



# NCDOR

NORTH  
CAROLINA  
DEPARTMENT  
OF REVENUE

## North Carolina Individual Income Tax Instructions

THIS BOOKLET CONTAINS INSTRUCTIONS FOR  
FORMS D-400, D-400 SCHEDULE S, D-400 SCHEDULE PN, D-400TC,  
AND D-400 SCHEDULE AM FOR TAX YEAR 2019

### eFile

- ✓ Make it easy on yourself - file electronically
- ✓ Convenient, faster, more accurate
- ✓ Pay by bank draft (no convenience fee)
- ✓ Direct deposit for state tax refunds

You may qualify to file for free!  
Visit the Department's website to get started.



Declaración Electrónica (EN ESPAÑOL)



[www.ncdor.gov](http://www.ncdor.gov)

# 2019

#### IMPORTANT TELEPHONE NUMBERS

|  |                |
|--|----------------|
| Automated Refund Inquiry Line .....                              | 1-877-252-4052 |
| Taxpayer Assistance and Forms.....                               | 1-877-252-3052 |
| Tax Fraud Hotline (8:00 a.m to 5:00 p.m., Monday through Friday) |                |
| Toll Free .....  | 1-800-232-4939 |
| Wake County.....   | 1-919-707-7597 |

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## What you should send us...

- Your North Carolina income tax return (Form D-400).
- Federal forms W-2 and 1099 showing the amount of North Carolina tax withheld as reported on Form D-400, Line 20.
- Federal Form 1099-R if you claimed a **Bailey** retirement deduction on Form D-400 Schedule S, Line 10.
- Form D-400 Schedule S if you added items to federal adjusted gross income on Form D-400, Line 7, or you deducted items from federal adjusted gross income on Form D-400, Line 9.
- Form D-400 Schedule S if you deducted N.C. itemized deductions on Form D-400, Line 11.
- Form D-400 Schedule PN if you entered a taxable percentage on Form D-400, Line 13.
- Form D-400TC and, if applicable, Form NC-478 and Form NC-Rehab if you claimed a tax credit on Form D-400, Line 16.
- A copy of the tax return you filed in another state or country if you claimed a tax credit for tax paid to another state or country on Form D-400TC, Line 7a.
- A copy of your federal tax return unless your federal return reflects a North Carolina address or you filed electronically.
- Other required North Carolina forms or supporting schedules. (Do not send copies of completed worksheets from the instruction booklet or other unnecessary attachments.)
- A check or money order payable to the "North Carolina Department of Revenue," if you have a tax due on Form D-400, Line 27. Include a payment voucher, Form D-400V or D-400V Amended, available from the Department's website.

**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.

**Want a convenient, reliable, proven method for filing and paying your taxes? Try eFile! Over 90% of North Carolinians take advantage of the benefits of eFiling!**

*With eFile, you can file your state and federal income tax returns at the same time, and, if you owe tax, pay by bank draft with no convenience fee.*



- Visit [www.ncdor.gov](http://www.ncdor.gov) to access eFile for Free - over 70% of North Carolinians qualify (IRS estimate). Certain eligibility requirements apply.
- If you don't qualify to eFile for Free, visit [www.ncdor.gov](http://www.ncdor.gov) to access NCDOR-approved software provider lists or choose a tax professional to eFile for you.
- Get free tax help through Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) - visit [www.irs.gov](http://www.irs.gov) or call 1-800-829-1040. Certain eligibility requirements apply.
- Software prices, software features, and tax professional fees vary. Choose the one that meets your needs.
- eFile Advantages
  - File current, amended, and prior year returns.
  - Make or schedule payments – up to the due date of the tax, estimates up to 12 months out, extensions up to 6 months out.
  - Get confirmation by email when your forms and payments are received.
  - Choose direct deposit for your state individual income tax refund.

## Make your tax payments electronically - it's easy.

Visit [www.ncdor.gov](http://www.ncdor.gov) and select a File and Pay option. Pay by bank draft (no convenience fee), or MasterCard or Visa (convenience fee).

## Follow Us



## Future Developments

For the latest information about developments affecting Form D-400 or the instructions, such as legislation enacted after the publication of the tax forms, visit the Department's website.

## What's New for 2019?

- **North Carolina Individual Income Tax Extension**  
Effective January 1, 2019, state law permits an automatic extension to file your North Carolina income tax return if you certify that you were granted an automatic extension to file your federal income tax return. *(For more information on how to get an extension, see Page 7.)*
- **Veterans Benefits and Transition Act**  
The Veterans Benefits and Transition Act of 2018 (PL 115-407 signed into law December 31, 2018) amended the Servicemembers Civil Relief Act to allow the spouse of a servicemember to elect to use the same state of residence as the servicemember for state tax purposes. Beginning with taxable year 2018, this election can be made regardless of when or where the taxpayers were married. *(For more information on who must file a North Carolina individual income tax return, see Page 5.)*
- **Form D-400 Affirmation**  
The affirmation statement for the D-400 and accompanying schedules and statements has been clarified to state that upon signing the return, the taxpayer is declaring and certifying that the taxpayer has examined the return and all accompanying schedules and statements, and that they are true, correct, and complete.
- **N.C. Standard Deduction Amount Increased**  
The N.C. standard deduction for each filing status is increased for tax year 2019. To determine the N.C. standard deduction amount for your filing status, see Page 13.
- **Charitable Contribution**  
Beginning with tax year 2019, N.C. law was changed to conform to federal law that allows a federal income tax exclusion to taxpayers over the age of 70 1/2 that make qualified charitable distributions from an individual retirement plan. This change eliminates the corresponding N.C. adjustments to taxable income that were previously required.
- **Change in Tax Rate**  
The income tax rate imposed on an individual's North Carolina taxable income for tax years beginning on or after January 1, 2019 is reduced from 5.499% to 5.25%.
- **Form D-400 Schedule AM No Longer Year Specific**  
Schedule AM is no longer year specific and may be used to amend any tax period eligible to be amended under N.C. law. Taxpayers will now be required to enter the calendar year or other tax year being amended in the appropriate fields at the top of Schedule AM. *(For more information on Form D-400 Schedule AM, see Page 21.)*
- **Other 2019 Legislative Changes**  
For information on other legislative changes that affect tax year 2019, see the "**2019 Tax Law Changes**" publication available on the Department's website.

## The Office of the Taxpayer Advocate is Here to Help You

### What is the Office of the Taxpayer Advocate?

The Office of the Taxpayer Advocate ("OTA") was established by the Secretary of Revenue to help ensure the Department enforces the State's tax laws in an impartial, consistent, secure, and efficient manner. The purpose of OTA is to instill confidence and integrity in the administration of North Carolina's tax laws by ensuring taxpayers are afforded their rights as established in the Taxpayer's Bill of Rights. When a problem arises between a taxpayer and the Department that cannot be resolved through normal administrative channels, OTA will work with the appropriate division within the Department to seek resolution of the problem and ensure that it is handled in a professional manner.

### What can the Office of the Taxpayer Advocate do for you?

OTA can help you resolve certain tax issues with the Department. To receive OTA assistance, one or more of the following criteria must be met:

- You must have attempted to resolve a state tax issue(s) through the normal administrative channels. In other words, you must have exhausted ALL administrative remedies provided by law before contacting OTA.
- A Departmental response has not been provided to you by the date promised or within the date required by law.
- You believe that instructions or information provided to you by the Department is incorrect and that the erroneous information caused confusion or led to an unnecessary hardship.
- You have a reoccurring issue that has not been resolved through normal administrative channels.

### The Office of the Taxpayer Advocate cannot help with:

- Issues involving a current state audit
- Provide the status of a refund request
- Stop collection activity
- Waives taxes, penalties, or interest
- Accept an offer in compromise

Taxpayers may, however, receive assistance with the above matters by calling our toll-free customer service number at 1-877-252-3052.

### How can you reach us?

An eligible taxpayer may request OTA assistance by completing Form NC-TA, which is available on the Department's website. You can also contact the office at 1-919-715-2080.

## Before You Begin

Read the instructions carefully before you begin preparing your individual income tax return. Make sure that you complete and attach the proper tax schedules to your tax return. Incomplete or inaccurate information may result in the Department returning your tax return to you, thereby delaying the processing of your tax return and any refund due thereon.

**Important:** You must enter your **entire nine digit** social security number(s) (“SSN”) in the appropriate boxes on the forms. An incorrect or missing SSN can increase your tax, reduce your refund, or delay your refund.

