 25 from Line 19. Otherwise, go to Line 28. 26a. .00

b. Penalties .00 c. Interest .00 (Add Lines 26b and 26c and enter the total on Line 26d.) 26d. .00

e. Interest on the Underpayment of Estimated Income Tax (See instructions and enter letter in box, if applicable.) 26e. .00

Exception to Underpayment of Estimated Tax

27. Amount Due - Add Lines 26a, 26d, and 26e Pay in U.S. Currency from a Domestic Bank - You can pay online at ncdor.gov. 27. \$.00

28. Overpayment - If Line 25 is more than Line 19, subtract Line 19 from Line 25. 28. .00

29. Amount of Line 28 to be applied to 2026 Estimated Income Tax 29. .00

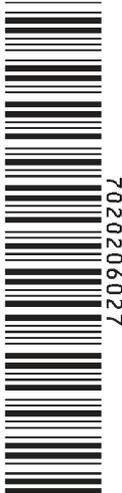
30. Contribution to the N.C. Nongame and Endangered Wildlife Fund 30. .00

31. Contribution to the N.C. Education Endowment Fund 31. .00

32. Contribution to the N.C. Breast and Cervical Cancer Control Program 32. .00

33. Add Lines 29 through 32 33. .00

34. Subtract Line 33 from Line 28. This is the Amount To Be Refunded For direct deposit, file electronically 34. .00



I declare and certify that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Your Signature Date Spouse's Signature (If filing joint return, both must sign.) Date

Contact Phone Number (Include area code) Check here if you authorize the North Carolina Department of Revenue to discuss this return and attachments with the paid preparer below.

PAID PREPARER USE ONLY If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge. Preparer's FEIN, SSN, or PTIN Preparer's Contact Phone Number (Include area code) Paid Preparer's Signature Date

If REFUND, mail return to: N.C. DEPT. OF REVENUE, P.O. BOX R, RALEIGH, NC 27634-0001 If you ARE NOT due a refund, mail return, any payment, and D-400V to: N.C. DEPT. OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0640

D-400 Schedule S

2025 N.C. Adjustments for Individuals

DOR
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Only

If you are required to add certain items to federal adjusted gross income on Form D-400, Line 7, or if you are entitled to take deductions from federal adjusted gross income on Form D-400, Line 9, you must complete and attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters)

Do not send a photocopy of this form.
Print in Black or Blue Ink Only. No Pencil or Red Ink.

Your Social Security Number

Part A. Additions to Federal Adjusted Gross Income *(Only add items that are not included in federal adjusted gross income)*

1. Interest Income From Obligations of States Other Than N.C.	▶ 1.	<input type="text"/>	.00
2. Deferred Gains Reinvested Into an Opportunity Fund	▶ 2.	<input type="text"/>	.00
3. Bonus Depreciation	▶ 3.	<input type="text"/>	.00
4. IRC Section 179 Expense	▶ 4.	<input type="text"/>	.00
5. S-Corporation Shareholder Built-in Gains Tax	▶ 5.	<input type="text"/>	.00
6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2025	▶ 6.	<input type="text"/>	.00
7. Federal Net Operating Loss Deduction	▶ 7.	<input type="text"/>	.00
8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	▶ 8.	<input type="text"/>	.00
9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	▶ 9.	<input type="text"/>	.00
10. Discharge of Qualified Principal Residence Indebtedness	▶ 10.	<input type="text"/>	.00
11. Qualified Education Loan Payments Paid by Employer	▶ 11.	<input type="text"/>	.00
12. Expenses Allocable to Income Exempt or Excluded From Gross Income	▶ 12.	<input type="text"/>	.00
13. Discharge of Certain Student Loan Debt	▶ 13.	<input type="text"/>	.00
14. Taxed Pass-Through Entity Loss	▶ 14.	<input type="text"/>	.00
15. Reserved for Future Use <input type="text"/>	▶ 15.	<input type="text"/>	.00
16. Total Additions - Add Lines 1 through 15 <i>(Enter the total here and on Form D-400, Line 7)</i>	▶ 16.	<input type="text"/>	.00



Part B. Deductions From Federal Adjusted Gross Income *(Only deduct items that are included in federal adjusted gross income)*

17. State or Local Income Tax Refund	▶ 17.	<input type="text"/>	.00
18. Interest Income From Obligations of the United States or United States' Possessions	▶ 18.	<input type="text"/>	.00

Part B. Deductions From Federal Adjusted Gross Income (Only deduct items that are included in federal adjusted gross income)

19. Taxable Portion of Social Security and Railroad Retirement Benefits	▶ 19.	<input type="text"/>	.00
20. Retirement Benefits Received by Vested N.C. State Government, N.C. Local Government, or Federal Government Retirees, i.e. Bailey Settlement	▶ 20.	<input type="text"/>	.00
21. Certain Retirement Benefits Received by a Retired Member of the United States Uniformed Services Not Deducted on Line 20	▶ 21.	<input type="text"/>	.00
22. Bonus Asset Basis	▶ 22.	<input type="text"/>	.00
23. Bonus Depreciation			
▶ 23a. 2020 <input type="text"/> .00	▶ 23b. 2021 <input type="text"/> .00	▶ 23c. 2022 <input type="text"/> .00	
▶ 23d. 2023 <input type="text"/> .00	▶ 23e. 2024 <input type="text"/> .00	▶ 23f. <input type="text"/> .00	
24. IRC Section 179 Expense			
▶ 24a. 2020 <input type="text"/> .00	▶ 24b. 2021 <input type="text"/> .00	▶ 24c. 2022 <input type="text"/> .00	
▶ 24d. 2023 <input type="text"/> .00	▶ 24e. 2024 <input type="text"/> .00	▶ 24f. <input type="text"/> .00	
25. Recognized IRC Section 1400Z-2 Gain	▶ 25.	<input type="text"/>	.00
26. Gain From the Disposition of Exempt N.C. Obligations Issued Before July 1, 1995	▶ 26.	<input type="text"/>	.00
27. Exempt Income Earned or Received by a Member of a Federally Recognized Indian Tribe	▶ 27.	<input type="text"/>	.00
28. Amount by Which State Basis Exceeds Federal Basis for Property Disposed of in 2025	▶ 28.	<input type="text"/>	.00
29. Ordinary and Necessary Business Expense Reduced or not Allowed Due to Claiming a Federal Tax Credit in Lieu of a Deduction	▶ 29.	<input type="text"/>	.00
30. Personal Education Student Account Deposits	▶ 30.	<input type="text"/>	.00
31. Certain State Emergency Response and Disaster Relief Reserve Fund Payments	▶ 31.	<input type="text"/>	.00
32. Certain Economic Incentive Payments	▶ 32.	<input type="text"/>	.00
33. Certain N.C. Grant Payments	▶ 33.	<input type="text"/>	.00
34. Certain Net Operating Loss Carrybacks (Limited to 20% of amount added to AGI in tax years 2013 through 2019)	▶ 34.	<input type="text"/>	.00
35. Excess Net Operating Loss Carryforward (Limited to 20% of amount added to AGI in 2019 and 2020)	▶ 35.	<input type="text"/>	.00
36. Excess Business Loss (Limited to 20% of amount added to AGI in 2018, 2019, and 2020)	▶ 36.	<input type="text"/>	.00
37. Business Interest Limitation (Limited to 20% of amount added to AGI in 2019 and 2020)	▶ 37.	<input type="text"/>	.00
38. Taxed Pass-Through Entity Income			
▶ 38a. N.C. Sourced <input type="text"/> .00	▶ 38b. Non-N.C. Sourced <input type="text"/> .00	▶ 38c. <input type="text"/> .00	
39. N.C. Net Operating Loss	▶ 39.	<input type="text"/>	.00
40. Reserved for Future Use <input type="text"/>	▶ 40.	<input type="text"/>	.00
41. Total Deductions - Add Lines 17 through 22, 23f, 24f, 25 through 37, 38c, 39, and 40 (Enter the total here and on Form D-400, Line 9)	▶ 41.	<input type="text"/>	.00



D-400 Schedule A

2025 N.C. Itemized Deductions

DOR
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Only

If you choose to itemize North Carolina deductions on Form D-400, Line 11, you must attach this schedule to Form D-400. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters)

Do not send a photocopy of this form.
Print in Black or Blue Ink Only. No Pencil or Red Ink.

