



June 3, 2016

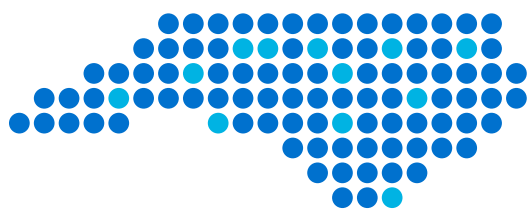
North Carolina’s Reference to the Internal Revenue Code Updated - Impact on 2015 North Carolina Corporate and Individual income Tax Returns

Governor McCrory signed into law Session Law 2016-6 (Senate Bill 726) on June 1, 2016. The legislation updated North Carolina’s reference to the Internal Revenue Code to the Code as enacted as of January 1, 2016. As a result, North Carolina corporate and individual income tax laws generally follow the Protecting Americans From Tax Hikes Act of 2015 (“PATH”), which extended, and in some cases made permanent, several provisions in federal law that had sunset at the end of 2014. The law decouples from (does not follow) PATH in six instances. The table below identifies those instances and describes each difference and which lines on the tax returns are impacted.

	<u>Federal Provision</u>	<u>State Provision for 2015</u>	<u>NC C Corporate Return</u>	<u>NC Individual Return</u>
1	Bonus depreciation is extended to property placed in service in 2015, 2016 and 2017.	Addition required for 85% of bonus depreciation deducted on federal return.	Include on Form CD-405, Schedule H, Line 1.g.	Include on Form D-400 Schedule S, Part A, Line 3.
2	Code section 179 dollar and investment limitations of \$500,000 and \$2,000,000, respectively, extended to 2015. These amounts will increase for inflation beginning with tax year 2016.	NC dollar and investment limitations of \$25,000 and \$200,000, respectively, extended to 2015 and made permanent. Addition required for 85% of the difference between the deduction using federal limitations and the deduction using NC limitations.	Include on Form CD-405, Schedule H, Line 1.g.	Include on Form D-400 Schedule S, Part A, Line 3.
3	The treatment of mortgage insurance premiums as qualified residence interest is extended for 2015 and 2016.	Mortgage insurance premiums are not treated as qualified residence interest.	Not applicable	Exclude from Form D-400 Schedule S, Part C, Line 13.

4	The exclusion from gross income for cancellation of qualified principal residence debt is extended for 2015 and 2016.	Cancellation of qualified principal residence debt is not excluded from gross income.	Not applicable	Include on Form D-400 Schedule S, Part A, Line 3.
5	The exclusion from gross income for qualified charitable distributions from an IRA by a person who has attained age 70 ½ is extended for 2015 and 2016.	Qualified charitable distributions from an IRA by a person who has attained age 70 ½ are not excluded from gross income. The distributions are allowable as a charitable contribution.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3. Deduct contribution on Form D-400 Schedule S, Part C, Line 18 if itemizing
6	The deduction for qualified tuition and related expenses is extended for 2015 and 2016.	Qualified tuition and related expenses are not deductible.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3.

Any person who has already filed a 2015 North Carolina income tax return and whose federal taxable income (C corporation) or federal adjusted gross income (individual) is impacted by the amendments to federal law included in PATH or by the provisions of PATH from which North Carolina has decoupled must file an amended North Carolina return. If the amended return reflects additional tax due, the taxpayer will avoid a late-payment penalty if the additional tax reflected on the amended return is paid when the amended return is filed. If the amended return reflects additional tax due, interest is due on the additional tax from the date the tax was due (April 15, 2016 for calendar year taxpayers; the fifteenth day of the fourth month after the end of the tax year for fiscal year taxpayers) until the additional tax is paid. The interest rate is 5% per year through December 31, 2016. For the interest rate in effect after December 31, 2016, see www.dorncc.com/taxes/rate.html on or after December 1, 2016.



NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE

2015

North Carolina Individual Income Tax Instructions for
**Forms D-400, D-400 Sch. S,
D-400TC, and D-400 Sch. AM**

eFile

- ✓ Make it easy on yourself - file electronically
- ✓ Convenient, faster, more accurate
- ✓ Direct deposit for State tax refunds



You may qualify
to file for free!

Declaración Electrónica (EN ESPAÑOL)

2015 Tax Changes

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

Future Developments

For the latest information regarding tax legislation,
go to www.dornc.com



NCDOR Tax Tips: Make Filing Easier with eServices

NCDOR eServices: www.dornc.com/electronic/index.html

Top Reasons to Use eFile

Join nearly 90% of fellow North Carolinians who file and pay electronically - choose the eService that is right for you.

- ✓ File Federal and State together or not - your choice!
- ✓ Faster, easier processing.
- ✓ Direct deposit for your State tax refund.
- ✓ Pay by bank draft with no convenience fees.
- ✓ Schedule estimated payments up to 12 months in advance.
- ✓ Schedule extension payments up to 6 months in advance.
- ✓ Email confirmation when your tax forms/payments are received.
- ✓ File prior year returns - 2 years prior to current filing year.

How To eFile for Free

*** Federal and/or State Taxes ***



You must start from our website to eFile for Free!

1. Visit www.dornc.com/electronic/individual/software.html to see if you qualify - adjusted gross income (AGI) for married filing jointly can be up to \$95,000*.
2. Select a product - before making a final selection, check product specifications to make sure it meets your filing needs.
3. Follow product instructions.

How To eFile for a Fee

*** Federal and/or State Taxes ***

1. Visit www.dornc.com/electronic/e-file.html to access a list of eFile providers and products. Prices start at \$7.95*.
2. Select a product - before making a final selection, check product specifications to make sure it meets your filing needs; eFile fees are charged by the provider, not NCDOR.
3. Follow product instructions.

OR

1. Choose a trusted tax professional to eFile for you. The tax professional will explain any fees.

*Sample eligibility requirement, tax year 2014. Eligibility requirements and features vary by provider.



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How to Use NCDOR Online File and Pay

*** State Taxes Only ***

To file Form D-400, Individual Income Tax Return, use eFile (above)!

1. Visit www.dornc.com/electronic/index.html to access NCDOR Online File and Pay.
2. Select a form.
3. Follow the instructions.

Pay by MasterCard or Visa (convenience fees) or bank draft with no convenience fees.

Other Popular eServices at www.dornc.com

- **Income Tax Estimator** - estimate your 2015 tax liability.
- **Income Tax Law Changes** - for your information.
- **eAlerts** - join NCDOR email list for tax-related updates and bulletins.

Free Tax Assistance

VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) for qualifying taxpayers - www.irs.gov or 1-800-829-1040.

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Before You Begin

North Carolina's individual income tax forms are designed for electronic scanning that permits faster processing with fewer error. To avoid unnecessary delays caused by manual processing, please follow the guidelines below:

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

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

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

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

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

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

- Fill in applicable circles completely. **Example:**

<input checked="" type="radio"/> Yes	<input type="radio"/> No
--------------------------------------	--------------------------

What's New

For information about any additional changes to the 2015 tax law or any other developments affecting Forms D-400, D-400 Schedule S, D-400 TC, D-400 Schedule AM, or these instructions, go to www.dornc.com.