- 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 **clearly inside** 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. **Example:** 

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|

 .00

- If you are completing a web-fill form on the Department’s website, enter a minus sign to indicate a negative number. **Example:**

|  |   |   |   |   |   |   |
|--|---|---|---|---|---|---|
|  | - | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|---|

 .00
- If you do not have an entry for a particular line, leave it blank. Do not enter dashes, zeros, draw lines, or other symbols in boxes that you have no entry for that line.
- Round off to the nearest whole dollar. Drop amounts under 50 cents and increase amounts from 50 cents to 99 cents to the next whole dollar.
- Use capital letters.
- Print letters and numbers like this:

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

- Fill in applicable circles completely. **Example:**  Yes  No
- Each year the Department makes available several different versions of tax forms and schedules. **Do not** mix the different versions. If you submit different versions for the same tax year, the Department cannot process your tax return.  
**Example:** Do not submit a software generated Form D-400 with a web-fill Form D-400TC. Instead, submit a software generated Form D-400 and a software generated Form D-400TC, or a web-fill Form D-400 and a web-fill Form D-400TC.

## Maintaining Records

You should keep canceled checks, receipts, and other documentation, including a copy of your federal return, to verify any amount entered on your tax return until the statute of limitations runs out for the return. Usually, this is 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.

## General Information

The information contained in this booklet is to be used as a guide in the preparation of the 2019 North Carolina individual income tax return and is not intended to cover all provisions of the law. For further information on North Carolina tax law, refer to the administrative rules, bulletins, directives, or other publications issued by the Department of Revenue.

**The references to line numbers on federal income tax returns were correct at the time this booklet was published. If line numbers have changed since publication and you are unable to determine the proper line to use when completing your North Carolina tax return, contact the Department of Revenue at 1-877-252-3052.**

### Who Must File a North Carolina Individual Income Tax Return?

*The minimum gross income filing requirements under North Carolina law are different from the filing requirements under the Internal Revenue Code because North Carolina law does not allow the same standard deduction amount as the Internal Revenue Code. Even if your federal gross income was less than the amount shown on the Filing Requirements Chart on Page 6 for your filing status, you must file a N.C. tax return to receive a refund if you had N.C. income tax withheld during the year.*

*If you were not required to file a federal income tax return, but your total gross income from all sources both inside and outside of N.C. exceeds the amount for your filing status shown in the Filing Requirements Chart on Page 6, you must complete a federal return and attach it to your N.C. income tax return to show how your federal adjusted gross income and deductions were determined.*

*You and your spouse must file a joint N.C. tax return if you file a joint federal income tax return and both you and your spouse were residents of N.C. or both of you had N.C. taxable income.*

*If you file a joint federal return and your spouse is a nonresident of N.C. and had no N.C. taxable income, you may file a joint N.C. tax return or file a N.C. tax return as married filing separately. Once you file a joint N.C. tax return, you cannot choose to file a separate N.C. tax return for that year after the due date of the return. If you choose to file the N.C. tax return as married filing separately, you must complete either a federal tax 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 N.C. tax return. **Note:** Itemized 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.*

**North Carolina Residents.** If you were a resident of North Carolina during tax year 2019, you must file a North Carolina individual income tax return if your gross income for 2019 exceeds the amount shown in the Filing Requirements Chart on Page 6 for your filing status. You were a resident of North Carolina if you were domiciled in this state at any time during 2019 or if you resided in this state during 2019 for other than a temporary or transitory purpose. In the absence of convincing proof to the contrary, an individual who is present within North Carolina for more than 183 days during the taxable year is presumed to be a resident, but the absence of an individual from the state for more than 183 days raises no presumption that the individual is not a resident.

A resident who moves from the state during 2019 is considered a resident of North Carolina until the individual has both established a definite domicile elsewhere and abandoned any domicile in North Carolina. A taxpayer may have several places of abode in a year, but at no time can an individual have more than one domicile. A mere intent or desire to make a change in domicile is not enough; voluntary and positive action must be taken.

**Part-year Resident.** If you were a part-year resident of North Carolina during tax year 2019 and you received income while a resident of North Carolina, or you received income in 2019 while a nonresident that was (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, (2) derived from a business, trade, profession, or occupation carried on in North Carolina, or (3) derived from gambling activities in North Carolina, and your total gross income for 2019 exceeds the amount shown in the Filing Requirements Chart on Page 6 for your filing status, you must file a 2019 North Carolina individual income tax return. You were a part-year resident of North Carolina if you moved to North Carolina and became a resident of North Carolina during 2019, or you moved out of North Carolina and became a resident of another state during 2019.

**Nonresidents.** If you were not a resident of North Carolina at any time during tax year 2019 but you received income in 2019 from North Carolina sources that was (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, (2) derived from a business, trade, profession, or occupation carried on in North Carolina, or (3) derived from gambling activities in North Carolina, and your total gross income from all sources both inside and outside of North Carolina exceeds the amount in the Filing Requirements Chart on Page 6 for your filing status, you must file a 2019 North Carolina individual income tax return.

**Nonresident Alien.** A nonresident alien is an alien (not a U.S. Citizen) who has not passed the green card test or the substantial presence test (*For more information on the green card test and the substantial presence test, see federal publication 519, U.S. Tax Guide for Aliens.*) For North Carolina tax purposes, a nonresident alien may be considered a resident, part-year resident, or nonresident. (*For more information, on filing requirements for each residency status, see above.*)

**Military Personnel.** If you were serving in the United States Armed Forces during tax year 2019 and your legal residence was North Carolina, you must file a 2019 North Carolina individual income tax return and North Carolina income tax should be withheld from your pay regardless of where you may be stationed. If you were 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. However, income that is (1) attributable to the ownership of any interest in real or tangible personal property in North Carolina, (2) derived from other employment, a business, or trade carried on in North Carolina, or (3) derived from gambling activities in North Carolina is subject to North Carolina income tax.

**Military Spouses.** The Servicemembers Civil Relief Act 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.

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

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

If all three of the above conditions are met, an employer is not required to withhold North Carolina tax from wages paid to the military spouse. A spouse who does not meet all of the requirements should see the instructions for Form D-400 Schedule PN, on Page 19. **Note:** Withholding from wages paid to military spouses is required if all three of the above conditions are not met.

| <b>Filing Requirements Chart</b>                              |  |
|---|--|
| <b><u>Filing Status</u></b>                                   | <b><u>A Return is Required if Federal Gross Income Exceeds</u></b> |
| Single.....   | \$ 10,000  |
| Married - Filing Jointly.....                                 | \$ 20,000  |
| Married - Filing Separately                                   |  |
| If spouse <u>does not claim</u> itemized deductions.....      | \$ 10,000  |
| If spouse <u>claims</u> itemized deductions.....              | 0  |
| Head of Household.....  | \$ 15,000  |
| Qualifying Widow(er)/Surviving Spouse .....                   | \$ 20,000  |
| Nonresident alien ( <i>regardless of filing status</i> )..... | \$ 0   |

## What Form Should I File?

All individuals (including part-year residents and nonresidents) required to file a North Carolina individual income tax return must file Form D-400. In addition to Form D-400, you may be required to complete and attach the following additional tax forms:

**Form D-400 Schedule S, 2019 Supplemental Schedule.** Complete this form to report additions to (or deductions from) federal adjusted gross income or to claim North Carolina itemized deductions. (*For more information, see Page 16.*)

**Form D-400 Schedule PN, 2019 Part-Year Resident and Nonresident Schedule.** If you are a part-year resident or nonresident who received income from North Carolina sources during tax year 2019, complete this form to determine the percentage of total gross income from all sources that is subject to North Carolina tax. (*For more information, see Page 19.*)

**Form D-400TC, 2019 Individual Income Tax Credits; Form NC-478, 2019 Summary of Tax Credits Limited to 50% of Tax; NC-Rehab, 2019 Historic Rehabilitation Tax Credits.** Complete these forms to claim various North Carolina tax credits. (*For more information, see Page 19.*)

**Form D-400 Schedule AM, Amended Schedule.** Complete this form if you need to amend your North Carolina individual income tax return. Enter the calendar year or other tax period (beginning and end dates) to be amended at the top of Form D-400 Schedule AM. You must also fill in the circle on the top right hand corner of Form D-400. (*For more information, see Page 21.*)

**Important:** 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 on our website a list of software developers who have received approval. Photocopies of the return are not acceptable. **Returns that cannot be processed by the Department's imaging and scanning equipment will be returned to the taxpayer with instructions to refile on an acceptable form.**

## When Must I File?

If you file your return on a calendar year basis, the 2019 return is due on or before **April 15th, 2020**. 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 legal holiday, the return is due on or before the next business day. A fiscal year return must be filed on a tax form for the year in which the fiscal year begins. For example, a 2019 tax form must be used for a fiscal year beginning in 2019. *(For more information on timely mailing of N.C. tax returns, see Directive TA-18-1 available on the Department's website.)*

**Out of the Country.** If you are out of the country on the original due date of the return, you are granted an automatic four month extension to file your North Carolina individual income tax return if you fill in the circle on Page 1 of Form D-400. "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.

**Nonresident Aliens.** Nonresident aliens are required to file returns at the same time they are required to file their federal returns. *(For a definition of nonresident alien, see page 5.)*

## What is the Tax Rate?

For tax year 2019, the individual income tax rate is 5.25%. To calculate your North Carolina tax liability, multiply your North Carolina taxable income by 5.25% (0.0525).