Your Social Security Number

N.C. Standard Deduction or N.C. Itemized Deductions

You may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions. You can determine the amount of your N.C. standard deduction by looking at the chart below. If you claim the N.C. standard deduction, do not complete Lines 1 through 10. Instead, enter the amount of your N.C. standard deduction on Form D-400, Line 11.

N.C. Standard Deduction	
<i>(In general, the N.C. standard deduction is equal to the amount listed below based on your filing status. However, if you are not eligible for a standard deduction on the federal income tax return, your N.C. standard deduction amount is zero. For more information on eligibility, see the instructions.)</i>	
If your filing status is:	Your N.C. standard deduction is:
• Single	\$ 12,750
• Head of household	\$ 19,125
• Married filing jointly	\$ 25,500
• Qualifying widow(er)/Surviving Spouse	\$ 25,500
• Married filing separately:	
If your spouse <u>does not</u> claim itemized deductions	\$ 12,750
If your spouse claims itemized deductions	\$ 0
If you are not eligible for a standard deduction on your federal tax return	\$ 0



1. Home Mortgage Interest (See instructions)	▶	1.	_____	.00
2. Real Estate Property Taxes	▶	2.	_____	.00
3. Home Mortgage Interest and Real Estate Property Taxes Before Limitation (Add Lines 1 and 2)		3.	_____	.00
4. Home Mortgage Interest and Real Estate Property Taxes Limitation		4.	20000	.00
5. Home Mortgage Interest and Real Estate Property Taxes After Limitation (Compare Line 3 to Line 4; enter whichever is less.)	▶	5.	_____	.00
6. Charitable Contributions (See instructions)	▶	6.	_____	.00
7. a. Medical and Dental Expenses Before Limitation (See instructions)	▶	7a.	_____	.00
b. Enter the amount from Form D-400, Line 6. If the amount is negative, fill in the circle.	7b. ○		_____	.00
c. Multiply Line 7b by 7.5% (0.075). If zero or less, enter a zero.	7c.		_____	.00
d. Medical and Dental Expenses After Limitation (Subtract Line 7c from Line 7a. If Line 7c is more than Line 7a, enter a zero.)	▶	7d.	_____	.00
8. Repayment of Claim of Right Income	▶	8.	_____	.00
9. Reserved for Future Use _____	▶	9.	_____	.00
10. Total N.C. Itemized Deductions (Add Lines 5, 6, 7d, 8, and 9. Enter the total here and on Form D-400, Line 11.)		10.	_____	.00

D-400 Schedule PN 2025 Part-Year Resident and Nonresident Schedule

DOR
Use
Only

If you enter a taxable percentage on Form D-400, Line 13 because you or your spouse, if married filing jointly, were not full-year residents of North Carolina during tax year 2025, you must attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters)

Do not send a photocopy of this form.
Print in Black or Blue Ink Only. No Pencil or Red Ink.

Your Social Security Number

A part-year resident or a nonresident who receives income from N.C. sources must complete this form to determine the percentage of total income from all sources that is subject to N.C. tax. You are a "part-year resident" if you moved to N.C. and became a resident during the tax year, or you moved out of N.C. and became a resident of another state during the tax year. You are a "nonresident" if you were not a resident of N.C. at any time during the tax year.

Important: Refer to the instructions before completing this form.

Part A. Residency Status

Taxpayer is: (Fill in applicable circle)

Full-Year Resident Nonresident Part-Year Resident

Date N.C. residency began

Date N.C. residency ended

____-____-____
(MM-DD-YY)

____-____-____
(MM-DD-YY)

Spouse is: (Fill in applicable circle)

Full-Year Resident Nonresident Part-Year Resident

Date N.C. residency began

Date N.C. residency ended

____-____-____
(MM-DD-YY)

____-____-____
(MM-DD-YY)

If you and your spouse were both full-year residents of N.C., **stop here**; do not complete Parts B and C. Do not attach Schedule PN to Form D-400.

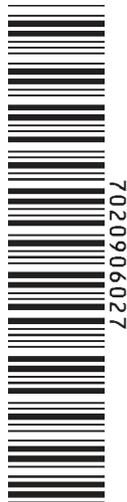
Part B. Allocation of Income for Part-Year Residents and Nonresidents

Total Income

1. Wages, Salaries, Tips, Etc.
2. Taxable Interest
3. Taxable Dividends
4. Taxable Refunds, Credits, or Offsets of State and Local Income Taxes
5. Alimony Received
6. Business Income or (Loss)
7. Capital Gain or (Loss)
8. Other Gains or (Losses)
9. Taxable Amount of IRA Distributions
10. Taxable Amount of Pensions and Annuities
11. Rental Real Estate, Royalties, Partnerships, S-Corps, Estates, Trusts, Etc.
12. Farm Income or (Loss)
13. Unemployment Compensation
14. Taxable Portion of Social Security and Railroad Retirement Benefits
15. Other Income
16. **Total Income** (Add Lines 1 through 15)

If an amount on Line 1 through 21 is negative, place amount in brackets.

Example:
(999,999)



COLUMN A

Total Income from all Sources

COLUMN B

Amount of Column A Attributable to N.C.

1.	<input type="text"/>	.00	<input type="text"/>	.00
2.	<input type="text"/>	.00	<input type="text"/>	.00
3.	<input type="text"/>	.00	<input type="text"/>	.00
4.	<input type="text"/>	.00	<input type="text"/>	.00
5.	<input type="text"/>	.00	<input type="text"/>	.00
6.	<input type="text"/>	.00	<input type="text"/>	.00
7.	<input type="text"/>	.00	<input type="text"/>	.00
8.	<input type="text"/>	.00	<input type="text"/>	.00
9.	<input type="text"/>	.00	<input type="text"/>	.00
10.	<input type="text"/>	.00	<input type="text"/>	.00
11.	<input type="text"/>	.00	<input type="text"/>	.00
12.	<input type="text"/>	.00	<input type="text"/>	.00
13.	<input type="text"/>	.00	<input type="text"/>	.00
14.	<input type="text"/>	.00	<input type="text"/>	.00
15.	<input type="text"/>	.00	<input type="text"/>	.00
16.	<input type="text"/>	.00	<input type="text"/>	.00

Part B. Allocation of Income for Part-Year Residents and Nonresidents (continued)

North Carolina Adjustments

17. Additions:

- a. Interest Income From Obligations of States Other Than N.C.
- b. Deferred Gains Reinvested Into an Opportunity Fund
- c. Bonus Depreciation
- d. IRC Section 179 Expense
- e. Other Additions to Federal Adjusted Gross Income That Relate to Gross Income (From Form D-400 Schedule PN-1, Part A, Line 12.)

	COLUMN A	COLUMN B
	Amount from Form D-400 Schedule S	Amount of Column A Attributable to N.C.
17a.	.00	.00
17b.	.00	.00
17c.	.00	.00
17d.	.00	.00
17e.	.00	.00
18. Total Additions (Add Lines 17a through 17e)	.00	.00

19. Deductions:

- a. State or Local Income Tax Refund
- b. Interest Income From Obligations of the United States or United States' Possessions
- c. Taxable Portion of Social Security and Railroad Retirement Benefits
- d. Retirement Benefits Received by Vested N.C. State Government, N.C. Local Government, or Federal Government Retirees, i.e. *Bailey Settlement*
- e. Bonus Asset Basis
- f. Bonus Depreciation
- g. IRC Section 179 Expense
- h. Other Deductions From Federal Adjusted Gross Income That Relate to Gross Income (From Form D-400 Schedule PN-1, Part B, Line 30.)



19a.	.00	.00
19b.	.00	.00
19c.	.00	.00
19d.	.00	.00
19e.	.00	.00
19f.	.00	.00
19g.	.00	.00
19h.	.00	.00
20. Total Deductions (Add Lines 19a through 19h)	.00	.00
21. Total Income Modified by N.C. Adjustments (Line 16 plus Line 18 minus Line 20)	.00	.00

Part C. Part-Year Residents and Nonresidents Taxable Percentage

22. Enter the Amount From **Column B, Line 21**

23. Enter the Amount From **Column A, Line 21**

24. **Part-Year Residents and Nonresidents Taxable Percentage** (Divide Line 22 by Line 23)

Enter the result as a decimal amount here and on Form D-400, Line 13.

If amount on Line 22 or 23 is negative, fill in circle.