For tax year 2015, an amended return indicator has been added to Form D-400. To amend your 2015 individual income tax return, you must use Form D-400 for tax year 2015, fill in the circle indicating **Amended Return**, and complete and attach Form D-400 Schedule AM, 2015 North Carolina Amended Schedule, to the front of Form D-400. **Note: Beginning with the tax year 2015, you no longer use a separate tax form (Form D-400X) to amend your original return. All changes will be made on Form D-400. For further information, see Page 17, Instructions for Filing 2015 Amended Returns.**

Change in Tax Rate:

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

New Deduction for Tax Year 2015:

Deduction for Compensation Received from the Eugenics Sterilization Compensation Fund. You may claim a deduction for the amount of compensation that you received from the Eugenics Sterilization Compensation Fund as compensation received under the Eugenics Asexualization and Sterilization Compensation Program, to the extent the compensation is included in federal adjusted gross income. Claim this deduction on Form D-400 Schedule S, Part B, Line 11, Other Deductions From Federal Adjusted Gross Income.

Changes to N.C. Itemized Deductions:

You may continue to claim either the N.C. standard deduction or N.C. itemized deductions. **New:** N.C. itemized deductions now include medical and dental expenses.

Important Information

- **You must attach Form D-400 Schedule S (2015 North Carolina Supplemental Schedule) to Form D-400 if you complete Parts A, B, C, or D of Form D-400 Schedule S. Otherwise, we may be unable to process your return.**

Part A. Additions to Federal Adjusted Gross Income

Part B. Deductions from Federal Adjusted Gross Income

Part C. Claimed N.C. Itemized Deductions

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

Note: Do not complete Part C of Form D-400 Schedule S if the N.C. standard deduction is claimed on Form D-400, Line 11.

- Form D-400 TC (2015 Individual Income Tax Credits) is required to be filed if you claim any tax credits on Line 16 of Form D-400. If you do not attach Form D-400TC, the tax credit(s) may be disallowed.
- Form D-400 Schedule AM, 2015 North Carolina Amended Schedule is required if you amend your 2015 return. Please attach Form D-400 Schedule AM to the front of Form D-400 and fill in the circle on Form D-400 indicating that the return is an amended return.
- We are unable to process your return if you submit different versions of tax forms and schedules as shown below. **Do not mix different versions of tax forms and schedules. All forms and schedules submitted must be the same version.**
 - a. Traditional Paper Return (Handwritten)
 - b. Traditional Web (Printed off computer and handwritten)
 - c. Web Fill-in (Form is completed using computer; then printed)
 - d. Software Generated Forms (Computer generated)

Instructions for Filing Form D-400

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

Filing Requirements

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

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

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

filing status shown in the Filing Requirements Chart.

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

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

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

North Carolina or both of you had North Carolina taxable income.

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

When filing a joint return, include the name and social security number of each spouse on the return. Both spouses are jointly and severally liable for the tax due on a joint return. However, a spouse will be allowed relief from a joint State income tax liability attributable to a substantial understatement by the other spouse if the spouse qualifies for innocent spouse relief of liability for federal tax attributable to the same substantial understatement by the other spouse under Internal Revenue Code Section 6015.

Filing Requirements Chart

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

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

The Income Tax Return

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

When to File

If you file your return on a calendar year basis, it is due on or before April 15 of the following year. However, for tax year 2015, you have until **Monday, April 18, 2016** to file your return because April 15 is the Emancipation Day holiday observed in the District of Columbia. A fiscal year return is due on the 15th day of the 4th month following the end of the taxable year. When the due date falls on a Saturday, Sunday, or holiday, the return is due on or before the next business day. A fiscal year return should be filed on a tax form for the year in which the fiscal year begins (For example: A 2015 tax form should be used for a fiscal year beginning in 2015).

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

Instructions for Filing Form D-400 (cont'd)

Extensions

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

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

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

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

Out of the Country: If you were a U.S. citizen or resident and were out of the country on the regular due date of your return (April 15), you are granted an automatic 4-month extension for filing your North Carolina return if you fill in the "Out of the Country" circle on Page 1 of your return. "Out of the Country" means you live outside the United States and Puerto Rico and your main place of work is outside the United States and Puerto Rico, or you are in military service outside the United States and Puerto Rico. The time for payment of the tax is also extended; however, interest is due on any unpaid tax from the original due date of the return until the tax is paid. If you are unable to file the return within the automatic 4-month extension period, an additional 2-month extension may be obtained by following the provisions in the first paragraph of this section; however, Form D-410 must be filed by the automatic 4-month extended date of August 15.

General Refund Information

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

Need to Call Us About Your Refund?

You can check the status of your refund at www.dornrc.com. The automated refund inquiry

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

How to Pay Your Tax

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

You can also pay by check or money order. **Do not send cash.** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars. Make your check or money order payable to the N.C. Department of Revenue for the full amount due. Write "2015 D-400" and your name, address, and social security number on your payment. If you are filing a joint return, write both social security numbers on your payment in the order that they appear on the return. If you do not pay your tax online, you may go to our website and generate a personalized Form D-400V. Enclose the voucher with your return and payment, and mail to the address listed on page 2 of Form D-400. If you use tax software to prepare your return, be sure to include with your return and payment the Form D-400V generated by the software package. **If you owe additional tax on a 2015 amended return, see page 17, Instructions for Filing 2015 Amended Returns.** Form D-400V Amended should be used when making a payment for a 2015 amended return.

Estimated Income Tax

You are required to pay estimated income tax if the tax shown due on your return, reduced by your North Carolina tax withheld and allowable tax credits, is \$1,000 or more regardless of the amount of income you have that is not subject to withholding. Each payment of estimated tax must be accompanied by **Form NC-40, North Carolina Individual Estimated Income Tax**. If you are filing estimated tax for the first time, contact any of our offices so that appropriate forms can be mailed to you. You can also pay your estimated tax online at www.dornrc.com. Click on **eServices**.

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

Statute of Limitations

Generally, to receive a refund, your return must be filed within three years from the date the original return was due or within two years after the tax was paid, whichever date is later.

However, special rules extending the time for filing refund claims beyond the normal three year statute of limitations apply to overpayments attributable to (1) worthless debts or securities, (2) capital loss carrybacks, (3) net operating loss carrybacks, or (4) a contingent event. For overpayments resulting from worthless debts or securities, the period of time for demanding an overpayment is seven years; for overpayments resulting from capital loss or net operating loss carrybacks, the period of time is three years from the due date of the return for the year in which the loss was incurred rather than three years from the due date of the return for the year to which the loss is carried back. If you are subject to a contingent event and file notice with the Secretary of Revenue, the period to request a refund of an overpayment is six months after the contingent event concludes. For more specific guidance regarding a contingent event, please refer to our website:

www.dornrc.com/taxes/certainevents.html.

Amended Returns

New for tax year 2015, an amended return indicator has been added to Form D-400. There is no longer a separate D-400X, Amended North Carolina Individual Income Tax Return to amend your 2015 return. You must amend your 2015 return by filing Form D-400 and filling in the circle indicating Amended Return and also complete Form D-400 Schedule AM, 2015 North Carolina Amended Schedule. **See Page 17, Instructions for Filing 2015 Amended Returns.**

Penalties and Interest

Failure to file penalty. Returns filed after the due date are subject to a penalty of 5 percent of the tax for each month, or part of a month, the return is late (maximum 25 percent of the additional tax). If you file your return late, include this penalty on Line 26b of Form D-400.