## Can I Get an Extension to File?

Beginning with tax year 2019, a taxpayer that receives an automatic extension to file a federal individual income tax return will be granted an automatic state extension to file the N.C. individual income tax return, Form D-400. In order to receive the automatic state extension, you **MUST** fill in the "Federal Extension" circle on page 1 of Form D-400.

If you did not receive an automatic state extension to file your N.C. individual income tax return, you may still request an extension of time to file your return by filing Form D-410, Application for Extension for Filing Individual Income Tax Return, by the original due date of the N.C. tax return. Without a valid state extension, a N.C. individual income tax return filed after the original due date is delinquent and is subject to interest and all applicable penalties provided by law. **Important:** Although you aren't required to make a payment of the tax you estimate as due with Form D-410, an extension of time to file a state tax return does not extend the time to pay the tax. If you don't pay all of the taxes you owe by the original due date, you will owe interest on the remaining balance. You may also be charged penalties. *(For more information on interest and penalties, see "Will I Owe Interest and Penalties?" on Page 8 of these instructions or the Department's website.)*

## Where Do I File?

If you are due a refund and you choose not to e-file your return, mail your North Carolina individual income tax return to the following address:

**N.C. DEPARTMENT OF REVENUE  
P.O. BOX R, RALEIGH  
NC 27634-0001**

If you are not due a refund and you choose not to e-file your return, mail your North Carolina individual income tax return, any payment due, and Form D-400V to the following address:

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

## How Can I Pay?

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

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 "2019 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 online, you must visit the Department's website and generate a personalized D-400V, Individual Income Tax Payment Voucher. Submit the payment voucher with your return and payment, and mail to the following address:

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

If you use tax software to prepare your return, be sure to include Form D-400V and payment with your return generated by the software package. **Important:** If you owe additional tax on a 2019 amended return, see "Instructions for Form D-400 Schedule AM," on Page 21. In addition, Form D-400V Amended should be used when making a payment for a 2019 amended return.

## Will I Owe Interest and Penalties?

**Interest.** If you do not pay the total amount of taxes you owe, the Department is required to charge interest on any unpaid tax. Interest is computed at the applicable rate from the original due date to the date of payment, whether or not you have been granted an extension. For most taxpayers the original due date is April 15th. To obtain the current interest rate, visit the Department's website.

If you pay your tax after the original due date, compute the amount of interest due and include the interest on Form D-400, Line 26c.

**Interest on the Underpayment of Estimated Tax.** If your North Carolina income tax liability after tax credits and North Carolina tax withheld is \$1,000 or more, you are required to pay estimated tax. Compute interest on any underpayment of estimated income tax on Form D-422, Underpayment of Estimated Tax by Individuals. Form D-422 is available on the Department's website. Interest is not due if each payment equals 25 percent (25%) of the lesser of 90 percent (90%) (66 2/3 percent (66 2/3%) for farmers and fishermen) of the tax due on your current year's return or 100 percent (100%) of the tax due on your previous year's return.

If interest on the underpayment of estimated tax is applicable, compute the amount of interest due and include the interest on Form D-400, Line 26e. If a refund is due, subtract the amount of the interest due from the refund.

**Failure to File Penalty.** Returns filed after the original due date without a valid extension are subject to a penalty of 5 percent (5%) of the net tax due for each month, or part of a month, the return is late (maximum 25 percent (25%)). If you file your return late, include this penalty on Form D-400, Line 26b.

**Failure to Pay Penalty.** Returns filed after the original due date are subject to a late payment penalty of 10 percent (10 %) of the unpaid tax. If you received a state extension to file your N.C. individual income tax return and you paid at least 90 percent (90%) of the tax due by the original due date, you will not be automatically penalized for late payment. If the 90 percent (90%) 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, calculate the amount of penalty due and include it on Form D-400, line 26b.

On an amended return, the late payment penalty will not be assessed if the amount shown due on the amended return is paid when the return is filed. A proposed assessment of additional tax due is subject to the 10 percent (10%) late payment penalty if payment of the tax is not received within 45 days of the date of the notice of proposed assessment.

**Other Penalties.** North Carolina law provides for 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. *(For more information on these penalties, see G.S. 105-236(a) or visit the Department's website.)*

**What if I Owe More than One Penalty?** If you owe more than one penalty on your 2019 individual income tax return, compute the amount of each penalty owed and enter the total amount on Form D-400, Line 26b.

**Collection Assistance Fee.** Any tax, penalty, and interest not paid within 60 days after a Notice of Collection is mailed will be assessed a 20 percent (20%) collection assistance fee. The fee does not apply if the tax debt is paid in full or an installment payment agreement is established with the Department before the fee is assessed.

## What if I am an Innocent Spouse?

Generally, both spouses are jointly and severally liable for the full amount of tax due on a joint return. Thus, both spouses on a married filing jointly return are generally held responsible for all the tax due even if one spouse earned all the income or claimed improper deductions or tax credits. However, a spouse will be allowed relief from a joint state income tax liability if the spouse qualifies for federal innocent spouse relief under Internal Revenue Code section 6015. *(For more information on when a spouse may be relieved of a federal tax liability, see federal publication 971, Innocent Spouse Relief.)*

## Do I Need to Pay 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. You can also pay your estimated tax online. *(For more information, visit the Department's website.)*

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.

## What is a Refund Setoff?

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. **Note:** The application of a refund against debts owed to state agencies, local agencies, or the Internal Revenue Service is not subject to Departmental review.

## Need to Call Us About Your Refund?

You can check the status of your refund at the Department's website. 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.

## What is the Statute of Limitations for Refunds?

Generally, to receive a refund, your return must be filed within three years from the date the 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) federal determinations, (2) worthless debts or securities, (3) capital loss carrybacks, (4) net operating loss carrybacks, or (5) a contingent event. *(For more information on the statute of limitations for refunds, see G.S. 105-241.6 or visit the Department's website.)*

## When Must I File an Amended Return?

Generally, an amended return on which you owe additional tax is required to be filed and the tax paid within three years after the date you filed your return or within three years from the date required by law for filing the return, whichever is later.

If the Internal Revenue Service makes changes to an individual's federal return, the individual must report the changes to the state by filing an amended return within six months from the date the report from the Internal Revenue Service is received. If an individual does not amend the state return to reflect the federal changes and the Department of Revenue receives the report from the Internal Revenue Service, an assessment may be made by the Department within three years from the date of receipt of the report, and the individual's right to any refund which might have been due by reason of the change is forfeited.

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

For more information on how to amend your 2019 North Carolina individual income tax return, see "Instructions for Form D-400 Schedule AM" on Page 21. *(For more information on federal determinations and amended returns, see G.S. 105-159, G.S. 241.8, or visit the Department's website.)*

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## What are My Rights as a North Carolina Taxpayer?

As a taxpayer, you are always entitled to fair, professional, and courteous services. The Department's goal is to apply the laws of North Carolina consistently and fairly so that your rights are protected and that you pay only your fair share of North Carolina tax. It is your right to have information about your tax history, financial situation, and assessment or reviews kept in strict confidence. Any return information, correspondence, or Departmental discussion concerning your tax situation is confidential. Employees or former employees who violate this confidentiality are subject to criminal prosecution and possible fines. An employee who willfully discloses tax information is also subject to dismissal.

The Department routinely examines returns to ensure taxpayers comply with tax statutes. If the Department examines your return, the Department may ask you to provide information to verify items on your return. You are entitled to a fair examination and an explanation of any changes the Department proposes to your return.

If you object to a proposed denial of refund or a proposed notice of tax assessment (collectively, "proposed action"), you may request a Departmental review of the proposed action by timely filing a request for Departmental review within 45 days of the date the notice was mailed or delivered to you. A request for Departmental review filed within 45 days of the date the notice was mailed or delivered to you is considered timely filed. If a request for a Departmental review is not timely filed, the proposed action is final and is not subject to further administrative or judicial review. An assessment for an amount shown due on a return but not paid, or the application of a refund against debts owed to state agencies, local agencies, or the Internal Revenue Service is not subject to Departmental review. To obtain a copy of the North Carolina Bill of Rights, visit the Department's website.

## Instructions for Form D-400, Individual Income Tax Return

If you are filling out Form D-400 by hand, please use black or blue ink only. Do not use red ink or pencil. Print your letters and numbers neatly. If you do not have an entry for a particular line, leave it blank. Do not use dashes, zeros or other symbols to indicate that you have no entry for that line. *(For more information on how to avoid common mistakes when filing your return, see “Before you Begin” on page 4.)*

**Name, Address, and Social Security Number.** Enter your name, address, and social security number in the spaces provided. If you are married filing jointly, enter your spouse's name and social security number in the designated space. If you are married filing separately, provide your spouse's name and social security number on Line 3. **Important:** Be sure to enter your **entire nine digit** social security number(s) in the appropriate boxes. Disclosing your social security number on your tax return is required under Administrative Rule 17 NCAC 06B.104. Moreover, an incorrect or missing social security number can increase your tax, reduce your refund, or delay your refund.