Example: ●

▶ 22. ○ _____ .00

▶ 23. ○ _____ .00

24. _____

D-400 Schedule PN-1 2025 Other Additions and Other Deductions

DOR
Use
Only

If you enter an amount on Form D-400 Schedule PN, Part B, Line 17e or Line 19h, you must attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters)

Important:
Refer to the Instructions before
completing this worksheet.

Your Social Security Number

Part A. Other Additions to Federal Adjusted Gross Income That Relate to Gross Income (From 2025 Form D-400 Schedule S, Part A)

	COLUMN A Amount from Form D-400 Schedule S	COLUMN B Amount of Column A Attributable to N.C.
1. S Corporation Shareholder Built-in Gains Tax	1. <input type="text"/> .00	<input type="text"/> .00
2. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2025	2. <input type="text"/> .00	<input type="text"/> .00
3. Federal Net Operating Loss Deduction	3. <input type="text"/> .00	<input type="text"/> .00
4. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust	4. <input type="text"/> .00	<input type="text"/> .00
5. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose	5. <input type="text"/> .00	<input type="text"/> .00
6. Discharge of Qualified Principal Residence Indebtedness	6. <input type="text"/> .00	<input type="text"/> .00
7. Qualified Education Loan Payments Paid by Employer	7. <input type="text"/> .00	<input type="text"/> .00
8. Expenses Allocable to Income Exempt or Excluded From Gross Income	8. <input type="text"/> .00	<input type="text"/> .00
9. Discharge of Certain Student Loan Debt	9. <input type="text"/> .00	<input type="text"/> .00
10. Taxed Pass-Through Entity Loss	10. <input type="text"/> .00	<input type="text"/> .00
11. Reserved for Future Use <input style="width: 150px;" type="text"/>	11. <input type="text"/> .00	<input type="text"/> .00
12. Total Other Additions (Add Lines 1 through 11) Enter the total here and on Form D-400 Schedule PN, Line 17e.	12. <input style="border: 2px solid gray;" type="text"/> .00	<input style="border: 2px solid gray;" type="text"/> .00

Part B. Other Deductions From Federal Adjusted Gross Income That Relate to Gross Income (From 2025 Form D-400 Schedule S, Part B)

	COLUMN A Amount from Form D-400 Schedule S	COLUMN B Amount of Column A Attributable to N.C.
13. Certain Retirement Benefits Received by a Retired Member of the United States Uniformed Services Not Deducted on Form D-400 Schedule PN, Part B, Line 19d	13. <input type="text"/> .00	<input type="text"/> .00
14. Recognized IRC Section 1400Z-2 Gain	14. <input type="text"/> .00	<input type="text"/> .00
15. Gain From the Disposition of Exempt N.C. Obligations Issued Before July 1, 1995	15. <input type="text"/> .00	<input type="text"/> .00
16. Exempt Income Earned or Received by a Member of a Federally Recognized Indian Tribe	16. <input type="text"/> .00	<input type="text"/> .00
17. Amount by Which State Basis Exceeds Federal Basis for Property Disposed of in 2025	17. <input type="text"/> .00	<input type="text"/> .00
18. Ordinary and Necessary Business Expense Reduced or not Allowed Due to Claiming a Federal Tax Credit in Lieu of a Deduction	18. <input type="text"/> .00	<input type="text"/> .00
19. Personal Education Student Account Deposits	19. <input type="text"/> .00	<input type="text"/> .00
20. Certain State Emergency Response and Disaster Relief Reserve Fund Payments	20. <input type="text"/> .00	<input type="text"/> .00
21. Certain Economic Incentive Payments	21. <input type="text"/> .00	<input type="text"/> .00
22. Certain N.C. Grant Payments	22. <input type="text"/> .00	<input type="text"/> .00
23. Certain Net Operating Loss Carrybacks (Limited to 20% of amount added to AGI in tax years 2013 through 2019)	23. <input type="text"/> .00	<input type="text"/> .00
24. Excess Net Operating Loss Carryforward (Limited to 20% of amount added to AGI in 2019 and 2020)	24. <input type="text"/> .00	<input type="text"/> .00
25. Excess Business Loss (Limited to 20% of amount added to AGI in 2018, 2019, and 2020)	25. <input type="text"/> .00	<input type="text"/> .00
26. Business Interest Limitation (Limited to 20% of amount added to AGI in 2019 and 2020)	26. <input type="text"/> .00	<input type="text"/> .00
27. Taxed Pass-Through Entity Income		
27a. N.C. Sourced	27a. <input type="text"/> .00	<input type="text"/> .00
27b. Non-N.C. Sourced	27b. <input type="text"/> .00	<input type="text"/> .00
28. N.C. Net Operating Loss	28. <input type="text"/> .00	<input type="text"/> .00
29. Reserved for Future Use <input style="width: 150px;" type="text"/>	29. <input type="text"/> .00	<input type="text"/> .00
30. Total Other Deductions (Add Lines 13 through 29) Enter the total here and on Form D-400 Schedule PN, Line 19h	30. <input style="border: 2px solid black;" type="text"/> .00	<input style="border: 2px solid black;" type="text"/> .00

D-400TC 2025 Individual Income Tax Credits

DOR
Use
Only

If you claim a tax credit on Form D-400, Line 16, you must attach this form to the return. Otherwise, the tax credit may be disallowed.

Last Name (First 10 Characters)

Your Social Security Number

Do not send a photocopy of this form.
Print in Black or Blue Ink Only. No Pencil or Red Ink.

Important: Refer to the Instructions before completing this form.

Part 1. Credit for Income Tax Paid to Another State or Country (N.C. Residents Only)

If you claim a tax credit for taxes paid to more than one state or country, do not complete Lines 1-6. Instead, complete the "Out-of-State Tax Credit Worksheet" in the instructions to determine the amount to enter on Line 7a.

- 1. Total income from all sources while a resident of N.C. modified by N.C. adjustments to federal gross income (If Line 1 is negative, fill in circle.)
- 2. Portion of Line 1 that was taxed by another state or country
- 3. Divide Line 2 by Line 1 and enter the result as a decimal amount (Round to four decimal places)
- 4. Total North Carolina income tax (From Form D-400, Line 15)
- 5. Multiply Line 4 by Line 3
- 6. Amount of net tax paid to the other state or country on the income shown on Line 2
- 7a. Credit for Income Tax Paid to Another State or Country**
Enter the lesser of Line 5 or Line 6
- 7b.** Enter the number of states or countries for which a credit is claimed



Enter Whole U.S. Dollars Only

▶ 1. _____ .00

▶ 2. _____ .00

▶ 3. _____

▶ 4. _____ .00

▶ 5. _____ .00

▶ 6. _____ .00

▶ 7a. _____ .00

▶ 7b. _____

Part 2. Credits for Rehabilitating Historic Structures

On Lines 10a and 11a, enter the amount of expenditures or expenses only if tax year 2025 is the first year the credit is taken. On Lines 8, 9, 10b, 11b, 12, and 13, enter the amount of the tax credit taken.

- 8. An **income-producing** historic structure (Article 3D)
- 9. A **nonincome-producing** historic structure (Article 3D)
- 10. An **income-producing** historic mill facility (Article 3H) ▶ 10a. _____ .00 ▶ 10b. _____ .00
- 11. A **nonincome-producing** historic mill facility (Article 3H) ▶ 11a. _____ .00 ▶ 11b. _____ .00
- 12. An **income-producing** historic structure (Article 3L) (From Form NC-Rehab, Part 4, Line 23)
- 13. A **nonincome-producing** historic structure (Article 3L) (From Form NC-Rehab, Part 4, Line 26)

If you take a credit on Lines 12 or 13, attach Form NC-Rehab to the front of Form D-400.

▶ 8. _____ .00

▶ 9. _____ .00

▶ 10b. _____ .00

▶ 11b. _____ .00

▶ 12. _____ .00

▶ 13. _____ .00

Part 3. Computation of Total Tax Credits to be Taken for Tax Year 2025

- 14. Tax credits carried over from previous years (Do not include any carryover of income tax credits taken on Form NC-478 or Form NC-Rehab.)
- 15. Reserved for Future Use
- 16. Add Lines 7a, 8, 9, 10b, 11b, 12, 13, 14, and 15
- 17. North Carolina income tax (From Form D-400, Line 15)
- 18. Enter the lesser of Line 16 or Line 17
- 19. Business incentive and energy tax credits (Attach Form NC-478 and any required supporting schedules to the front of Form D-400)
- 20. Total Tax Credits to be Taken for Tax Year 2025** (Add Lines 18 and 19. Enter the result here and on Form D-400, Line 16.) **The amount on Line 20 cannot exceed the tax shown on Form D-400, Line 15.**

▶ 14. _____ .00

▶ 15. _____ .00

▶ 16. _____ .00

▶ 17. _____ .00

▶ 18. _____ .00

▶ 19. _____ .00

▶ 20. _____ .00

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

Instructions

Purpose - Use Form D-410 to request 6 more months to file the North Carolina Individual Income Tax Return, Form D-400. **Important:** Do not use this form to request an extension of time for filing partnership, estate, trust, corporate income, or franchise tax returns.