Failure to pay penalty. Returns filed after April 15 without a valid extension are subject to a late-payment penalty of 10 percent of the unpaid tax. If you have an extension of time for filing your return, the 10 percent penalty will apply on the remaining balance due if the tax paid by the original due date of the return is less than 90 percent of the total amount of tax due. If the 90 percent rule is met, any remaining balance due, including interest, must be paid with the income tax return on or before the extended due date to avoid the late-payment penalty. If your payment is late, figure the amount of the penalty and include on Line 26b of Form D-400. The late-payment penalty will not be assessed if the amount shown due on an amended return is paid with the return. Proposed assessments of additional tax due are subject to the 10 percent late-payment penalty if payment of the tax is not received within 45 days of the assessment.

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

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

Interest. Interest is due on tax not paid by April 15, even though you may have an extension of time for filing your return. You may obtain the current interest rate from any of the Department's offices. If you pay your tax late, figure the amount of interest due and include it on Line 26c of Form D-400.

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

N. C. Education Endowment Fund Contribution

You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund (to designate your overpayment, see Page 11, Line 31). To make a contribution, simply enclose Form NC-EDU and your payment. If you owe additional tax due on your return and would also like to make a contribution to the fund, you may write one check and enclose the check with both Form NC-EDU and Form D-400V (Form D-400V Amended if filing an amended return). Your election to contribute to the Fund cannot be changed after you file your return. Additional contributions to the Fund may be made by mailing your contribution directly to the North Carolina Department of Public Instruction, Cash Collections, 6331 Mail Service Center, Raleigh, North Carolina 27699-6331. Checks should be made payable to "North Carolina Department of Public Instruction" with an indication either on the check or in an attached note that it is a contribution for the NC Education Endowment Fund.



United States Armed Forces Pay

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

Military Spouses

The Military Spouses Residency Relief Act

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

Death of the Taxpayer

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

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

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

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

Information for Part-Year Residents and Nonresidents

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

You are a nonresident if you maintain your legal

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

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

Part-year residents and nonresidents receiving income from North Carolina sources must determine the portion of their federal gross income, as adjusted, that is subject to North Carolina income tax by completing Lines 21 through 23 on **Form D-400 Schedule S, Part D.** See the instructions for Lines 21 and 22 on Page 13.

A part-year resident receiving partnership income from a partnership doing business in North Carolina and in one or more other states must prorate his share of the partnership's income attributable and not attributable to North Carolina between his periods of residence and nonresidence in accordance with the number of days in each period. Include on Line 21 of **Form D-400 Schedule S, Part D** your share of partnership income determined for the period of residence and your share of the partnership income attributable to North Carolina during the period of nonresidence.

If you have income from sources within another state or country while you are a resident of North Carolina and the other state or country taxes you on such income, you may be eligible to claim a tax credit on your North Carolina return. See "Credit for Tax Paid to Another State or Country" on Page 15 for additional information.

Line Instructions for Filing Form D-400

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

Instructions for Filing Form D-400 (cont'd)**Lines 1 through 5 - Filing Status**

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

Line 6 - Federal Adjusted Gross Income

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

Line 7 - Additions to Federal Adjusted Gross Income

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

Line 9 - Deductions from Federal Adjusted Gross Income

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

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

IMPORTANT: Do not enter your federal standard deduction or federal itemized deduction on Line 11, Form D-400. The N.C. itemized deductions do not include all itemized deductions reported on your federal return.

Fill in the circle to indicate if you are claiming the N.C. standard deduction or N.C. itemized deductions. **Note:** Fill in one circle only.

You may deduct from federal adjusted gross income either the **N.C. standard deduction** or **N.C. itemized deductions**. However, if you are (1) married filing a separate return for North Carolina income tax purposes and your spouse itemizes deductions, (2) a nonresident alien, or (3) filing a short-year return because of a change in your accounting period, you are not entitled to the standard deduction. Note: A short-year return does not relate to a taxpayer who files a return as a part-year resident.

N.C. Standard Deduction

Important: Do not complete Form D-400 Schedule S, Part C. N.C. Itemized Deductions, if you claim the N.C. standard deduction shown in the chart below.

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

N.C. Standard Deduction Chart

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

N.C. Itemized Deductions

No itemized deductions included on federal Form 1040 (Schedule A) are allowed as N.C. itemized deductions **except qualified home mortgage interest, real estate property taxes, charitable contributions, and medical and dental expenses**. See Page 13, *Instructions for Form D-400 Schedule S*, if you claim N.C. itemized deductions. **You must attach Form D-400 Schedule S to Form D-400 if you claim N.C. itemized deductions.**

- The sum of qualified home mortgage interest and real estate property taxes claimed, under sections 163(h) and 164 of the Code, respectively, may not exceed twenty thousand dollars (\$20,000).
- Charitable contributions allowed as a deduction under section 170 of the Code are allowed without limitation.
- **New for tax year 2015:** Medical and dental expenses allowed as a deduction under section 213 of the Code are deductible. (From Line 4 of Schedule A, Federal Form 1040.)

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

Line 13 - Part-Year Residents and Nonresidents

Part-year residents and nonresidents, see Page 13, *Instructions for Form D-400 Schedule S* and complete the **Part-Year Resident/Nonresident Worksheet** on Page 14. You must complete Form D-400 Schedule S, Part D Lines 21 through 23 and enter on Line 13 of Form D-400 the decimal amount from Line 23 of Form D-400 Schedule S. **You must attach Form D-400 Schedule S to Form D-400 if you are a part-year resident or nonresident of North Carolina.**

Line 14 - North Carolina Taxable Income

- If you were a resident of North Carolina for the entire year, enter the amount from Line 12 on Line 14.
- If you were a part-year resident or nonresident, multiply the amount from Line 12 by the decimal amount on Line 13.

Line 15 - North Carolina Income Tax

To calculate your tax, multiply your North Carolina Taxable Income, Line 14 by 5.75% (0.0575).

Line 16 - Tax Credits

See Page 15 for information about tax credits. Complete **Form D-400TC, Individual Tax Credits**, if you are entitled to one or more of the credits.

Line 18 – Consumer Use Tax

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

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

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

- Tangible personal property, including but not limited to:
 - Computers and other electronic equipment;
 - Home furnishings;
 - Clothing;
 - Jewelry;
 - Sporting goods;
 - Audio compact discs (CDs), tapes, and records;
 - ATVs (All Terrain Vehicles).
- Digital property, which includes the following when delivered or accessed electronically:
 - An audio work. Examples include, but are not limited to, ringtones, digital music, readings of books or other written materials, speeches, and other sound recordings.
 - An audio visual work. Examples include, but are not limited to, movies, motion pictures, musical videos, news and entertainment programs, and live events.
 - A book, magazine, newspaper, newsletter, report, or another publication.
 - A photograph or a greeting card.
- Prewritten software including electronic downloads of software.
- Purchases or recharges of prepaid telephone calling cards and phones.
- Service contracts to maintain or repair tangible personal property or a motor vehicle.
- Admission tickets to an entertainment activity purchased outside the state where admission to the activity may be gained in the state.