**County.** Enter the first 5 letters of the county in which you resided on the last day of 2019. Your county of residence may be different than the county of your mailing address.

**N.C. Education Endowment Fund Contribution.** You may elect to contribute to the N.C. Education Endowment Fund by making a contribution to the fund. To make a contribution, simply enclose Form NC-EDU and your payment with your Form D-400. If you owe additional income tax on your return and would 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. To designate part of your overpayment to the N.C. Education Endowment Fund, see the instructions for Line 31 on Page 15.

**Out of the Country.** Fill in the circle if you or, if married filing jointly, your spouse were out of the country on the statutory due date of the return. *(For more information, see “When Must I File” on page 7.)*

**Deceased Taxpayer Information.** If you are a surviving spouse or an executor, administrator, or court-appointed personal representative, (collectively “personal representative”) of an individual who died during tax year 2019, you may be required to file a return on the decedent's behalf.

If you are a personal representative and you are filing a tax return for an unmarried individual or a married filing separate return for an individual who died during tax year 2019, enter the name of the deceased and your address in the “Name and Address” section. In the “Deceased Taxpayer Information” section, fill in the circle and enter the taxpayer's date of death. You should also sign the tax return. In addition, attach to the tax return a copy of the certificate that shows your appointment. A refund due on a return filed for a deceased taxpayer by a person other than a spouse or personal representative will be mailed to the Clerk of Superior Court of the county in which the taxpayer resided.

If you are a surviving spouse and you choose to file married filing jointly with your spouse who died during tax year 2019, enter your name, the name of the deceased, and your address in the “Name and Address” section of the return. In the “Deceased Taxpayer Information” section, enter the date of the decedent's death in the space provided. You should also sign the tax return.

If you are a surviving spouse and you choose to file married filing separately for your spouse who died during tax year 2019, enter the name of the deceased taxpayer and your address in the “Name and Address” section of the return. In the “Deceased Taxpayer Information” section, enter the date of the decedent's death in the space provided. You should also sign the tax return.

**Important:** Form D-407, Income Tax Return for Estates and Trusts, 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 tax return for estates and trusts.

**Residency Status.** Fill in the applicable circles to indicate whether you and, if married filing jointly, your spouse were residents of North Carolina for the entire year. If married filing separately, do not complete the information for your spouse. *(For more information on determining your residency status, see “Who Must File a North Carolina Individual Income Tax Return?” on page 5.)*

**Important:** If you or your spouse, if married filing jointly, were not full-year residents of North Carolina in tax year 2019, you must complete and attach Form D-400 Schedule PN, Part-Year Resident and Nonresident Schedule, to determine what percent of your total income is from North Carolina sources. *(For more information on Form D-400 Schedule PN, see Page 19.)*

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

**Federal Extension.** Fill in the circle to certify that you and, if married filing jointly, your spouse were granted an automatic extension to file your 2019 federal income tax return. **Important:** You must certify that you were granted an automatic federal extension. Otherwise, your state return will be subject to applicable penalties. *(For more information, see “Will I Owe Interest and Penalties?” on page 8.)*

### Lines 1 through 5 – Filing Status

Fill in the circle next to the same filing status you checked on your federal tax return. If you did not file a federal tax return, you should fill in the circle that corresponds to the filing status you would have been entitled to if you had filed a federal income tax return. If your federal return does not reflect a North Carolina address, you **must** attach a copy of your federal tax return to your state tax return.

If you file a joint federal return and your spouse is a nonresident of North Carolina who 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.

### Line 6 – Federal Adjusted Gross Income

The starting point for determining North Carolina taxable income is federal adjusted gross income. Therefore, before you begin your

North Carolina tax return, you must determine federal adjusted gross income. If you filed a 2019 federal tax return, enter the federal adjusted gross income from your completed federal return. If you did not file a federal income tax return, you must complete a schedule showing the computation of your federal adjusted gross income and deductions. Attach the schedule to your North Carolina income tax return.

**Important:** If federal adjusted gross income is negative, enter the amount on Line 6 and fill in the circle next to the line to indicate the amount is negative.

### Line 7 – Additions to Federal Adjusted Gross Income

In calculating North Carolina taxable income, a taxpayer **MUST** add to federal adjusted gross income certain items that are taxable to North Carolina that were not included in federal adjusted gross income. Before making this entry, complete Part A of Form D-400 Schedule S. (For more information, see “Additions to Federal Adjusted Gross Income” on Page 16.)

### Line 9 – Deductions from Federal Adjusted Gross Income

In calculating North Carolina taxable income, a taxpayer may deduct from federal adjusted gross income certain items that were taxable at the federal level that are not taxable to North Carolina. Before making this entry, complete Part B of Form D-400 Schedule S. (For more information, see “Deductions from Federal Adjusted Gross Income” on Page 17.)

### Line 10 – Child Deduction

**Line 10a.** Enter the number of qualifying children for whom you were allowed a federal child tax credit for tax year 2019. **Important: If you do not have a qualifying child as defined under Internal Revenue Code (“IRC”) section 24, you cannot claim the child deduction.** For federal tax purposes, a qualifying child is defined as a child under age 17 at the end of 2019 who meets several other conditions as required by federal law. (For more information on determining whether your child is a qualifying child for federal tax purposes, see federal publication 972, Child Tax Credit.)

**Line 10b.** Enter the amount of the child deduction. To compute the child deduction, complete the “Child Deduction Worksheet,” below.

| Child Deduction Worksheet   |          |
|---|----------|
| 1. Filing status (From D-400, Lines 1 through 5).....   | 1. _____ |
| 2. Federal adjusted gross income (From D-400, Line 6).....                                    | 2. _____ |
| 3. Number of qualifying children under age 17 for whom a federal tax credit was claimed ..... | 3. _____ |
| <b>Enter the amount from Line 3 above on Form D-400, Line 10a.</b>                            |          |
| 4. Deduction amount per qualifying child from the “Child Deduction Table”.....                | 4. _____ |
| 5. Child deduction (Multiply Line 3 by Line 4).....   | 5. _____ |
| <b>Enter the amount from Line 5 above on Form D-400, Line 10b.</b>                            |          |

| Child Deduction Table  |                                  |                                       |
|--|----------------------------------|---------------------------------------|
| Filing Status  | Federal Adjusted Gross Income    | Deduction Amount Per Qualifying Child |
| Married Filing Jointly/Qualifying Widow(er)/Surviving Spouse | Up to \$40,000                   | \$2,500                               |
|  | Over \$40,000 - Up to \$60,000   | \$2,000                               |
|  | Over \$60,000 - Up to \$80,000   | \$1,500                               |
|  | Over \$80,000 - Up to \$100,000  | \$1,000                               |
|  | Over \$100,000 - Up to \$120,000 | \$500                                 |
|  | Over \$120,000                   | \$0                                   |
| Head of Household  | Up to \$30,000                   | \$2,500                               |
|  | Over \$30,000 - Up to \$45,000   | \$2,000                               |
|  | Over \$45,000 - Up to \$60,000   | \$1,500                               |
|  | Over \$60,000 - Up to \$75,000   | \$1,000                               |
|  | Over \$75,000 - Up to \$90,000   | \$500                                 |
|  | Over \$90,000                    | \$0                                   |
| Single/Married Filing Separately                             | Up to \$20,000                   | \$2,500                               |
|  | Over \$20,000 - Up to \$30,000   | \$2,000                               |
|  | Over \$30,000 - Up to \$40,000   | \$1,500                               |
|  | Over \$40,000 - Up to \$50,000   | \$1,000                               |
|  | Over \$50,000 - Up to \$60,000   | \$500                                 |
|  | Over \$60,000                    | \$0                                   |

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

You may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions. In most cases, your state income tax will be less if you take the larger of your N.C. itemized deductions or your N.C. standard deduction.

On Line 11, enter either the N.C. standard deduction or N.C. itemized deductions, whichever is applicable. Make sure you fill in the correct circle to indicate which deduction you are claiming. Fill in one circle only. **Important: DO NOT** enter the amount of your federal standard deduction or your federal itemized deductions on Line 11. The N.C. standard deduction and the N.C. itemized deductions are not identical to the federal amounts and are subject to certain North Carolina limitations. In addition, there is no additional N.C. standard deduction amount for taxpayers who are age 65 or older or blind.

**N.C. Standard Deduction.** Use the chart below to determine the amount of your N.C. standard deduction based on your filing status:

| N.C. Standard Deduction Chart                                    |                             |
|--|-----------------------------|
| If your filing status is:  | Your standard deduction is: |
| Single   | \$ 10,000                   |
| Married filing jointly/Qualifying widow(er)/<br>Surviving spouse | \$ 20,000                   |
| Married filing separately  |                             |
| If spouse does not claim itemized deductions                     | \$ 10,000                   |
| If spouse claims itemized deductions                             | 0                           |
| Head of household  | \$ 15,000                   |

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

**Important:** If you claim the N.C. standard deduction and you do not have any additions to or deductions from federal adjusted gross income, **DO NOT complete Form D-400 Schedule S.**

**N.C. Itemized Deductions.** To compute North Carolina itemized deductions, complete Form D-400 Schedule S, Part C, Lines 16 through 24. (For more information, see "N.C. Itemized Deductions" on Page 18.)