In general, if you were granted an automatic extension to file your federal income tax return, federal Form 1040, you do not have to file Form D-410 to receive an extension of time to file Form D-400. **Important:** *Although you aren't required to file Form D-410 to receive an automatic extension, if you need to make a payment of the tax you estimate as due, complete and file Form D-410 by the due date of the return. If you do not pay the amount due by the due date, you will owe interest plus any applicable penalties. For more information on Penalties and Interest, see the Department's website.*

If you were not granted an automatic extension to file your federal income tax return, you **MUST** file Form D-410 to receive an extension of time to file Form D-400. Even if you do not expect to owe additional tax, you must still apply for an extension and file the return by the extended due date for the return to be considered timely filed. **You do not have to attach this form to your return.**

To receive the extra time you **MUST**:

1. **Estimate your tax liability using the information available to you, and enter that amount on Line 1 of Form D-410.**
2. **File Form D-410 by the due date of your tax return. You are not required to send a payment of the tax you estimate as due. However, because an extension of time to file the return does not extend the time for paying the tax, it will benefit you to pay as much as you can.**

If you have been granted an extra 4 months to file because you were "out of the country" (explained later) when your return was due, then use this form to ask for an additional 2 months to file.

Filing Your Tax Return - You may file the income tax return at any time before the extended due date. Importantly, Form D-410 does not extend the time to pay the tax. Interest plus any applicable penalties will be due on any tax not paid by the due date.

You can file Form D-410 and pay the tax online. For details, visit ncdor.gov and select "File and Pay."

Use blue or black ink to complete this form.



Do not fold, staple, tape, or paper clip the form.

Detach and mail original form to:
N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0635

Taxpayer Cut Here

D-410
Web
10-09

Application for Extension for Filing Individual Income Tax Return

North Carolina Department of Revenue

For calendar year _____ or other tax year beginning _____ and ending _____ <small>(MM-DD-YY) (MM-DD-YY)</small>		<small>Enter Whole U.S. Dollars Only</small>
Your Social Security Number _____-_____-_____-_____-_____-_____-	Your Spouse's Social Security Number _____-_____-_____-_____-_____-_____-	1. Tax Liability for Year _____,_____,_____.00
Your First Name (USE CAPITAL LETTERS) M.I. Your Last Name _____-_____-_____-_____-_____-_____-		2. Payments for Year _____,_____,_____.00
If a Joint Return, Spouse's First Name M.I. Spouse's Last Name _____-_____-_____-_____-_____-_____-		3. Balance Due \$ (Line 1 minus Line 2) _____ .00
Address _____-_____-_____-_____-_____-_____-		<input type="radio"/> Fill in this circle if you were out of the country on the date that this application was due.
City State Zip Code Country (if not U.S.) _____-_____-_____-_____-_____-_____-	Apartment Number _____	

7130106005



Mail to: N.C. Department of Revenue
P.O. Box 25000, Raleigh, N.C. 27640-0635

Page 2

D-410
Web
7-25

Interest - You will owe interest on tax not paid by the due date of the return.

Late Payment Penalty - If you do not pay all the tax due by the due date, multiply the tax not paid by 5 percent regardless of how late the tax is paid.

The penalty will apply on any remaining balance due if the tax paid by the 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 expiration of the extension period to avoid the late payment penalty.

Late Filing Penalty - A penalty is usually charged if your return is filed after the due date (including extensions). It is 5 percent of the net tax due for each month, or part of a month, that your return is late (maximum 25 percent).

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

Net tax due is the amount of tax required to be shown on the return less any timely payments of the tax and allowable credits.

How To Claim Credit For Payments Made With This Form

When you file your return, include the amount paid with this extension on Line 21b of Form D-400. If you and your spouse each file a separate Form D-410, but file a joint return for the taxable year, enter the total paid with the two Forms D-410 on Line 21b of your return.

If you and your spouse jointly filed Form D-410, but file separate returns for the taxable year, you may enter the total amount paid with Form D-410 on either of your separate returns, or you and your spouse may divide the payment in any agreed amounts. Be sure each separate return has the social security numbers of both spouses.

Specific Instructions

Name, Address, and Social Security Numbers - Enter your name, address, and social security number and your spouse's name and social security number if filing a joint return.

Line 1 - Enter on this line the amount you expect to enter on Line 15 of Form D-400. If you do not expect to owe tax, enter the number zero.

Line 2 - Enter on this line any North Carolina income tax withheld, estimated tax payments (including any overpayment applied from the previous year), and any other payments and credits you expect to show on your return.

Out of the Country - If you were a U. S. citizen or resident and were out of the country on the due date of your return, you are granted an automatic 4-month extension to file your return. You do not have to file this form on April 15. Instead, fill in the "Out of the Country" circle on page 1 of Form D-400 to indicate you were out of the country on April 15. If you need an additional two months to file your return, fill in the circle located at the bottom right of this form and file the form on or before August 15. For this purpose, "Out of the Country" means either (1) you live outside the United States and Puerto Rico, AND your main place of work is outside the United States and Puerto Rico, or (2) you are in military or naval service outside the United States and Puerto Rico.

Test Question #1

Facts:

Mary B. Brown (SSN 000-00-0004) is divorced and lives at 101 Maple Street, Hometown, North Carolina 29999. This is in Edgecombe County. She has one daughter, Sally Brown (SSN 333-33-3333) who is 7 years old and lived with her for the entire 2025 tax year.

Ms. Brown was granted an automatic extension to file her 2025 federal income tax return. Once she filed her 2025 federal income tax return, she claimed head of household as her filing status and claimed a federal child tax credit for Sally. Ms. Brown worked at Grocery Bag Food Mart and earned wages in the amount of \$34,425.00. She had \$703.00 withheld in North Carolina state income tax from her wages. In addition, she received interest income in the amount of \$53.00 from Wells Fargo Bank.

Ms. Brown claimed the standard deduction on her federal income tax return and claimed the North Carolina standard deduction for tax year 2024. Her federal adjusted gross income reported on Form 1040, Line 11 was \$34,478.00. In addition, Ms. Brown did not make any out-of-state purchases during the 2025 tax year.

Ms. Brown wants to contribute \$10.00 of her North Carolina state tax refund to the North Carolina Breast and Cervical Cancer Control Program.

Please complete Ms. Brown's 2025 North Carolina individual income tax return.

Form 1040

Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return

2025

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased MM / DD / YYYY Spouse MM / DD / YYYY Other

Your first name and middle initial MARY B Last name BROWN Your social security number 0 0 0 0 0 0 0 0 4

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. 101 MAPLE STREET Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. [X]

City, town, or post office. If you have a foreign address, also complete spaces below. HOMETOWN State NC ZIP code 29999 Presidential Election Campaign

Foreign country name Foreign province/state/county Foreign postal code Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. [] You [] Spouse

Filing Status [] Single [X] Head of household (HOH) [] Married filing jointly (even if only one had income) [] Qualifying surviving spouse (QSS) [] Married filing separately (MFS). Enter spouse's SSN above and full name here: If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: [] If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) [] Yes [X] No

Table with 5 columns: Dependents (see instructions), Dependent 1, Dependent 2, Dependent 3, Dependent 4. Rows include (1) First name, (2) Last name, (3) SSN, (4) Relationship, (5) Check if lived with you more than half of 2025, (6) Check if (Full-time student, Permanently and totally disabled), (7) Credits (Child tax credit, Credit for other dependents).

[] Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income section table with columns for line numbers and amounts. Rows include 1a Total amount from Form(s) W-2, box 1 (34425), b Household employee wages, c Tip income, d Medicaid waiver payments, e Taxable dependent care benefits, f Employer-provided adoption benefits, g Wages from Form 8919, line 6, h Other earned income, i Nontaxable combat pay election (1i), z Add lines 1a through 1h (34425), 2a Tax-exempt interest, 2b Taxable interest (53), 3a Qualified dividends, 3b Ordinary dividends, 4a IRA distributions, 4b Taxable amount, 5a Pensions and annuities, 5b Taxable amount, 6a Social security benefits, 6b Taxable amount, 7a Capital gain or (loss), 7b Check if: [] Schedule D not required [] Includes child's capital gain or (loss), 8 Additional income from Schedule 1, line 10, 9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your total income (34478), 10 Adjustments to income from Schedule 1, line 26, 11a Subtract line 10 from line 9. This is your adjusted gross income (34478).

Attach Sch. B if required.

DRAFT — DO NOT FILE

DRAFT — DO NOT FILE

Tax and Credits	11b	Amount from line 11a (adjusted gross income)	11b	34478
	12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent		
	b	<input type="checkbox"/> Spouse itemizes on a separate return	c	<input type="checkbox"/> You were a dual-status alien
	d	You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind		
		Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind		
	e	Standard deduction or itemized deductions (from Schedule A)	12e	23625
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
	b	Additional deductions from Schedule 1-A, line 38	13b	
	14	Add lines 12e, 13a, and 13b	14	23625
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15	10853
	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Payments and Refundable Credits	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
	26	2025 estimated tax payments and amount applied from 2024 return	26	
		If you made estimated tax payments with your former spouse in 2025, enter their SSN (see instructions):		
	27a	Earned income credit (EIC)	27a	
	b	Clergy filing Schedule SE (see instructions)		<input type="checkbox"/>
	c	If you do not want to claim the EIC, check here		<input type="checkbox"/>
	28	Additional child tax credit (ACTC) from Schedule 8812. If you do not want to claim the ACTC, check here <input type="checkbox"/>	28	
	29	American opportunity credit from Form 8863, line 8	29	
	30	Refundable adoption credit from Form 8839, line 13	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27a, 28, 29, 30, and 31. These are your total other payments and refundable credits	32	
	33	Add lines 25d, 26, and 32. These are your total payments	33	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number		
	36	Amount of line 34 you want applied to your 2026 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions. **Yes**. Complete below. **No**

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address		Phone no.	Firm's EIN

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Test Question #2

Facts:

Robert E. (001-11-2222) and Ellen J. (002-22-3333) Black live at 102 Green Road, Anywhere, North Carolina 21111. This is in Washington County. They filed their federal income tax return as married filing jointly. They were residents of North Carolina for the entire tax year of 2025.

Robert is 68 years old. He worked for the federal government from 1982 until he retired in 2013. He later retired from IBM in 2024. In 2025, he received wages from Amazon Corporation in the amount of \$38,000.00 and had \$1,945.00 withheld in North Carolina state income tax. He also received United States Civil Service annuity income in the amount of \$48,400.00 and \$12,700.00 in retirement income from IBM.

Ellen is 65 years old. She began working for the State of North Carolina in 2006 and retired in 2021. She received retirement income from the State of North Carolina of \$17,000.00.

In addition, Mr. and Mrs. Black received interest income from First Citizens Bank in the amount of \$1,500.00 and a state income tax refund reported on their federal income tax return in the amount of \$329.00. They claimed itemized deductions on their 2024 federal income tax return. Mr. and Mrs. Black also collected \$35,000.00 in Social Security Benefits collectively during the 2025 tax year. \$29,750.00 of those benefits were considered taxable on their federal income tax return. For tax year 2025, they claimed the standard deduction on their federal and North Carolina tax returns.

The taxpayers would like to report \$25.00 in consumer use tax for out-of-state purchases during the 2025 tax year. They paid total 2025 North Carolina estimated income tax in the amount of \$1,200.00 through quarterly payments. In addition, they would like to request that \$250.00 of their 2025 North Carolina state tax refund be applied to their 2026 North Carolina estimated income tax.

Please complete Mr. and Mrs. Black's 2025 North Carolina individual income tax return.

Form 1040 U.S. Individual Income Tax Return

Department of the Treasury—Internal Revenue Service

2025

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning, 2025, ending, 20. See separate instructions.

Filed pursuant to section 301.9100-2, Combat zone, Deceased MM/DD/YYYY, Spouse MM/DD/YYYY, Other

Your first name and middle initial: ROBERT E, Last name: BLACK, Your social security number: 001112222

If joint return, spouse's first name and middle initial: ELLEN J, Last name: BLACK, Spouse's social security number: 002223333

Home address (number and street): 102 GREEN ROAD, Apt. no., Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025.

City, town, or post office: ANYWHERE, State: NC, ZIP code: 21111, Presidential Election Campaign

Foreign country name, Foreign province/state/county, Foreign postal code, Check a box below will not change your tax or refund.

Filing Status: Single, Married filing jointly (checked), Head of household (HOH), Qualifying surviving spouse (QSS)

Digital Assets: At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset...

Table with 5 columns: Dependents (1-5), (1) First name, (2) Last name, (3) SSN, (4) Relationship, (5) Check if lived with you more than half of 2025

Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law...

Income section table with rows 1a through 11a, including Total amount from Form(s) W-2, Household employee wages, Tip income, etc.

Attach Sch. B if required.

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Tax and Credits	11b	Amount from line 11a (adjusted gross income)	11b	147679
	12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent		
	b	<input type="checkbox"/> Spouse itemizes on a separate return	c	<input type="checkbox"/> You were a dual-status alien
	d	You: <input checked="" type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind		
		Spouse: <input checked="" type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind		
	e	Standard deduction or itemized deductions (from Schedule A)	12e	34700
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
	b	Additional deductions from Schedule 1-A, line 38	13b	12000
	14	Add lines 12e, 13a, and 13b	14	46700
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15	100979
	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Payments and Refundable Credits	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
	26	2025 estimated tax payments and amount applied from 2024 return	26	
		If you made estimated tax payments with your former spouse in 2025, enter their SSN (see instructions):		
	27a	Earned income credit (EIC)	27a	
	b	Clergy filing Schedule SE (see instructions)		<input type="checkbox"/>
	c	If you do not want to claim the EIC, check here		<input type="checkbox"/>
	28	Additional child tax credit (ACTC) from Schedule 8812. If you do not want to claim the ACTC, check here	28	<input type="checkbox"/>
	29	American opportunity credit from Form 8863, line 8	29	
	30	Refundable adoption credit from Form 8839, line 13	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27a, 28, 29, 30, and 31. These are your total other payments and refundable credits	32	
	33	Add lines 25d, 26, and 32. These are your total payments	33	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number		
	36	Amount of line 34 you want applied to your 2026 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions. **Yes**. Complete below. **No**

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address		Phone no.	Firm's EIN

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SCHEDULE 1 (Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2025

Attachment Sequence No. 01

Department of the Treasury Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

ROBERT E BLACK ELLEN J BLACK

Your social security number

001112222

For 2025, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

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Table with columns for line numbers (1-10), descriptions of income items (1-10), sub-items (8a-8z), and amounts. Line 10 total is 329.

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2025 Created 3/17/25

Part II Adjustments to Income

11	Educator expenses		11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		12	
13	Health savings account deduction. Attach Form 8889		13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903. If claiming only storage fees (see instructions), check here <input type="checkbox"/>		14	
15	Deductible part of self-employment tax. Attach Schedule SE		15	
16	Self-employed SEP, SIMPLE, and qualified plans		16	
17	Self-employed health insurance deduction		17	
18	Penalty on early withdrawal of savings		18	
19a	Alimony paid		19a	
b	Recipient's SSN			
c	Date of original divorce or separation agreement (see instructions): _____			
20	IRA deduction. If you are married filing separately and lived apart from your spouse for the entire year (see instructions), check here <input type="checkbox"/>		20	
21	Student loan interest deduction		21	
22	Reserved for future use		22	
23	Archer MSA deduction		23	
24	Other adjustments:			
a	Jury duty pay (see instructions)	24a		
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b		
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c		
d	Reforestation amortization and expenses	24d		
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e		
f	Contributions to section 501(c)(18)(D) pension plans	24f		
g	Contributions by certain chaplains to section 403(b) plans	24g		
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h		
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i		
j	Housing deduction from Form 2555	24j		
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k		
z	Other adjustments. List type and amount: _____ _____	24z		
25	Total other adjustments. Add lines 24a through 24z		25	
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10		26	

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**SCHEDULE 1-A
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Deductions

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2025
Attachment
Sequence No. **1A**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

ROBERT E BLACK ELLEN J BLACK

Your social security number

001112222

Part I Modified Adjusted Gross Income (MAGI) Amount

1	Enter the amount from Form 1040, 1040-SR, or 1040-NR, line 11b		1	147679
2a	Enter any income from Puerto Rico that you excluded	2a		
b	Enter the amount from Form 2555, line 45	2b		
c	Enter the amount from Form 2555, line 50	2c		
d	Enter the amount from Form 4563, line 15	2d		
e	Add lines 2a, 2b, 2c, and 2d	2e		
3	Add lines 1 and 2e	3		147679

Part II No Tax on Tips

Caution: Fill out Part II only if you received qualified tips. These tips must have been received in an occupation listed at IRS.gov/TippedOccupations. You and/or your spouse who received qualified tips must have a valid social security number to claim the deduction. If married, you must file jointly to claim this deduction. See instructions.