The use tax is calculated and due at the same rate as the sales tax. For January 1, 2015 through March 31, 2015, the rate was 7.5% in Durham and Orange Counties, 7.25% in Mecklenburg County, 7% in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 6.75% in all other counties. For April 1, 2015 through December 31, 2015, the rate was 7.5% in Durham and Orange Counties, 7.25% in Mecklenburg County, 7% in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 6.75% in all other counties. If you paid another state’s sales or use tax that was legally due on out-of-state purchases, that amount may be credited against the North Carolina use tax due. Credit is allowed for another state’s sales tax paid against the 4.75% general rate of North Carolina sales tax due. Separate credit is allowed for another state’s local tax paid against the North Carolina local and transit sales and use tax due. You may not claim a credit for sales tax or value-added tax paid to another country. You should report use tax on purchases of food subject to the reduced rate of tax on Form E-554 and use tax on purchases of boats and aircraft on Form E-555. Businesses should report and remit sales and use tax on Form E-500.

NC Taxable Income (D-400, Line 14)		Use Tax Table		NC Taxable Income (D-400, Line 14)	
<u>At Least</u>	<u>But Less Than</u>	<u>Use Tax Amount</u>	<u>At Least</u>	<u>But Less Than</u>	<u>Use Tax Amount</u>
\$ 0	2,200	\$ 1	\$ 23,000	24,400	\$ 16
2,200	3,700	2	24,400	25,900	17
3,700	5,200	3	25,900	27,400	18
5,200	6,700	4	27,400	28,900	19
6,700	8,100	5	28,900	30,400	20
8,100	9,600	6	30,400	31,900	21
9,600	11,100	7	31,900	33,300	22
11,100	12,600	8	33,300	34,800	23
12,600	14,100	9	34,800	36,300	24
14,100	15,600	10	36,300	37,800	25
15,600	17,000	11	37,800	39,300	26
17,000	18,500	12	39,300	40,700	27
18,500	20,000	13	40,700	42,200	28
20,000	21,500	14	42,200	43,700	29
21,500	23,000	15	43,700	45,200	30
			45,200 and over		Multiply NC Taxable Income by .0675% (.000675)

Instructions for Filing Form D-400 (cont'd)

Use Tax Worksheet - Taxpayers Who Have Records of All Out-of-State Purchases

1. Enter the total amount of out-of-state purchases, including delivery charges, for 1/1/15 through 3/31/15..... 1. _____
2. Multiply Line 1 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount..... 2. _____
3. Enter the total amount of out-of-state purchases, including delivery charges, for 4/1/15 through 12/31/15..... 3. _____
4. Multiply Line 3 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount 4. _____
5. Enter the tax legally due and paid to another state on the purchases. This amount may not exceed the total of Lines 2 and 4 5. _____
6. Add Lines 2 and 4, then subtract Line 5 and enter the result, rounded to the nearest whole dollar, here and on Form D-400, Line 18..... 6. _____

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

1. For purchases of items that cost less than \$1,000, see the Use Tax Table on the previous page to estimate the use tax due based on your North Carolina taxable income shown on Form D-400, Line 14 and enter the amount 1. _____
2. For purchases of items that cost \$1,000 or more:
 - 2a - Enter the total amount of purchases, including delivery charges, of \$1,000 or more for 1/1/15 through 3/31/15 2a. _____
 - 2b - Multiply Line 2a by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount.... 2b. _____
 - 2c - Enter the total amount of purchases, including delivery charges, of \$1,000 or more for 4/1/15 through 12/31/15 2c. _____
 - 2d - Multiply Line 2c by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg County; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount..... 2d. _____
3. Add Lines 1, 2b, and 2d and enter the total amount of use tax due 3. _____
4. Enter the tax legally due and paid to another state on the purchases. This amount may not exceed the amount on Line 3 4. _____
5. Subtract Line 4 from Line 3 and enter the result, rounded to the nearest whole dollar, here and on Form D-400, Line 18 5. _____

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

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

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

or 1099 statements generated by tax software programs cannot be used to verify North Carolina tax withholding.

Line 21 - Other Tax Payments

a - 2015 Estimated Tax - Enter any estimated income tax payments for 2015 (including any portion of your 2014 refund that was applied to your 2015 estimated income tax). See Page 6 for additional information about estimated income tax.

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

c - Partnership - If you are a nonresident partner, enter your share of the tax paid to North Carolina by the manager of the partnership on your distributive share of the partnership

income. Include with your return a copy of Form NC K-1 for Form D-403 provided by the partnership to verify the amount claimed.

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

Lines 22 - Amended Returns Only - Previous Payments

New: Only complete this line if you are amending your 2015 return.

Enter the amount of tax paid with original

return (Form D-400, Line 27) plus any additional tax paid after the original return was filed. If you did not pay the entire balance due shown on your original return, enter the actual amount that was paid. **Do not include payments of interest or penalties. Please see Instructions for Filing 2015 Amended Return, page 17.**

Lines 24 - Amended Returns Only - Previous Refunds

New: Only complete this line if you are amending your 2015 return.

Enter the amount of overpayment, if any, shown on the original return (Form D-400, Line 28). If the overpayment claimed on your original return was previously adjusted by the Department, enter the adjusted overpayment on this line. The amount includes any portion that was refunded or applied to any outstanding debt, to estimated tax, or contributed to the N.C. Nongame and Endangered Wildlife Fund or the N.C. Education Endowment Fund. Do not include interest you received on any refund. **Please see Instructions for Filing 2015 Amended Return, Page 17.**

Lines 26a through 26e - Tax, Penalties, and Interest

- a -If Line 19 is more than Line 25, you owe additional tax. Subtract Line 25 from Line 19 and enter the result on Line 26a. If Line 25 is negative, treat Line 25 as a positive number, add Lines 19 and 25 and enter the additional tax on Line 26a.
- b -Penalties - See "Penalties and Interest" on Pages 6 and 7 to determine if any penalties apply to you.
- c - Interest - See "Penalties and Interest" on Page 7 to determine if you owe interest.
- d - Total of penalties and interest.
- e - Interest on the Underpayment of Estimated Income Tax and Exceptions- You may owe interest if you underpaid your estimated tax for any payment period. You will not owe interest if you had no tax liability in the prior year or if this year's tax liability, less any amount withheld and allowable tax credits, is less than \$1,000. Complete Form D-422 to see if you owe interest. Enter the interest on Line 26e. The interest will increase your tax liability or reduce your overpayment. You do not have to attach Form D-422 or Form D-422A to your return; however, maintain the form for your records.

Exception to Underpayment of Estimated Tax:

- Enter an "F" in the box if you are a farmer or fisherman. You will not owe interest if you are a farmer or fisherman and pay the tax due by March 1, 2016. You are a farmer or fisherman if you received at least two-thirds of your gross income for the year from farming and fishing.
- Enter an "A" in the box if you completed Form D-422A, Annualized Income Installment Worksheet, in determining the amount to enter on Line 26e.