### Line 13 – Part-Year Residents and Nonresidents Taxable Percentage

Part-year residents and nonresidents enter the taxable percentage as calculated on Form D-400 Schedule PN. **The taxable percentage must be entered as a decimal amount; round to four decimal places. Note: The resulting percentage may be greater than 100%.** (For more information on completing Form D-400 Schedule PN, see instructions on Page 19.)

**Important:** You must attach Form D-400 Schedule PN to Form D-400 if you or, if married filing jointly, your spouse, were either a part-year resident or nonresident and you entered a taxable percentage on Line 13. Include a copy of your federal return if your federal return does not reflect a North Carolina address.

### Line 14 – North Carolina Taxable Income

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

**Important:** If North Carolina taxable income is negative, enter the amount on Line 14 and fill in the circle next to the line to indicate the amount is negative.

### Line 15 – North Carolina Income Tax

To calculate your North Carolina income tax, multiply Line 14 by the income tax rate of 5.25% (0.0525). If North Carolina taxable income is zero or less, enter a zero on Line 15.

### Line 16 – Tax Credits

If you claim income tax credits on Line 16, you must complete Form D-400TC. (For more information on completing Form D-400TC, see Page 19.) **Important: Failure to substantiate a tax credit may result in the disallowance of the tax credit.**

### Line 18 – Consumer Use Tax

North Carolina use tax is due by individuals and businesses on tangible personal property purchased, leased or rented inside or outside this state for storage, use, or consumption in North Carolina pursuant to G.S. 105-164.6. Use tax is also due on taxable services sourced to North Carolina and certain digital property purchased inside or outside this state for storage, use, or consumption in North Carolina. Some out-of-state retailers, remote sellers or facilitators voluntarily collect North Carolina use tax as a convenience to their customers. **Individuals and businesses must pay use tax to the Department when retailers, remote sellers, or facilitators do not collect sales or use tax on taxable transactions.** For additional information about consumer use tax, visit the Department's website. Complete Line 18 to report any consumer use tax that is due. To determine the correct amount of consumer use tax due for 2019, utilize the use tax table or the use tax worksheets on Page 24. **Note:** If you certify that no Consumer Use Tax is due, fill in the circle in the space provided.

### Lines 20a and 20b – N.C. Income Tax Withheld

Enter your North Carolina tax withheld on Line 20a. If you are married filing jointly, 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.**

**Important:** Be sure to attach to your return all wage and tax statements (W-2's), 1099s, and other statements on which N.C. income tax withholding amounts appear. It is not necessary to attach 1099s 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 10.) **W-2's or 1099 statements generated by tax software programs cannot be used to verify North Carolina tax withholding.**

### Line 21 – Other Tax Payments

- 2019 Estimated Tax.** Enter any estimated income tax payments for 2019 (including any portion of your 2018 refund that was applied to your 2019 estimated income tax).
- Paid with Extension.** If you applied for a N.C. extension (Form D-410), enter the amount of North Carolina income tax paid with the extension.
- 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.
- 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.

### Line 22 – Amended Returns Only (Previous Payments)

Complete Line 22 only if you are amending your 2019 tax return. Enter the amount of tax paid with the 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.** (For more information, see "Instructions for Form D-400 Schedule AM," on Page 21.)

### Line 24 – Amended Returns Only (Previous Refunds)

Complete Line 24 only if you are amending your 2019 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 Line 24. The amount includes any portion that was refunded or applied to any outstanding debt or estimated tax, or was contributed to the N.C. Nongame and Endangered Wildlife Fund, the N.C. Education Endowment Fund, or the N.C. Breast and Cervical Cancer Control Program. **Do not include interest you received on any refund.** (For more information, see "Instructions for Form D-400 Schedule AM," on Page 21.)

### Lines 26a through 26e – Tax, Penalties, and Interest

- Tax Due.** 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.

- Penalties.** Returns filed after the original due date without a valid state extension are subject to a **failure to file penalty** of 5% of the tax for each month, or part of a month, the return is late (maximum 25% of the additional tax due). Returns filed after the original due date are subject to a **late payment penalty** of 10% of the unpaid tax. To determine if any penalties apply to you, see "Will I Owe Interest and Penalties?" on Page 8.
- Interest.** Interest at the rate established by G.S. 105-241.21 is charged on taxes paid after the original due date even if an extension of time to file is granted. The interest rate on underpayments is the same as the interest rate on overpayments. The rate is established semiannually by the Secretary of Revenue and is listed on the Department's website.
- Total Penalties and Interest.** Add Lines 26b and 26c and enter the total amount of penalties and interest on Line 26d.
- 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 on the underpayment of estimated income tax. Enter the correct amount of interest on Line 26e. The interest will increase your tax liability or reduce your overpayment. **Do not attach Form D-422 or D-422A to the completed tax return; however, you should maintain the forms for future reference.**

**Exceptions to Underpayment of Estimated Tax.** In certain cases, you may be able to reduce or eliminate underpayment interest. If either of the following exceptions apply, enter the exception code in the box provided and enter the interest amount on Line 26e.

- Farmers and Fisherman.** If you are a farmer or fisherman and you file your 2019 N.C. return and you pay your tax in full by March 1, 2020, you do not owe interest. You are a farmer or fisherman if you received at least two-thirds of your gross income for the year from farming or fishing. Enter an "F" in the box provided.
- Annualized Income.** If you completed Form D-422A, Annualized Income Installment Worksheet, to determine the amount of interest owed, enter an "A" in the box provided.

### Line 27 – Tax Due

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 "North Carolina Department of Revenue." The Department will not accept a check or money order unless it is drawn on a U.S. (domestic) bank and the funds are payable in U.S. dollars. **Important:** You can pay any tax due online using the Department's website. (For more information on payment options, visit the Department's website.)

**Form D-400V (Individual Income Payment Voucher).** Form D-400V is a personalized payment voucher that you should

send with any balance due. This voucher allows the Department to process payments more accurately and efficiently with fewer errors. To generate a personalized payment voucher, visit the Department's website.

**Form D-400V Amended (Amended Individual Income Payment Voucher).** When filing an amended 2019 tax return, an individual who owes additional tax should include Form D-400V Amended. Form D-400V Amended allows the Department to process amended payments more accurately and efficiently with fewer errors. To generate an amended personalized payment voucher, visit the Department's website.

**Form NC-EDU (N.C. Education Fund Contribution).** Form NC-EDU is a personalized voucher that you must send with any contribution made to the N.C. Education Fund. The voucher allows the Department to process the contribution accurately and efficiently with fewer errors. To generate the N.C. Education Fund personalized payment voucher, visit the Department's website. **Note:** If you owe additional tax and would like to make a contribution to the N.C. Education Endowment Fund, you may write one check for the combined amount of tax due plus the contribution. Enclose the check with both Form NC-EDU and Form D-400V.

**The Department strongly encourages the use of personalized payment vouchers.**

### 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 your tax, you may elect to have a portion of your overpayment applied to your estimated tax for the following year by entering the amount to be applied on Line 29. **The election to apply any overpayment to 2020 cannot be changed after the 2019 return is filed.**

The last allowable date for making a 2020 estimated tax payment is January 15, 2021; therefore, to **apply a portion of your refund to 2020 estimated tax**, you must file your 2019 return by January 15, 2021.

### Line 30 – N.C. Nongame and Endangered Wildlife Fund

Help keep North Carolina wild by contributing a 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 part or all of your refund to the N.C. Nongame and Endangered Wildlife Fund, enter the amount of your contribution on Line 30. **Your election to contribute to the N.C. Nongame and Endangered Wildlife Fund cannot be changed after your 2019 return is filed.**

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, visit [www.ncwildlife.org/Give-Donate](http://www.ncwildlife.org/Give-Donate).)

### Line 31 – N.C. Education Endowment Fund

The North Carolina Education Endowment Fund (N.C. Education Fund) was created to provide additional support and funding for K-12 public schools. If you wish to contribute part or all of your refund to the N.C. Education Fund, enter the amount of the contribution on Line 31. **Your election to contribute to the N.C. Education Fund cannot be changed after your 2019 return is filed.**



If you are not due a refund, you may still contribute to the N.C. Education Fund by: (1) making a contribution with your tax return; or (2) mailing a donation directly to the North Carolina Department of Public Instruction, Cash Collections, 6336 Mail Service Center, Raleigh, N.C. 27699-6336.