4	Qualified tips received as an employee. If you received tips as an employee with respect to employment with more than one employer, enter -0- on lines 4a and 4b and see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions.			
a	Enter qualified tips included on Form W-2, box 7, but see the instructions if Form W-2, box 5 is more than \$176,100 or you received tips that are not subject to social security and Medicare taxes	4a		
b	Qualified tips included on Form 4137, line 1, row A, column (c). If Form 4137 is not filed, enter -0-	4b		
c	If you only received qualified tips as an employee with respect to employment with one employer, enter the larger of line 4a or line 4b. Otherwise, see the instructions to determine the amount to enter on line 4c. If you received tips as an employee in more than one occupation, see the instructions		4c	
5	Qualified tips received in the course of a trade or business. Qualified tip amount included in Form 1099-NEC, box 1; Form 1099-MISC, box 3; or Form 1099-K, box 1a. Do not enter more than the net profit from the trade or business. If you received qualified tips in the course of more than one trade or business or in more than one occupation, see instructions		5	
6	Add lines 4c and 5		6	
7	Enter the smaller of the amount on line 6 or \$25,000		7	
8	Enter the amount from line 3		8	
9	Enter \$150,000 (\$300,000 if married filing jointly)		9	
10	Subtract line 9 from line 8. If zero or less, enter the amount from line 7 on line 13		10	
11	Divide line 10 by \$1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		11	
12	Multiply line 11 by \$100		12	
13	Qualified tips deduction. Subtract line 12 from line 7. If zero or less, enter -0-		13	

Part III No Tax on Overtime

Caution: Fill out Part III only if you received qualified overtime compensation. You and/or your spouse who received the qualified overtime compensation must have a valid social security number to claim this deduction. If married, you must file jointly to claim this deduction. See instructions.

14a	Qualified overtime compensation included in Form W-2, box 1. If you received qualified overtime compensation not reported on Form W-2, box 1, see instructions	14a		
b	Qualified overtime compensation included in Form 1099-NEC, box 1, or Form 1099-MISC, box 3 (see instructions)	14b		
c	Add lines 14a and 14b		14c	
15	Enter the smaller of the amount on line 14c or \$12,500 (\$25,000 if married filing jointly)		15	
16	Enter the amount from line 3		16	
17	Enter \$150,000 (\$300,000 if married filing jointly)		17	
18	Subtract line 17 from line 16. If zero or less, enter the amount from line 15 on line 21		18	
19	Divide line 18 by \$1,000. If the resulting number isn't a whole number, decrease the result to the next lower whole number. (For example, decrease 1.5 to 1, and decrease 0.05 to 0.)		19	
20	Multiply line 19 by \$100		20	
21	Qualified overtime compensation deduction. Subtract line 20 from line 15. If zero or less, enter -0-		21	

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Part IV No Tax on Car Loan Interest

Caution: Fill out Part IV only if you, or your spouse if married filing jointly, paid or accrued qualified passenger vehicle loan interest (QPVLI). Column (iii) is the total QPVLI paid in 2025 less the amounts reported in column (ii). See instructions.

22 Applicable passenger vehicle (see instructions). If more than two VINs, see instructions.

		Interest for this loan:	
(i) Vehicle identification number (VIN)		(ii) Deducted on Schedule C, Schedule E, or Schedule F	(iii) Schedule 1-A
a	<input type="text"/>		
b	<input type="text"/>		

23	Add lines 22a and 22b, column (iii)	23	
24	Enter the smaller of the amount on line 23 or \$10,000	24	
25	Enter the amount from line 3	25	
26	Enter \$100,000 (\$200,000 if married filing jointly)	26	
27	Subtract line 26 from line 25. If zero or less, enter the amount from line 24 on line 30	27	
28	Divide line 27 by \$1,000. If the resulting number isn't a whole number, increase the result to the next higher whole number. (For example, increase 1.5 to 2, and increase 0.05 to 1.)	28	
29	Multiply line 28 by \$200	29	
30	Qualified passenger vehicle loan interest deduction. Subtract line 29 from line 24. If zero or less, enter -0-	30	

Part V Enhanced Deduction for Seniors

Caution: You and/or your spouse must have a valid social security number. If married, you must file jointly to claim this deduction. See instructions.

31	Enter the amount from line 3	31	147679
32	Enter \$75,000 (\$150,000 if married filing jointly)	32	150000
33	Subtract line 32 from line 31. If zero or less, enter \$6,000 on line 35	33	-2321
34	Multiply line 33 by 6% (0.06)	34	
35	Subtract line 34 from \$6,000. If zero or less, enter -0-	35	6000
36a	If you have a valid social security number (see instructions) and were born before January 2, 1961, enter the amount from line 35	36a	6000
b	If you are married filing jointly, your spouse has a valid social security number (see instructions), and your spouse was born before January 2, 1961, enter the amount from line 35	36b	6000
37	Enhanced deduction for seniors. Add lines 36a and 36b	37	12000

Part VI Total Additional Deductions

38	Add lines 13, 21, 30, and 37. Enter here and on Form 1040 or 1040-SR, line 13b, or on Form 1040-NR, line 13c	38	12000
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Test Question #3

Facts:

Joe T. (202-00-0000) and Mary C. (303-00-0000) Army are both South Carolina residents. Their address is 101 Army Road, Fort Mill, SC 12789.

Joe received wages from Duke Energy in Fort Mill, SC in the amount of \$56,800.00 and had \$0.00 withheld in North Carolina state income tax. He retired from the U.S. Army in 2021 with 22 years of service and receives his military retirement in the amount of \$62,100.00. Mary worked for Bank of America located in Charlotte, NC. She received wages in the amount of \$35,250.00 and had \$1,330.00 withheld in North Carolina state income tax. In addition, Mary received interest income in the amount of \$212.00. They did not make any out-of-state purchases.

Mr. & Mrs. Army filed their 2025 federal income tax return as married filing jointly.

Please complete North Carolina individual income tax returns using the married filing jointly and married filing separately filing statuses to determine the most beneficial filing for Mr. & Mrs. Army. In both scenarios, it was more beneficial for the taxpayers to claim the federal standard deduction and North Carolina standard deduction. Mr. Army elects to denote that he is a veteran on the married filing jointly North Carolina income tax return.

Form 1040 U.S. Individual Income Tax Return

Department of the Treasury—Internal Revenue Service

2025

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased MM / DD / YYYY Spouse MM / DD / YYYY Other

Your first name and middle initial Last name Your social security number JOE T ARMY 2 0 2 0 0 0 0 0 0

If joint return, spouse's first name and middle initial Last name Spouse's social security number MARY C ARMY 3 0 3 0 0 0 0 0 0

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. 101 ARMY ROAD

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code Presidential Election Campaign FORT MILL SC 12789 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

Foreign country name Foreign province/state/county Foreign postal code You Spouse

Filing Status Single Married filing jointly (even if only one had income) Married filing separately (MFS) Head of household (HOH) Qualifying surviving spouse (QSS) If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? Yes No

Table with 5 columns: Dependents (see instructions), Dependent 1, Dependent 2, Dependent 3, Dependent 4. Rows include (1) First name, (2) Last name, (3) SSN, (4) Relationship, (5) Check if lived with you more than half of 2025, (6) Check if (Full-time student, Permanently and totally disabled), (7) Credits (Child tax credit, Credit for other dependents).

Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income section table with rows 1a through 1z. 1a Total amount from Form(s) W-2, box 1 (see instructions) 92050. 1b Household employee wages not reported on Form(s) W-2. 1c Tip income not reported on line 1a (see instructions). 1d Medicaid waiver payments not reported on Form(s) W-2 (see instructions). 1e Taxable dependent care benefits from Form 2441, line 26. 1f Employer-provided adoption benefits from Form 8839, line 31. 1g Wages from Form 8919, line 6. 1h Other earned income (see instructions). Enter type and amount: 1i Nontaxable combat pay election (see instructions). z Add lines 1a through 1h 92050.

Table with rows 2a through 11a. 2a Tax-exempt interest. 2b Taxable interest 212. 3a Qualified dividends. 3b Ordinary dividends. 4a IRA distributions. 4b Taxable amount. 5a Pensions and annuities 62100. 5b Taxable amount 62100. 6a Social security benefits. 6b Taxable amount. 7a Capital gain or (loss). Attach Schedule D if required. 7b Check if: Schedule D not required Includes child's capital gain or (loss). 8 Additional income from Schedule 1, line 10. 9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your total income 154362. 10 Adjustments to income from Schedule 1, line 26. 10a Subtract line 10 from line 9. This is your adjusted gross income 154362.

DRAFT — DO NOT FILE

DRAFT — DO NOT FILE

Tax and Credits	11b	Amount from line 11a (adjusted gross income)	11b	154362
	12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent		
	b	<input type="checkbox"/> Spouse itemizes on a separate return	c	<input type="checkbox"/> You were a dual-status alien
	d	You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind		
		Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind		
	e	Standard deduction or itemized deductions (from Schedule A)	12e	31500
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
	b	Additional deductions from Schedule 1-A, line 38	13b	
	14	Add lines 12e, 13a, and 13b	14	31500
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15	122862
	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Payments and Refundable Credits	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
	26	2025 estimated tax payments and amount applied from 2024 return	26	
		If you made estimated tax payments with your former spouse in 2025, enter their SSN (see instructions):		
	27a	Earned income credit (EIC)	27a	
	b	Clergy filing Schedule SE (see instructions)		<input type="checkbox"/>
	c	If you do not want to claim the EIC, check here		<input type="checkbox"/>
	28	Additional child tax credit (ACTC) from Schedule 8812. If you do not want to claim the ACTC, check here	28	<input type="checkbox"/>
	29	American opportunity credit from Form 8863, line 8	29	
	30	Refundable adoption credit from Form 8839, line 13	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27a, 28, 29, 30, and 31. These are your total other payments and refundable credits	32	
	33	Add lines 25d, 26, and 32. These are your total payments	33	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number		
	36	Amount of line 34 you want applied to your 2026 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions. **Yes**. Complete below. **No**

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address		Phone no.	Firm's EIN

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Test Question #4

Facts:

Lester L. (SSN 123-22-4567) and Gladys W. (SSN 234-33-6789) Scruggs were part-year residents of North Carolina for tax year 2025. They became North Carolina residents on July 1, 2025. Mr. Scruggs elects to denote on his North Carolina income tax return that he is a veteran. Mr. and Mrs. Scruggs have two children, James (SSN 444-55-6666) age 14 and Sue (SSN 777-66-3333) age 18 who is a full-time student. They live at 1313 Not Real Lane, Raleigh, North Carolina 27615. This is in Wake County.

Lester received \$25,000.00 in wages from Lockheed Martin earned in Virginia before becoming a North Carolina resident. He received \$55,000.00 in wages from Lockheed Martin earned in North Carolina after becoming a North Carolina resident on or after July 1, 2025 and had \$2,400.00 withheld in North Carolina state income tax. Mr. Scruggs received \$24,000.00 (\$2,000.00 per month) in his pension from the United States Navy (Bailey Vested) during 2025. Mr. Scruggs received two separate IRA distributions of \$10,000.00 each on April 2, 2025 and September 8, 2025. Mr. Scruggs received interest income each month with a yearly total of \$776.00 from Coastal Federal Credit Union. Mr. Scruggs also sold stock on December 1, 2025, for a capital gain of \$2,500.00. Gladys worked part-time at Dillard's after moving to North Carolina. She earned \$12,000.00 in wages and had \$400.00 withheld in North Carolina state income tax.

Previously, the taxpayers were North Carolina residents in tax year 2013 and claimed a deduction from federal adjusted gross income of \$5,000 for contributions made to an N.C. 529 Plan on their 2013 North Carolina income tax return. In 2025, the taxpayers withdrew \$5,000 from their N.C. 529 Plan on November 1, 2025 and the funds were not used for a purpose allowed under IRC section 529.

The Scruggs did not make any out-of-state purchases during the 2025 tax year. They claimed the standard deduction on their federal income tax return because it was greater than the amount of their eligible federal itemized deductions shown on Federal Schedule A. As a result, the Scruggs must determine if it will be more beneficial to claim the N.C. standard deduction or the allowable N.C. itemized deductions on their North Carolina income tax return. Please complete Mr. and Mrs. Scruggs 2025 North Carolina individual income tax return.

Form 1040

Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return

2025

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased MM / DD / YYYY Spouse MM / DD / YYYY Other

Your first name and middle initial LESTER L Last name SCRUGGS Your social security number 1 2 3 2 2 4 5 6 7

If joint return, spouse's first name and middle initial GLADYS W Last name SCRUGGS Spouse's social security number 2 3 4 3 3 6 7 8 9

Home address (number and street). If you have a P.O. box, see instructions. 1313 NOT REAL LANE Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. [X]

City, town, or post office. If you have a foreign address, also complete spaces below. RALEIGH State NC ZIP code 27615 Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

Foreign country name Foreign province/state/county Foreign postal code [] You [] Spouse

Filing Status [] Single [] Head of household (HOH) [] Married filing jointly (even if only one had income) [] Married filing separately (MFS) [] Qualifying surviving spouse (QSS) [] If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? [] Yes [X] No

Table with 5 columns: Dependents (1-5) and 4 rows: (1) First name, (2) Last name, (3) SSN, (4) Relationship, (5) Check if lived with you more than half of 2025, (6) Check if (Full-time student, Permanently and totally disabled), (7) Credits (Child tax credit, Credit for other dependents).

[] Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income section table with rows 1a through 11a. Includes sub-rows for interest (2a, 2b), dividends (3a, 3b), pensions (5a, 5b), and social security (6a, 6b). Total income 139276, Adjusted gross income 139276.

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Tax and Credits	11b	Amount from line 11a (adjusted gross income)	11b	139276
	12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent		
	b	<input type="checkbox"/> Spouse itemizes on a separate return	c	<input type="checkbox"/> You were a dual-status alien
	d	You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind		
		Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind		
	e	Standard deduction or itemized deductions (from Schedule A)	12e	31500
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
	b	Additional deductions from Schedule 1-A, line 38	13b	
	14	Add lines 12e, 13a, and 13b	14	31500
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15	107776
	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Payments and Refundable Credits	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
	26	2025 estimated tax payments and amount applied from 2024 return	26	
		If you made estimated tax payments with your former spouse in 2025, enter their SSN (see instructions):		
	27a	Earned income credit (EIC)	27a	
	b	Clergy filing Schedule SE (see instructions)		<input type="checkbox"/>
	c	If you do not want to claim the EIC, check here		<input type="checkbox"/>
	28	Additional child tax credit (ACTC) from Schedule 8812. If you do not want to claim the ACTC, check here <input type="checkbox"/>	28	
	29	American opportunity credit from Form 8863, line 8	29	
	30	Refundable adoption credit from Form 8839, line 13	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27a, 28, 29, 30, and 31. These are your total other payments and refundable credits	32	
	33	Add lines 25d, 26, and 32. These are your total payments	33	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number		
	36	Amount of line 34 you want applied to your 2026 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions. **Yes**. Complete below. **No**

Designee's name	Phone no.	Personal identification number (PIN)

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address		Phone no.	Firm's EIN

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**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

2025
Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service

Attach to Form 1040 or 1040-SR.