Line 27 - Pay This Amount

Add Lines 26a, 26d, and 26e and enter the total on Line 27. This is the total tax, penalties, and interest due. Mail your return and payment to the **North Carolina Department of Revenue, P. O. Box 25000, Raleigh, North Carolina 27640-0640.** Make your check or money order payable to the NC Department of Revenue. **Important:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.

You may also pay electronically or generate a personalized payment voucher Form D-400V or Form D-400V Amended (2015 Amended Return) by visiting www.dornrc.com. If you are filing a 2015 amended return, please see **Instructions for Filing 2015 Amended Return, page 17.**

Line 28 - Overpayment

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

Line 29 - Estimated Income Tax

If you have overpaid the tax, you may elect to have a portion of your refund applied to your estimated tax for the following year by entering the amount to be applied on Line 29. The election cannot be changed after you file your return. The last allowable date for making a 2016 estimated tax payment is January 15, 2017; therefore, to apply a portion of your refund to 2016 estimated tax, you must file your 2015 return by January 15, 2017. **Please see Instructions for Filing 2015 Amended Returns, Page 17.**

Line 30 - N. C. Nongame and Endangered Wildlife Fund

Help keep North Carolina wild by contributing any portion of your refund to the N.C. Nongame and Endangered Wildlife Fund. Your tax deductible contributions are essential to monitoring and managing our wildlife populations, including turtles, flying squirrels, frogs, mussels, salamanders, and hundreds of bird species from terns and pelicans to woodpeckers and warblers. Conserving these species and their habitats is important to our state, our economy, and our quality of life. If wildlife conservation is important to you, please give what you can and help conserve North Carolina's wildlife for future generations to enjoy.



If you wish to contribute to the Fund, enter the amount of your contribution on Line 30. Your election to contribute to the Fund cannot be changed after you file your return. If you are not due a refund, you may still contribute to this Fund by donating online or mailing your donation directly to the North Carolina Wildlife Resources Commission, 1702 Mail

Service Center, Raleigh, North Carolina 27699-1700. Checks should be made payable to the Nongame & Endangered Wildlife Fund. For more information about the Fund or to donate online, check out www.ncwildlife.org/GiveDonate. **Please see Instructions for Filing 2015 Amended Returns, Page 17.**

Line 31 - Contribution of Overpayment to N.C. Education Endowment Fund



If you wish to contribute all or part of your refund to the N.C. Education Endowment Fund, enter the amount of your contribution on Line 28. Your election to contribute to the Fund cannot be changed after you file your return. Additional contributions to the Fund may be made by mailing your contribution directly to the North Carolina Department of Public Instruction, Cash Collections, 6331 Mail Service Center, Raleigh, North Carolina 27699-6331. Checks should be made payable to "North Carolina Department of Public Instruction" with an indication either on the check or in an attached note that it is a contribution for the NC Education Endowment Fund. **Please see Instructions for Filing 2015 Amended Returns, Page 17.**

Line 33 - Amount to be Refunded

If you are due a refund, mail your original return to the **North Carolina Department of Revenue, P.O. Box R, Raleigh, North Carolina 27634-0001.** If you are due a refund on your amended return, mail Form D-400 Schedule AM, the corrected return, all required schedules, and supporting forms to: **North Carolina Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0640.** Refunds of less than \$1.00 are made only upon written request.

Line Instructions for Filing Form D-400 Schedule S

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

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

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

Line Instructions for Form D-400 Schedule S, North Carolina Supplemental Schedule (cont'd)

Part A - Additions to Federal Adjusted Gross Income

Line 1 - Interest Income

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

Line 2 - Adjustment for Domestic Production Activities

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

Line 3 - Other Additions to Federal Adjusted Gross Income

- The amount by which your basis of property under federal law exceeds your basis of property for State purposes must be added to your adjusted gross income in the year that you dispose of the property.
- The amount required to be added under G.S. 105-153.6 when the State decouples from federal accelerated depreciation and expensing.

Line 4 - Total Additions

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

Part B - Deductions from Federal Adjusted Gross Income

Line 5 - State Income Tax Refund

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

Line 6 - Interest From United States Obligations

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

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

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

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

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

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

Line 9 - Adjustment for Bonus Depreciation Added Back in 2010, 2011, 2012, 2013, and 2014

North Carolina did not adopt the 50 percent bonus depreciation provisions in IRC sections 168(k) or 168(n) for tax year 2010. Similarly, North Carolina did not adopt the provisions of the Small Business Jobs Act of 2010 which extended the 50 percent bonus depreciation through 2011 or the Tax Relief Act of 2010 which doubled and extended bonus depreciation from 50 percent to 100 percent for qualified property acquired and placed in service after September 8, 2010 and before January 1, 2012. In addition, North Carolina did not adopt the provisions of The Tax Relief Act which makes 50 percent bonus depreciation available for qualified property placed in service after December 31, 2011 and before January 1, 2013. Certain long-lived property and transportation property is eligible for 100 percent expensing if placed in service before January 1, 2013. The Tax Increase Prevention Act of 2014 extended the 50% bonus depreciation for property placed in service in 2014. North Carolina did not adopt the bonus depreciation provisions under IRC sections 168(k) or 168(n). Any amount added to federal taxable income or federal adjusted gross income on the 2010, 2011, 2012, 2013, and 2014 State returns may be deducted in five equal installments beginning with the 2011, 2012, 2013, 2014, and 2015 State returns, respectively. Therefore, enter 20 percent of the bonus depreciation added back on the 2010, 2011, 2012, 2013, and 2014 State returns.

Line 10 - Adjustment for Section 179 Expense Added Back in 2010, 2011, 2012, 2013, and 2014

North Carolina did not conform to the increased expense deduction or increased investment limit for section 179 property but rather maintained the expense deduction and investment limit allowed under the Internal Revenue Code as of May 1, 2010. North Carolina law provided different dollar and investment limitations. If you deducted section 179 expense on your federal return, an addition is required equal to 85% of the difference between the amount claimed on your federal return for section 179 expenses and the North Carolina dollar limitations (\$250,000 for tax years 2010 through 2012 and \$25,000 for tax years 2013 and 2014) and the North Carolina investment limitations (\$800,000 for tax years 2010 through 2012 and \$200,000 for tax years 2013 and 2014). Any amount added to federal taxable income or federal adjusted gross income on your 2010, 2011, 2012, 2013, and 2014 returns may be deducted in five equal installments beginning with the 2011, 2012, 2013, 2014, and 2015 State returns, respectively. Therefore, enter 20 percent of the section 179 expense deduction added back on your 2010, 2011, 2012, 2013, and 2014 State returns.

Line Instructions for Form D-400 Schedule S, North Carolina Supplemental Schedule (cont'd)

Line 11 - Other Deductions From Federal Adjusted Gross Income

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

Line 12 - Total Deductions

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

Part C - N.C. Itemized Deductions

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

New for tax year 2015: Medical and dental expenses allowed as a deduction under section 213 of the Code are deductible.

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

You must attach Form D-400 Schedule S to Form D-400 if you claim N.C. itemized deductions.