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

The N.C. Breast and Cervical Cancer Control Program Fund (NC BCCCP) is used for the early detection of breast and cervical cancer through the N.C. Cancer Prevention and Control Branch of the Division of Public Health of the Department of Health and Human Services. The NC BCCCP provides free or low-cost breast and cervical cancer screening and follow-up services to women who meet income and age eligibility and for whom insurance does not cover the full cost of services. If you wish to contribute part or all of your refund to NC BCCCP, enter the amount of your contribution on Line 32. **Your election to contribute to NC BCCCP cannot be changed after your 2019 return is filed.**



If you are not due a refund, you may still contribute to the NC BCCCP by mailing a donation directly to N.C. Cancer Prevention and Control Branch of the Division of Public Health of the Department of Health and Human Services, 1922 Mail Service Center, Raleigh, North Carolina 27699-1922. Checks should be made payable to "North Carolina Department of Health and Human Services" with an indication either on the check or in an attached note that it is a contribution for the N.C. Breast and Cervical Cancer Control Program Fund.

## Line 34 – Amount to be Refunded

Enter the amount of overpayment to be refunded on Line 34. The amount to be refunded cannot exceed Line 28 minus the total of Lines 29, 30, 31, and 32. **Refunds of less than \$1.00 are made only upon request.**

## Signature and Verification

Your return is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. Be sure to date your return and enter your contact phone number. Providing your contact phone number may help speed the processing of your return. If you answer questions over the phone, we may be able to process your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's contact phone number.

**Paid Preparer.** If you want to allow your paid preparer to discuss certain tax matters with the Department, check the applicable box in the signature area of your return. If you check the box, you and your spouse, if filing a joint return, are authorizing the Department to call the paid preparer to answer any questions that may arise during the processing of your return. You also are authorizing the paid preparer to:

- Give the Department any information that is missing from your return,
- Call the Department for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to proposed notices of assessment or notices of adjustment.

**Important:** You are not authorizing the paid preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the Department regarding audit activity or a request for a Departmental review of proposed assessment or a proposed denial of refund. Those types of matters require a Power of Attorney, Gen 58, to be filed with the Department. Paid preparer authority is extended only to an individual paid preparer, not to employees of a company. *(For more information on Power of Attorney, visit the Department's website.)*

**Your paid preparer must sign and date the tax return. The preparer should also provide their identification number (FEIN, SSN, or PTIN).**

## Instructions for Form D-400 Schedule S, Supplemental Schedule

Federal adjusted gross income as defined in the Internal Revenue Code, effective as of January 1, 2019, is the starting point for determining North Carolina taxable income. This means that to the extent North Carolina follows federal tax provisions in calculating state tax liability, changes made to the Internal Revenue Code as of this date apply to North Carolina. However, certain federal tax provisions do not apply to North Carolina because of statutory modifications to federal adjusted gross income, including, but not limited to: (1) North Carolina does not conform to the federal standard deduction, (2)

North Carolina does not conform to federal itemized deductions, and (3) North Carolina requires certain items to be added to or deducted from federal adjusted gross income, (collectively "state adjustments").

Each individual must determine if the state adjustments apply to that individual's tax return. Form D-400 Schedule S, Part A and Part B specifically, provides some of the state adjustments, but is not an all-inclusive list. *(For detailed information on state adjustments, see G.S. 105-153.5 and G.S. 105-153.6.)*

**Part A. Additions to Federal Adjusted Gross Income** *(If you have items that are not included in federal adjusted gross income but are taxable to North Carolina, complete Lines 1 through 6.)*

**Line 1. Interest Income from Obligations of States Other than North Carolina.** Enter the amount of interest received from notes, bonds, and other obligations of states and political subdivisions other than North Carolina if not included in federal adjusted gross income. This includes exempt interest dividends received from regulated investment companies (mutual funds) to the extent such dividends do not represent interest from obligations of North Carolina or its political subdivisions.

**Line 2. Deferred Gains Reinvested into an Opportunity Fund under IRC Section 1400Z-2.** North Carolina did not conform to the temporary deferral of income for certain gains timely invested in a qualified Opportunity Fund under Internal Revenue Code section 1400Z-2. These gains are not deferred for North Carolina tax purposes and must be included in determining your state tax payable. Therefore, an addition to federal adjusted gross income is required for gains reinvested into a qualified Opportunity Fund under IRC section 1400Z-2. **Note:** If you were required to include a gain in federal adjusted gross income under IRC section 1400Z-2 in tax year 2019, you may deduct the gain to the extent the same income was included in the calculation of N.C. taxable income during a prior year.

**Line 3. Bonus Depreciation.** North Carolina did not adopt the 50% bonus depreciation provisions in IRC sections 168(k) or 168(n) for property placed in service for tax year 2019. Therefore, you must add 85% of the amount of bonus depreciation deducted on your federal return to your state return. **Note:** If you are required to addback bonus depreciation in tax year 2019, you may deduct 20% of the amount added back in the first five taxable years beginning with tax year 2020. *(For further guidance on bonus depreciation, visit the Department's website.)*

**Line 4. IRC Section 179 Expense.** North Carolina did not conform to the increased federal expense deduction or increased investment limitations for tax year 2019. N.C. dollar and investment limitations are \$25,000 and \$200,000, respectively. Therefore, you must add 85% of the difference between the IRC section 179 expense deduction using federal limitations and the deduction using N.C. limitations to your state return. **Note:** If you are required to addback IRC section 179 expenses in tax year 2019, you may deduct 20% of the amount added back in the first five taxable years beginning with tax year 2020. *(For further guidance on IRC section 179, visit the Department's website.)*

**Line 5. Other Additions to Federal Adjusted Gross Income.** Enter the total amount of the following other additions. **Make sure you attach an explanation or schedule of the item(s) to Form D-400.**

- (1) 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.
- (2) If you carry over a net operating loss from another year to the

2019 federal return, an addition is required for the amount of net operating loss carried to the 2019 year that is not absorbed and will be carried forward to subsequent years. (For more information on net operating losses, refer to the Department's bulletins for individual income tax.)

- (3) Effective for taxable years beginning on or after January 1, 2006 and repealed effective for taxable years beginning on or after January 1, 2014, certain contributions made to North Carolina's National College Savings Program ("N.C. 529") were deductible for state tax purposes. If you took a state tax deduction for contributions made to the N.C. 529 Plan while the deduction was in effect, and in tax year 2019, you withdrew funds from the Plan, you must add to federal adjusted gross income the amount deducted in the prior tax year to the extent the funds withdrawn were not used for a purpose allowed under IRC section 529.
- (4) The amount by which a shareholder's share of S Corporation income is reduced under IRC section 1366(f)(2) for the taxable year by the amount of built-in gains tax imposed on the S Corporation under IRC section 1374.

**Line 6. Total Additions.** Add Lines 1 through 5. Enter the total on Line 6 and on Form D-400, Line 7. **Important:** If you enter an amount on Line 6, you must attach D-400 Schedule S to Form D-400. If you do not attach Form D-400 Schedule S to Form D-400, the Department may not be able to process your return.

**Part B. Deductions from Federal Adjusted Gross Income**  
(If you have items of income that are included in federal adjusted gross income but are not taxable to North Carolina, complete Lines 7 through 15.)

**Line 7. State Income Tax Refund.** Enter the amount of any state or local income tax refund that is included in federal adjusted gross income.

**Line 8. 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 9. 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 10. 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 10 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 income filing requirements on Page 6. A copy of Form 1099-R or Form W-2 received from the payer must be attached to the return to support the deduction.

**Line 11. Bonus Depreciation.** You may deduct an amount equal to 20% of the bonus depreciation deduction added to federal adjusted gross income on your 2014, 2015, 2016, 2017, and 2018 state tax returns.

**Line 12. IRC Section 179 Expense.** You may deduct an amount equal to 20% of the IRC section 179 expense deduction added to federal adjusted gross income on your 2014, 2015, 2016, 2017, and 2018 state tax returns.

**Line 13. Recognized IRC Section 1400Z-2 Gain.** You may deduct a gain included in federal adjusted gross income under IRC section 1400Z-2 to the extent the same amount was included in the calculation of N.C. taxable income in a prior tax year.

**Line 14. Other Deductions from Federal Adjusted Gross Income.** Enter the total amount of the following other deductions. **Make sure you attach an explanation or schedule of the item(s) to Form D-400.**

- (1) 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.
- (2) 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.
- (3) Income that meets both of the following requirements:
  - a. Is earned or received by an enrolled member of any federally recognized Indian tribe.
  - b. Is derived from activities on any federally recognized Indian reservation while the member resides on the reservation. Income from intangibles having a situs on the reservation and retirement income associated with activities on the reservation are considered income derived from activities on the reservation.
- (4) The amount by which the deduction for an ordinary and necessary business expense was required to be reduced or was not allowed under the Code because you claimed a federal tax credit in lieu of a deduction.
- (5) In the event of an actual or deemed transfer of an asset occurring on or after January 1, 2013, wherein the tax basis of the asset carries over from the transferor to the transferee for federal income tax purposes, the transferee must add any remaining bonus depreciation deductions allowed to the basis of the transferred asset and depreciate the adjusted basis over any remaining life of the asset. The transferor is not allowed any future bonus depreciation deductions. (For more information, see G.S. 105-153.6(e) and (f), as well as the Department's website.)
- (6) The amount deposited during the taxable year to a personal education savings account ("PESA") under Article 41 of Chapter 115C of the General Statutes **to the extent the deposit was included federal adjusted gross income.**

(7) The amount paid from the State Emergency Response and Disaster Relief Reserve Fund for hurricane relief assistance to the extent this amount is included in federal adjusted gross income. This amount does not include amounts paid to you from the State Emergency Response and Disaster Relief Fund for goods or services provided by you.