Go to www.irs.gov/ScheduleA for instructions and the latest information.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

Name(s) shown on Form 1040 or 1040-SR

Your social security number

LESTER L SCRUGGS GLADYS W SCRUGGS

123-22-4567

Medical and Dental Expenses	1	Medical and dental expenses (see instructions)	1			
	2	Enter amount from Form 1040 or 1040-SR, line 11b	2			
	3	Multiply line 2 by 7.5% (0.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	
Taxes You Paid	5	State and local taxes (SALT).				
	a	State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>	5a	3700		
	b	State and local real estate taxes (see instructions)	5b	450		
	c	State and local personal property taxes	5c	855		
	d	Add lines 5a through 5c	5d	5005		
	e	Enter the smaller of line 5d or \$40,000 (\$20,000 if married filing separately). If Form 1040 or 1040-SR, line 11b is more than \$500,000 (\$250,000 if married filing separately), or if you completed Form 2555, Form 4563, or excluded income from Puerto Rico, see instructions	5e	5005		
	6	Other taxes. List type and amount: ----- -----	6			
7	Add lines 5e and 6			7	5005	
Interest You Paid	8	Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/>				
	a	Home mortgage interest and points reported to you on Form 1098. See instructions if limited	8a	4250		
	b	Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ----- -----	8b			
	c	Points not reported to you on Form 1098. See instructions for special rules	8c			
	d	Reserved for future use	8d			
	e	Add lines 8a through 8c	8e			
	9	Investment interest. Attach Form 4952 if required. See instructions	9			
	10	Add lines 8e and 9			10	4250
	Gifts to Charity	11	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	11	16900	
		12	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	12		
13		Carryover from prior year	13			
14		Add lines 11 through 13			14	16900
Casualty and Theft Losses	15	Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions			15	
Other Itemized Deductions	16	Other—from list in instructions. List type and amount: ----- -----			16	
Total Itemized Deductions	17	Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12e			17	26155
	18	If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/>				

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Test Question #5

Facts:

John R. (SSN 101-55-0001) and Jane S. (SSN 202-66-0002) Smith were full year residents of North Carolina for tax year 2025. They have two children, Tim (SSN 111-11-1111) age 3 and Mike (SSN 222-22-2222) age 8. They live at 201 Somewhere Drive, Raleigh, North Carolina 02020. This is in Wake County.

In 2025, John's employer, Cisco Systems, temporarily assigned him to work out of state. He received wages of \$10,000.00 for Virginia source income and had \$0.00 state income tax withheld. He paid \$340.00 to the State of Virginia on the income he earned there. He received wages of \$15,000.00 for Maryland source income and had \$500.00 Maryland state income tax withheld. A Maryland state income tax return was filed and a refund of \$50.00 was received from the State of Maryland. John received total wages from Cisco Systems in the amount of \$105,000. He had \$5,250.00 withheld in North Carolina state income tax.

Jane is a sales associate for a Belk department store and received \$20,000.00 in wages during 2025. She had \$1,400.00 withheld in North Carolina state income tax.

In addition, they received \$300.00 in interest income from Truist Bank and \$150.00 from Virginia municipal bond interest.

Mr. and Mrs. Smith claimed federal itemized deductions of \$37,077 on their 2025 federal return. Please complete Mr. and Mrs. Smith's 2025 North Carolina individual income tax return.

Form 1040 U.S. Individual Income Tax Return

Department of the Treasury—Internal Revenue Service

2025

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning, 2025, ending, 20. See separate instructions.

Filed pursuant to section 301.9100-2, Combat zone, Deceased MM/DD/YYYY, Spouse MM/DD/YYYY, Other

Your first name and middle initial: JOHN R, Last name: SMITH, Your social security number: 101550001

If joint return, spouse's first name and middle initial: JANE S, Last name: SMITH, Spouse's social security number: 202660002

Home address (number and street): 201 SOMEWHERE DRIVE, Apt. no., Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025.

City, town, or post office: RALEIGH, State: NC, ZIP code: 02020, Presidential Election Campaign

Foreign country name, Foreign province/state/county, Foreign postal code, Check here if you, or your spouse if filing jointly, want \$3 to go to this fund.

Filing Status: Single, Married filing jointly (checked), Head of household (HOH), Qualifying surviving spouse (QSS)

Digital Assets: At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset?

Table with 5 columns: Dependents (1-4), rows for First name, Last name, SSN, Relationship, Check if lived with you more than half of 2025, Check if (student/disabled), Credits.

Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income section table with rows 1a through 11a, including Total amount from Form(s) W-2, Household employee wages, Tip income, Medicaid waiver payments, Taxable dependent care benefits, Employer-provided adoption benefits, Wages from Form 8919, Other earned income, Nontaxable combat pay election, Tax-exempt interest, Qualified dividends, IRA distributions, Pensions and annuities, Social security benefits, Capital gain or (loss), Additional income from Schedule 1, Adjustments to income from Schedule 1, Subtract line 10 from line 9.

Attach Sch. B if required.

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Tax and Credits	11b	Amount from line 11a (adjusted gross income)	11b	125300
	12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent		
	b	<input type="checkbox"/> Spouse itemizes on a separate return	c	<input type="checkbox"/> You were a dual-status alien
	d	You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind		
		Spouse: <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind		
	e	Standard deduction or itemized deductions (from Schedule A)	12e	37077
	13a	Qualified business income deduction from Form 8995 or Form 8995-A	13a	
	b	Additional deductions from Schedule 1-A, line 38	13b	
	14	Add lines 12e, 13a, and 13b	14	37077
	15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	15	88223
	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	

Standard deduction for—

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Payments and Refundable Credits	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	
	26	2025 estimated tax payments and amount applied from 2024 return	26	
		If you made estimated tax payments with your former spouse in 2025, enter their SSN (see instructions):		
	27a	Earned income credit (EIC)	27a	
	b	Clergy filing Schedule SE (see instructions)		<input type="checkbox"/>
	c	If you do not want to claim the EIC, check here		<input type="checkbox"/>
	28	Additional child tax credit (ACTC) from Schedule 8812. If you do not want to claim the ACTC, check here	28	<input type="checkbox"/>
	29	American opportunity credit from Form 8863, line 8	29	
	30	Refundable adoption credit from Form 8839, line 13	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27a, 28, 29, 30, and 31. These are your total other payments and refundable credits	32	
	33	Add lines 25d, 26, and 32. These are your total payments	33	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number		
	36	Amount of line 34 you want applied to your 2026 estimated tax	36	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions. <input type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No		
Designee's name	Phone no.	Personal identification number (PIN)	

Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)	
Phone no.	Email address			

Paid Preparer Use Only	Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
	Firm's name				Phone no.
	Firm's address				Firm's EIN

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**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

Attach to Form 1040 or 1040-SR.

Go to www.irs.gov/ScheduleA for instructions and the latest information.

2025
Attachment
Sequence No. **07**

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

Name(s) shown on Form 1040 or 1040-SR

Your social security number

JOHN R SMITH JANE S SMITH

101-55-0001

Medical and Dental Expenses	Caution: Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1	17500	
2	Enter amount from Form 1040 or 1040-SR, line 11b	2	125300	
3	Multiply line 2 by 7.5% (0.075)	3	9398	
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		8102
Taxes You Paid	5 State and local taxes (SALT).			
	a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>	5a	6650	
	b State and local real estate taxes (see instructions)	5b	1650	
	c State and local personal property taxes	5c	450	
	d Add lines 5a through 5c	5d	8750	
	e Enter the smaller of line 5d or \$40,000 (\$20,000 if married filing separately). If Form 1040 or 1040-SR, line 11b is more than \$500,000 (\$250,000 if married filing separately), or if you completed Form 2555, Form 4563, or excluded income from Puerto Rico, see instructions	5e	8750	
	6 Other taxes. List type and amount: ----- -----	6		
	7 Add lines 5e and 6	7		8750
Interest You Paid	8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/>			
	a Home mortgage interest and points reported to you on Form 1098. See instructions if limited	8a	14500	
	b Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ----- -----	8b		
	c Points not reported to you on Form 1098. See instructions for special rules	8c		
	d Reserved for future use	8d		
	e Add lines 8a through 8c	8e	14500	
	9 Investment interest. Attach Form 4952 if required. See instructions	9		
	10 Add lines 8e and 9	10		14500
Gifts to Charity	11 Gifts by cash or check. If you made any gift of \$250 or more, see instructions	11	5725	
	12 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	12		
	13 Carryover from prior year	13		
	14 Add lines 11 through 13	14		5725
Casualty and Theft Losses	15 Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions	15		
Other Itemized Deductions	16 Other—from list in instructions. List type and amount: ----- -----	16		
Total Itemized Deductions	17 Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12e	17		37077
	18 If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/>			

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