Line 13 - Qualifying Home Mortgage Interest

Enter the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence. If filing as married filing separately, see the note in Line 16 below.

Line 14 - Real Estate Property Taxes

Enter the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code. If filing as married filing separately, see the note in Line 16 below.

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

Add Lines 13 and 14 and enter the amount.

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

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

Note: For spouses filing as married filing separately with a joint obligation for home mortgage interest and real estate property taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of home mortgage interest and real estate property taxes paid by both spouses exceeds twenty thousand dollars (\$20,000), the deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for tax year 2015.

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

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

Line 18 - Charitable Contributions

Enter the amount of charitable contributions allowed as a deduction under section 170 of the Code. Charitable contributions allowed as a deduction under section 170 of the Code are allowed without limitation.

Line 19 - Medical and Dental Expenses

Enter the amount of medical and dental expenses allowed as a deduction under section 213 of the Code, from Line 4 of Schedule A, Federal Form 1040.

Line 20 - N.C. Itemized Deductions

Add Lines 17, 18, and 19. Enter the amount on Line 20 and Form D-400, Line 11.

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

Lines 21 and 22 - Part-Year Resident/Nonresident Worksheet

Important: You must fill in applicable circles.

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

If you were a part-year resident of North Carolina during taxable year 2015 OR if you were a nonresident and you received income from North Carolina sources, you must complete the worksheet on Page 14 to determine the portion of federal gross income, as adjusted, that is subject to North Carolina income tax. After you complete the worksheet, enter the amount from Column B, Line 28 on Form D-400 Schedule S, Line 21. Enter the amount from Column A, Line 28 on Form D-400 Schedule S, Line 22. In Column B, enter only the portion of the North Carolina additions and deductions shown in Column A that are applicable to North Carolina. For example, if you received interest income from United States obligations of \$1,200 evenly during the year and you became a North Carolina resident on July 1, you should enter \$1,200 on Line 21 of Column A and \$600 on Line 21 of Column B.

Line Instructions for Form D-400 Schedule S, North Carolina Supplemental Schedule (cont'd)

Line 21

Enter the amount from **Column B, Line 28 of the Part-Year Resident/Nonresident Worksheet** shown below.

Line 22

Enter the amount from **Column A, Line 28 of the Part-Year Resident/Nonresident Worksheet** shown below.

Line 23

Divide Line 21 by Line 22. Enter the result as a decimal amount here and on Form D-400, Line 13; round to four decimal places.

Income	Column A Income as Shown on Federal Return	Column B Income Subject to North Carolina Tax
Part-Year Resident/Nonresident Worksheet <i>Please retain this worksheet with your records.</i>		
1. Wages	1.	_____
2. Taxable interest	2.	_____
3. Taxable dividends	3.	_____
4. State and local income tax refunds	4.	_____
5. Alimony received	5.	_____
6. Schedule C or C-EZ business income or (loss)	6.	_____
7. Schedule D capital gain or (loss).....	7.	_____
8. Other gains or (losses).....	8.	_____
9. Taxable amount of IRA distributions	9.	_____
10. Taxable amount of pensions and annuities	10.	_____
11. Schedule E - Rents, royalties, partnerships, S-Corps estates, trusts, etc.....	11.	_____
12. Schedule F - Farm income or (loss)	12.	_____
13. Unemployment compensation.....	13.	_____
14. Taxable amount of Social Security or Railroad Retirement benefits	14.	_____
15. Other income.....	15.	_____
16. Add lines 1 through 15.	16.	_____
North Carolina Additions To Federal Adjusted Gross Income <i>(See Form D-400 Schedule S, Part A)</i>		
17. Interest income from obligations of states other than NC	17.	_____
18. Other additions to federal adjusted gross income that relate to gross income.....	18.	_____
19. Add Lines 16, 17, and 18.	19.	_____
North Carolina Deductions From Federal Adjusted Gross Income <i>(See Form D-400 Schedule S, Part B)</i>		
20. State and local income tax refund <i>(from Line 4 above)</i>	20.	_____
21. Interest from obligations of the United States or United States' possessions	21.	_____
22. Taxable portion of Social Security or Railroad Retirement benefits	22.	_____
23. Bailey retirement benefits <i>(Enter in Col. A the total of the amount on Line 8, Form D-400 Schedule S)</i>	23.	_____
24. Adjustment for bonus depreciation <i>(Enter in Col. A the total of the amount on Line 9f, Form D-400 Schedule S)</i>	24.	_____
25. Adjustment for 179 expense deduction <i>(Enter in Col. A the amount from Line 10f, Form D-400 Schedule S)</i>	25.	_____
26. Other deductions from federal adjusted gross income that relate to gross income.....	26.	_____
27. Add lines 20 through 26.	27.	_____
28. Line 19 minus line 27	28.	_____
<ul style="list-style-type: none"> • Enter the amount from Column B, Line 28 on Form D-400 Schedule S, Part D, Line 21. • Enter the amount from Column A, Line 28 on Form D-400 Schedule S, Part D, Line 22. 	↑ <i>(Enter this amount on Form D400 Schedule S, Part D, Line 22)</i>	↑ <i>(Enter this amount on Form D400 Schedule S, Part D, Line 21)</i>

► Credit for Tax Paid to Another State or Country

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

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

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

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

Nonresidents are not entitled to this tax credit.

Out-of-State Tax Credit Worksheet

1. **Total income from all sources (combined for joint filers) from Federal Form 1040, Line 22; 1040A, Line 15; or 1040EZ, Line 4, while a resident of North Carolina**, adjusted by the applicable additions shown on Line 1 and Line 3 and deductions shown on Lines 5 through 11 of Form D-400 Schedule S, Parts A and B. Do not make any adjustment for any portion of Lines 3 or 11 of Form D-400 Schedule S, Parts A and B that does not relate to gross income. 1. _____
2. The portion of Line 1 that was taxed by the other state or 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 3 by Line 4 5. _____
6. Amount of net tax paid to the other state or country on the income shown on Line 2 (*See instructions above for definition of net tax paid*) 6. _____
7. Enter the lesser of Line 5 or Line 6 7. _____

► Credit for Children

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

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

Please refer to the chart below and complete the **Credit for Children Worksheet on Page 16** to determine the amount of allowable credit. You must enter the number of dependent children for whom you were allowed a federal tax credit and the amount of the credit on Form D-400TC, Part 2, Line 8.

Credit for Children

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

Credit for Children Worksheet

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

► Credit for Rehabilitating Historic Structure

Qualified rehabilitation expenditures and rehabilitation expenses must have been incurred before January 1, 2015. The credit for rehabilitating a historic structure must be claimed in five equal installments beginning with the taxable year in which the property was placed in service.

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

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

Credit for rehabilitating an **income-producing** historic structure: Enter qualified rehabilitation expenditures in the first year the credit is taken on Line 10a and the installment amount of the credit on Line 10b of Form D-400TC.

Credit for rehabilitating a **nonincome-producing** historic structure: Enter qualified rehabilitation expenses in the first year the credit is taken on Line 11a and the installment amount of the credit on Line 11b of Form D-400TC.