(8) The amount received as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of G.S. 143B to the extent this amount is included in federal adjusted gross income.

**Line 15. Total Deductions.** Add Lines 7 through 10, 11f, 12f, 13, and 14. Enter the total on Line 15 and on Form D-400, Line 9. **Important:** If you enter an amount on Line 15, you must attach Form D-400 Schedule S to Form D-400. If you do not attach Form D-400 Schedule S to Form D-400, the Department may not be able to process your return.

**Part C. N.C. Standard Deduction or N.C. Itemized Deductions**  
(If you choose to claim North Carolina itemized deductions, complete Lines 16 through 24.)

You may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions even if you did not claim itemized deductions on your federal return. In most cases, your state income tax will be less if you take the larger of your N.C. itemized deductions or your N.C. standard deduction.

**N.C. Standard Deduction.** The standard deduction for most individuals can be obtained from the N.C. Standard Deduction Chart on Page 13 of these instructions or from the N.C. Standard Deduction Chart printed on Form D-400 Schedule S, Part C.

**If you claimed the N.C. Standard Deduction and you did not enter an amount on Line 6 or Line 15 of Form D-400 Schedule S, DO NOT attach Form D-400 Schedule S to Form D-400.**

**N.C. Itemized Deductions.** North Carolina itemized deductions are not identical to federal itemized deductions. To determine the amount of N.C. itemized deductions, complete Lines 16 through 24. **Important:** If you deduct N.C. itemized deductions, you must include Form D-400 Schedule S with Form D-400.

**Line 16. Home Mortgage Interest.** Enter the amount allowed as a deduction for interest paid or accrued during tax year 2019 under IRC section 163(h) with respect to any qualified residence. (For a definition of qualified residence, see federal publication 936, Home Mortgage Interest Deduction.)

**Line 17. Real Estate Property Taxes.** Enter the amount allowable as a deduction for property taxes paid or accrued on real estate under IRC section 164 for tax year 2019. An individual that files a joint return, single return, or as head of household may not deduct more than \$10,000 of real estate property taxes while married individuals filing separately may not deduct more than \$5,000.

**Line 18. Home Mortgage Interest and Real Estate Property Taxes before Limitation.** Add Lines 16 and 17 and enter the result on Line 18.

**Line 19. Home Mortgage Interest and Real Estate Property Taxes Limitation.** Statutorily, the sum of qualified mortgage interest and real estate property taxes claimed may not exceed \$20,000. For spouses filing as married filing separately or married

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

**Line 20. Home Mortgage Interest and Real Estate Property Taxes after Limitation.** Compare Line 18 with Line 19 and enter the smaller amount.

**Line 21. Charitable Contributions.** Enter the amount allowable as a deduction for charitable contributions under IRC section 170 for tax year 2019.

**Line 22a. Medical and Dental Expense before Limitation.** Enter the amount allowable as a deduction for medical and dental expenses under IRC section 213 for tax year 2019. Importantly, do not include on Line 22a items that are not included in federal adjusted gross income. For example, do not include insurance premiums paid by your employer.

**Line 22b. Enter the Amount from Form D-400, Line 6.** If the amount on Line 6 is negative, fill in the circle next to the line to indicate the amount is negative.

**Line 22c. Multiply Line 22b by 10% (0.10).** If this amount is zero or less, enter a zero on Line 22c.

**Line 22d. Medical and Dental Expenses after Limitation.** Subtract Line 22c from Line 22a. If Line 22c is more than Line 22a, enter a zero on Line 22d.

**Line 23. Repayment of Claim of Right Income.** You may be entitled to a deduction for the repayment of income included in federal adjusted gross income in an earlier tax year because it appeared that you had an unrestricted right to such income, to the extent the repayment is not deducted in arriving at federal adjusted gross income in 2019. If the repayment is more than \$3,000, the deduction is the amount of repayment. **Note:** If you claimed itemized deductions on your 2019 federal income tax return, enter the amount claimed on federal Schedule A, Line 16. If the repayment is \$3,000 or less, refer to the worksheet below to calculate your deduction.

**Repayment of Claim of Right Worksheet**

**Repayment of amounts under a claim of right if \$3,000 or less:**

1. Enter the amount of claim of right income repaid during 2019.....1. \_\_\_\_\_
2. Enter amount from D-400 Line 6, federal adjusted gross income.....2. \_\_\_\_\_
3. Multiply Line 2 by 2% (0.02) (If negative, enter the number zero) .....3. \_\_\_\_\_
4. Subtract Line 3 from Line 1. Enter amount on Form D-400 Schedule S, Part C, Line 23. ....4. \_\_\_\_\_

**Line 24. Total N.C. Itemized Deductions.** Add Lines 20, 21, 22d, and 23. This is the amount of North Carolina itemized deductions that you may deduct on Form D-400, Line 11.

**If you claim N.C. itemized deductions, you must attach Form D-400 Schedule S to Form D-400. If you do not attach Form D-400 Schedule S to Form D-400, the Department may not be able to process your return.**

## Instructions for Form D-400 Schedule PN, Part-Year Resident and Nonresident Schedule

If you or your spouse, if married filing jointly, were not full-year residents of North Carolina during tax year 2019, you must complete Form D-400 PN to determine the percentage of federal adjusted gross income, as adjusted, that is subject to North Carolina income tax. You are a **“part-year resident”** if you moved to North Carolina and became a resident during the tax year, or you moved out of North Carolina and became a resident of another state during the tax year. You are a **“nonresident”** if you were not a resident of North Carolina at any time during the tax year. *(For more information, see “Who Must File a North Carolina Individual Income Tax Return?” on Page 5.)*

### Part A. Residency Status

You and your spouse, if married filing jointly, must fill in the applicable circle(s) indicating your residency status for tax year 2019. Part-year residents must also enter the dates of North Carolina residency in the boxes provided.

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

**Lines 1 through 15.** In Column A, Lines 1 through 15, enter the income you received from all sources during tax year 2019. *(If you filed a 2019 federal income tax return, enter the amounts reported on your federal return.)* If married filing jointly, you must include the total income from all sources of both spouses, even if only one spouse is a resident. In Column B, enter the amount of Column A received from North Carolina sources or income received while a resident of North Carolina.

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

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

**Lines 17a through Line 17e. North Carolina Additions to Federal Adjusted Gross Income.** In Column A, enter the amounts entered on Form D-400 Schedule S, Part A, that relate to gross income. In Column B, enter the amount of Column A that is applicable to North Carolina.

**Example:** If you received interest income from obligations of a state other than N.C. of \$1,200 evenly during the year and you became a North Carolina resident on July 1, you should enter

\$1,200 on Line 17a of Column A and \$600 on Line 17a of Column B.

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

**Lines 19a through 19h. North Carolina Deductions from Federal Adjusted Gross Income.** In Column A, enter the amounts entered on Form D-400 Schedule S, Part B, that relate to gross income. In Column B, enter the amount of Column A that is applicable to North Carolina.

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

**Line 21. Total Income Modified by N.C. Adjustments.** For Column A and Column B, add Line 16 plus Line 18 minus Line 20.

### Part C. Part-Year Residents and Nonresidents Taxable Percentage

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

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

**Line 24.** Divide Line 22 by Line 23. This is the percentage of your federal adjusted gross income, as adjusted, that is subject to North Carolina income tax. The resulting percentage may be greater than 100%. Enter the result as a decimal amount; round to four decimal places on Form D-400, Line 13.

**If you enter an amount on Form D-400, Line 13, you MUST attach Form D-400, Schedule PN to Form D-400. If you do not, the Department may be unable to process your return.**

## Instructions for Form D-400TC, Individual Income Tax Credits

Form D-400TC and, if applicable, Form NC-478, and Form NC-Rehab must be filed for any taxable year in which you are eligible to claim a tax credit or an installment of a tax credit against your tax liability. This requirement applies even if your tax liability is not large enough for you to benefit from the credit. *(For further information on tax credits, refer to the Department’s bulletins for individual income tax.)*

**If you claim a tax credit on Form D-400, Line 16, you MUST attach Form D-400TC to Form D-400. If you do not, the Department may be unable to process your return. Failure to substantiate a tax credit may result in the disallowance of that credit. For more information on tax credits, see the Department’s website.**

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

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. **Important:** No credit is allowed for income taxes paid to a city, county, or other political subdivision of a state or country or to the federal government. **Nonresidents are not entitled to this tax credit.**

North Carolina residents complete Form D-400 and include all income both within and outside the state. Compute North Carolina income tax as though no credit is to be claimed. Then, complete Part 1 of Form D-400TC to determine the amount of allowable tax credit. **Note:** If you wish to claim a tax credit for taxes paid to more than one state or country, do not complete Lines 1 through 6. Instead, use the “Out-of-State Tax Credit Worksheet” below to determine the amount of allowable tax credit for each state or country.