Important: Any unused portion of either credit may be carried forward for the succeeding five years. Complete Form D-400TC, Part 3, Line 14 to claim tax credits carried over from a previous tax year, if any.

► Credit for Rehabilitating Historic Mill Facility

To claim a tax credit for rehabilitating a historic mill facility, an application for an eligibility certification must have been submitted before January 1, 2015. The taxpayer must provide a copy of the eligibility certification and the cost certification. The amount of credit depends on the location of the facility and whether it was renovated as income producing or nonincome producing property. The credit may be claimed in the year in which the eligible site is placed into service. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year.

Credit for rehabilitating an **income-producing** historic mill facility: Enter qualified rehabilitation expenditures in the year the credit is taken on Line 12a and the credit amount on Line 12b.

Credit for rehabilitating a **nonincome-producing** historic mill facility: Enter rehabilitation expenses in the first year the credit is taken on Line 13a and the installment amount of the credit on Line 13b. This credit is claimed in five equal installments beginning with the taxable year in which the property is placed in service.

Important: Any unused portion of either tax credit may be carried forward for the succeeding nine years. Complete Form D-400TC, Part 3, Line 14 to claim tax credits carried over from a previous tax year, if any.

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

The tax credit for qualified business investments was repealed for investments made on or after January 1, 2014. However, any tax credit previously authorized by the Department that was not used because the credit did not exceed the amount of tax liability for the taxable year reduced by the sum of all other credits allowable, except tax payments, may be carried forward for the next five succeeding years from the taxable year the credit was authorized. Report any carryforwards of the credit for qualified business investments on Form D-400TC, Part 3, Line 14.

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

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

If you are entitled to one of the following tax credits, enter the amount of the credit on Form D-400TC, Line 18.

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

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

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

In the past two years several tax credits have been repealed. Taxpayers that qualified for these tax credits may continue to take any remaining installments and carryforwards of the tax credits after the sunset date if the taxpayer continues to meet the statutory eligibility requirements for each particular tax credit.

For example, the Article 3J credit for creating jobs is repealed for business activities that occur on or after January 1, 2014. In tax year 2013, a taxpayer, who met all eligibility requirements set out in N.C. Gen. Stat. § 105-129.83 and satisfied the threshold requirement for job creation, created jobs in this State. The taxpayer claimed the jobs credit by filing Form NC-478J (the applicable NC-478 series form) and by paying the fee of \$500.00 with the 2013 tax return on April 15, 2014. The taxpayer is allowed to take the first installment of the 2013 jobs credit on its 2014 tax return and the second installment on its 2015 return. Any unused portion of the first or second installment if applicable may be carried forward for the succeeding five years. The taxpayer is allowed to continue to take remaining installments as long as the taxpayer continues to meet the requirements of N.C. Gen. Stat. § 105-129.83 and N.C. Gen. Stat. § 105-129.87. If the taxpayer fails to maintain eligibility requirements, remaining installments are forfeited and only the carryforward amount of a previously accrued installment may be taken, subject to the carry forward provisions of N.C. Gen. Stat. § 105-129.84.

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

Tax Rate - 5.75% (.0575)

Instructions for Filing 2015 Amended Returns

New for tax year 2015, you must use Form D-400 to amend your original North Carolina individual income tax return. You must fill in the circle on Form D-400 indicating Amended Return, attach Form D-400 Schedule AM, 2015 North Carolina Amended Schedule to the front of Form D-400, and attach all required schedules and supporting forms.

Note: You no longer use a separate tax form (Form D-400X) to amend your original return. For tax year 2015, all changes will be made on Form D-400.

General Instructions

Amended returns on which you owe additional tax are required to be filed and the tax paid within three years after the date on which the original return was filed or within three years from the date required by law for filing the return, whichever is later. Generally, to receive a refund, the amended return must be filed within three years of the date the original return was due or within two years after the date the tax was paid, whichever is later. If a valid extension was filed, a refund claimed on an amended return may be filed within three years from the extended due date.

You must amend your 2015 North Carolina return if:

- You made an error or received additional information since you filed your original 2015 North Carolina State income tax return.
- The Internal Revenue Service (IRS) made changes to your 2015 federal return. You must report the changes to the State by filing an amended return within six months from the date you receive the report from the Internal Revenue Service. If you do not amend your State return to reflect the federal changes and the Department of Revenue receives the report from the Internal Revenue Service, an assessment may be made by the Department within three years from the date of receipt of the report, and you forfeit your right to any refund which might have been due by reason of the changes.
- You need to report a net operating loss.

Instructions for Filing 2015 Amended Return (cont'd)

Important Information

- Complete Form D-400 Schedule AM, 2015 North Carolina Amended Schedule and attach it to the front of Form D-400. You must fill in the circles indicating the reasons you are amending your return and explain in detail the reason for each change.
- Use Form D-400 to make any necessary changes to your original return. **You must fill in the circle indicating Amended Return.** Form D-400 should be completed showing the corrected amounts for lines 1 through 21. (See Specific Line Instructions)

Important: If you filed Form D-400 Schedule S or Form D-400TC with your original return, then you must file these forms with your amended return, even if there are no changes to the form(s).

- Form D-400 Schedule S (Supplemental Schedule) must be completed showing the corrected amounts. Form D-400 Schedule S is **required** to be filed if you have reported:
 - a. additions to federal adjusted gross income (Form D-400, Line 7)
 - b. deductions from federal adjusted gross income (Form D-400, Line 9)
 - c. N.C. itemized deductions (Form D-400, Line 11)
 - d. decimal amount for part-year residents and nonresidents (Form D-400, Line 13)
- Form D-400TC (Individual Income Tax Credits) must be completed showing the corrected amounts. Form D-400TC is **required** to be filed if you claimed a tax credit on your original or amended return. See Page 15.
- In addition, the following information must be attached to your amended return as documentation in support of items that have been changed:
 - A copy of a federal audit report.
 - A copy of federal Form 1040X and supporting federal changes if changes are also applicable to your federal return.
 - W-2s and 1099s to verify a change in income tax withheld.
 - NC K-1 to verify tax payments made by a pass-through entity.
 - Federal Form 1045, including Schedule A and B, if amending as a result of a net operating loss.

Specific Line Instructions

Form D-400, Line 22, Amended Returns Only – Previous payments

Include on Line 22 the amount paid with original return (Form D-400, line 27) plus additional tax paid since your original return was filed. If you did not pay the entire balance due shown on your original return, enter the actual amount that was paid. **Do not include payments of interest or penalties.**

Form D-400, Line 24, Amended Returns Only - Previous refunds

Include on Line 24 the overpayment, if any, shown on the original return (Form D-400, line 28). If the overpayment claimed on your original return was previously adjusted by the Department, enter the adjusted overpayment on this line. The amount includes any portion that was refunded, applied to any outstanding debt, or to estimated tax, or contributed to the N.C. Nongame and Endangered Wildlife Fund or the N.C. Education Endowment Fund. **Do not include interest you received on any refunds.**

Form D-400, Line 26

If line 19 is more than Line 25, subtract Line 25 from Line 19. If Line 25 is negative, treat Line 25 as a positive number, and add Lines 19 and 25. Enter the tax due amount on Line 26a.

Form D-400, Line 27, Pay This Amount

Add lines 26a, 26d, and 26e and enter the total on Line 27. If you owe additional tax, interest is due on that amount from the due date of the original return to the date of payment. Go to the Department of Revenue website at www.dornc.com/taxes/rate.html to determine the applicable interest rate. Include the accrued interest in your payment.

Form D-400, Line 28, Overpayment

Overpayment. If Line 19 is less than line 25, subtract Line 19 from Line 25.

Form D-400, Line 29

Amount of Line 28 to be applied to 2016 Estimated Income Tax. If you elected to have your original refund applied to your estimated tax, **do not enter** this amount again on Line 29.

However, you may elect to have an overpayment from your 2015 amended return applied to your 2016 estimated tax if your amended return is filed by **January 15, 2017.**

Form D-400, Lines 30 and 31

If you wish to contribute an overpayment from your 2015 amended return to the N.C. Nongame and Endangered Wildlife Fund, enter the amount of the contribution on Line 30. If you wish to contribute an overpayment from your 2015 amended return to the N.C. Education Endowment Fund, enter the amount of the contribution on Line 31. If you elected to have your original refund applied to either the N.C. Nongame and Endangered Wildlife Fund or the N.C. Education Endowment Fund, **do not enter** these amounts again on Lines 30 and 31 since these amounts have already been deducted from your original refund.

Form D-400, Line 33

Amount to be refunded. Subtract Line 32 from Line 28.

Where to File

Mail Form D-400 Schedule AM, Form D-400, all required schedules, supporting forms, and, if applicable, payment for the amount shown due on Line 27 and Form D-400V Amended to:

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

Amended Return Payment Options

Online - You can pay your tax online by bank draft or credit or debit card using Visa or MasterCard. Go to our website www.dornc.com and click on eServices for details.

Payment Voucher - If you do not pay your tax online, use payment voucher (**Form D-400V Amended**).

Go to our website at: https://eservices.dor.nc.gov/vouchers/d400v_amended.jsp to generate a personalized D-400V Amended payment voucher. Complete the voucher and enclose it with your amended return and payment. Do not send cash. Write your name, address, and social security number(s) on your payment. Note: The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S.(domestic) bank and the funds are payable in U.S. dollars. Be sure to enter your social security number(s) in the boxes provided on the voucher. Please do not staple, tape, paper clip, or otherwise attach your payment or voucher to your amended return or to each other.

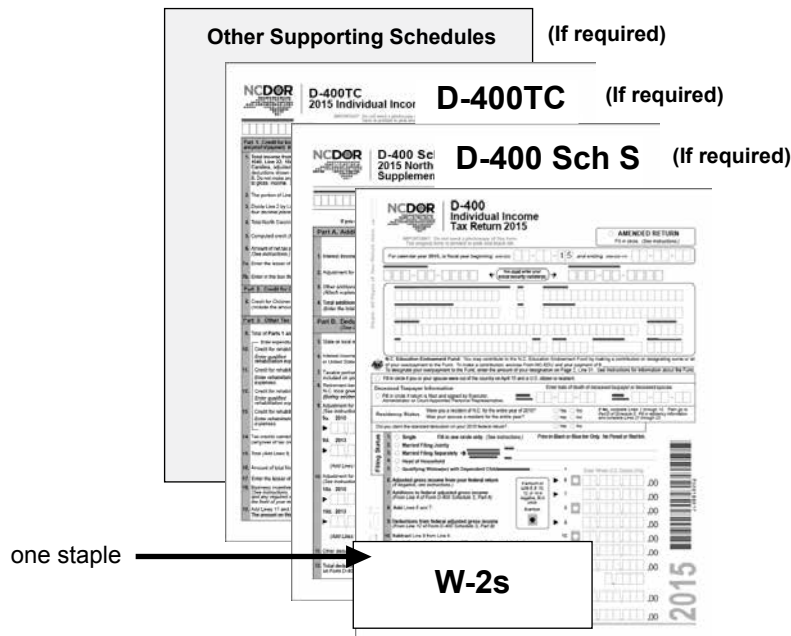
Important Reminders

- Do not submit photocopies of the return. Submit original forms only. Do not use any prior year forms to file a current year return.
- Double-check your figures, including your social security number. Accuracy speeds processing of your tax return.
- Claim the same filing status you claimed on your federal return. (Nonresidents see instructions on Page 7.) If you do not fill in the applicable circle to indicate your filing status, processing of your return will be delayed.
- Sign and date your return on Page 2. If you file a joint tax return, both you and your spouse must sign the return. Staple the originals or copies of the original State wage and tax statements in the lower left-hand corner of the return.
- You must include a copy of your federal return with your North Carolina return unless your federal return reflects a North Carolina address or you file electronically.
- If you owe additional tax, you can now pay by bank draft using an approved eFile software product. You may also pay your tax online by bank draft, credit or debit card (Visa or Mastercard) through the NCDOR website at www.dornc.com. Click on eServices for details. If you do not pay your tax online, go to our website and generate a personalized payment voucher Form D-400V. Enclose the voucher with your return and payment, and mail to the address listed on Page 2 of Form D-400. If you do not pay online or by payment voucher, mail a check or money order with your return for the full amount due. Please write "2015 D-400", and your name, address, and social security number on the payment. If filing a joint return, write both social security numbers on your payment in the order that they appear on the return. **Note:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.
- Please see Instructions for Filing 2015 Amended Returns, Page 17.

What you should send us...

- ✓ Your North Carolina income tax return (Form D-400)
- ✓ Form D-400 Schedule S if claiming additions to income on Line 7, deductions from income on Line 9, N.C. itemized deductions on Line 11 or computation of North Carolina taxable income for part-year residents and nonresidents on Line 13.
- ✓ Form D-400TC if you claimed a tax credit
- ✓ W-2s and 1099s showing North Carolina tax withheld and a 1099R if you claimed a **Bailey** retirement deduction
- ✓ A check or money order payable to "N.C. Department of Revenue" if you have a balance due. (**Note:** The Department will not accept a check, money order, or cashier's check unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars.)
- ✓ Other North Carolina forms or supporting schedules that are required according to the instructions (Please do not send copies of completed worksheets from the instruction booklet or other unnecessary attachments.)
- ✓ A copy of the tax return you filed in the other state if you are claiming a tax credit for tax paid to another state
- ✓ If you are filing an amended return, see Instructions for Filing 2015 Amended Returns, Page 17.

Assemble your North Carolina return for mailing in the order shown



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

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

Important Toll Free Telephone Numbers

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

Tax Assistance

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

Property for Sale

Looking for a bargain on good used vehicles, furniture, appliances, tools, and jewelry? Go to www.dornc.com/taxes/usub/ and click on **Vehicles and Property Available for Auction**.

Maintaining Records

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

Important Notice Regarding Substitute Returns

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

Federal Privacy Act Notice

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

Assistance For Disabled, Low Income, and Senior Citizen Taxpayers

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

Tax Fraud Hotline 1-800-232-4939

(919) 707-7597 in Wake County

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

Mailing Addresses for Original Returns Only

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

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

Mailing Address for Amended Returns Only

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