**Line 1. Total Income from All Sources while a Resident of N.C. Modified by N.C. Adjustments to Federal Adjusted Gross Income.** Enter on Line 1 the total amount of income from all sources you received while a resident of North Carolina, adjusted by the applicable additions and deductions to federal adjusted gross income that relate to gross income that you listed on Form D-400 Schedule S, Parts A and B. **Important:** If the amount on Line 1 is negative, enter the amount and fill in the circle located next to Line 1 to indicate the amount is negative.

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

**Line 3.** Divide Line 2 by Line 1. Enter the result as a decimal amount; round to four decimal places.

**Line 4. Total North Carolina Income Tax.** Enter the amount from Form D-400, Line 15.

**Line 5.** Multiply Line 4 by Line 3

**Line 6. Amount of Net Tax Paid to the Other State or Country on the Income Shown on Line 2.** Enter on Line 6 only the amount of **net tax paid** to another state or country shown on Line 2. The amount of **net tax paid** is any prepayment of tax (tax withheld, estimated tax payments, amount paid with an extension, etc.) plus any additional tax paid **less any refunds** received or expected to be received. Include on Line 6 the net tax you paid to 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 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. **Important:** You must attach a copy of the tax return filed with the other state or country and a copy of your check, receipt or other proof showing payment of income tax paid to the other state or country.

**Line 7a. Credit for Income Tax Paid To Another State or Country.** Enter the lesser of Line 5 or Line 6. This is the amount of tax credit for income tax paid to another state or country.

**Out-of-State Tax Credit Worksheet**  
(Use a separate worksheet to determine the separate credit for each state or country.)

|   |            |
|---|------------|
| 1. <b>Total income (loss) from all sources while a resident of N.C.</b> modified by N.C. adjustments to federal gross income .....  | 1. _____   |
| 2. The portion of Line 1 that was taxed by the other state or country .....   | 2. _____   |
| 3. Divide Line 2 by Line 1 and enter the result as a decimal amount (Round to four decimal places) .....  | 3. _____ . |
| 4. Enter total North Carolina income tax (From Form D-400, Line 15) .....   | 4. _____   |
| 5. Multiply Line 4 by Line 3 .....  | 5. _____   |
| 6. Amount of net tax paid to the other state or country on the income shown on Line 2 (See above for definition of net tax paid.) .....   | 6. _____   |
| 7. Enter the lesser of Line 5 or Line 6. To determine the total amount of credit for income tax paid to another state or country, add the amount of Line 7 on each worksheet and enter the total on Form D-400TC, Line 7a. <b>On Line 7b, be sure to enter the number of states or countries for which a credit is claimed.</b> ..... | 7. _____   |

## Part 2. Credits for Rehabilitating Historic Structures

**Article 3D - Historic Rehabilitation Tax Credits.** This Article expired for qualified rehabilitation expenditures and rehabilitation expenses incurred on or after January 1, 2015. To claim a tax credit under Article 3D, the historic property must be placed in service before January 1, 2023. For additional information on Article 3D credits, see G.S. 105-129.35, G.S. 105-129.36, and the Department's website.

**Line 8a.** Enter the amount of qualified expenditures incurred prior to January 1, 2015 with respect to an income-producing historic structure placed in service during tax year 2019. **Important:** Enter the amount of qualifying expenditures only in the first year the credit is taken.

**Line 8b.** Enter the installment amount of the tax credit for rehabilitating an income-producing historic structure.

**Lines 9a.** Enter the amount of qualified expenses incurred prior to January 1, 2015 with respect to a nonincome-producing historic structure placed in service during tax year 2019. **Important:** Enter the amount of qualifying expenses only in the first year the credit is taken.

**Line 9b.** Enter the installment amount of the tax credit for rehabilitating a nonincome-producing historic structure.

**Article 3H - Mill Rehabilitation Tax Credit.** This Article expired January 1, 2015, for rehabilitation projects for which an application for an eligibility certification was submitted on or after that date. To claim a tax credit for rehabilitating a historic mill facility, an application for an eligibility certification must have been submitted to the State Historic Preservation Officer before January 1, 2015. Eligibility certifications obtained under this Article expire January 1, 2023. For additional information on Article 3H credits, see G.S. 105-129.71, G.S. 105-129.72, and the Department's website.

**Line 10a.** Enter the amount of qualified rehabilitation expenditures with respect to an income-producing historic mill facility placed in service during tax year 2019. **Important:** Enter the amount of qualifying expenditures only in the first year the credit is taken.

**Line 10b.** Enter the total amount of tax credit for rehabilitating an income-producing historic mill facility.

**Line 11a.** Enter the amount of qualified rehabilitation expenditures with respect to a nonincome-producing historic mill facility placed in service during tax year 2019. **Important:** Enter the amount of qualifying expenditures only in the first year the credit is taken.

**Line 11b.** Enter the installment amount of the tax credit for rehabilitating a nonincome-producing historic mill facility.

**Article 3L - Historic Rehabilitation Tax Credits Investment Program.** Article 3L replaced the historic rehabilitation tax credits generally available under Article 3D, which expired for qualified rehabilitation expenditures and rehabilitation expenses, incurred on or after January 1, 2015. This Article expires for qualified rehabilitation expenditures and expenses incurred on or after January 1, 2024. To claim a tax credit under Article 3L, qualified rehabilitation expenditures and expenses must be placed in service by January 1, 2032. For additional information on Article 3L, see G.S. 105-129.105, G.S. 105-129.106, and the Department's website. **Important: To claim a credit under Article 3L, you**

**must complete Form NC-Rehab and attach Form NC-Rehab to the front of Form D-400.**

**Line 12.** Enter the total amount of tax credit for rehabilitating an income-producing historic structure. *(From Form NC-Rehab, Part 4.)*

**Line 13.** Enter the total amount of the tax credit for rehabilitating a nonincome-producing historic structure. *(From Form NC-Rehab, Part 4.)*

## Part 3. Computation of Total Tax Credits to be Taken in Tax Year 2019

**Line 14.** Enter the amount of tax credits carried over from previous tax years. **Important:** Do not include any carryover of income tax credits taken on Form NC-478 or Form NC-Rehab.

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

**Line 16.** Enter the amount of North Carolina income tax (From Form D-400, Line 15).

**Line 17.** Compare Line 15 with Line 16. Enter the lesser amount of Line 15 or Line 16.

**Line 18.** Enter the total amount of business and energy tax credits taken in 2019. *(Attach Form NC-478 and any required supporting schedules to the front on Form D-400.)*

**Note:** Many of the business and energy tax credits available to individuals are repealed or are designated for sunset. Please refer to each specific Article for details. A taxpayer that qualified for a tax credit that has expired or sunset may continue to take any remaining installments or carryovers in 2019 if the taxpayer continues to meet the statutory eligibility requirements previously required of each particular tax credit. In most cases, the Form NC-478 series is used to calculate and report business incentive and energy tax credits, less the sum of all other credits that the taxpayer claims. For additional information on tax credits and to obtain Form NC-478 tax forms, see the Department's website.

**Line 19.** Add Lines 17 and 18. **This is the total amount of tax credits to be taken for tax year 2019.** Enter the amount of Line 19 on Form D-400, Line 16. The amount of Line 19 cannot exceed the tax shown due on Form D-400, Line 15.

**The tax credits described in these instructions cannot exceed the tax liability for the tax year, reduced by other tax credits.**

## Instructions for Form D-400 Schedule AM, Amended Schedule

### General Instructions

You must file an amended 2019 tax return if:

- (1) You made an error or received additional information after you filed your original 2019 North Carolina state income tax return.

- (2) You need to report a net operating loss carryback.
- (3) The Internal Revenue Service made changes to your 2019 federal return. You must report the changes to the state by filing an amended return within six months from the date you receive a report from the IRS. If you do not amend your state return to reflect the federal changes and the Department receives a 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. You also forfeit your right to any refund, which might have been due because of the federal changes.
- (4) You voluntarily filed an amended 2019 federal income tax return with the Internal Revenue Service and the return contains adjustments that increase the amount of your state tax payable. The North Carolina amended return must be filed within six months of filing the federal amended return. If you file the North Carolina amended return within the time required by law, the period for the Department to propose an assessment against you for any tax due is one year after the state amended return is filed or three years after the original return was filed or due to be filed, whichever is later. If you do not file the North Carolina amended return within the time period required by law, the period for the Department to propose an assessment against you for any tax due is three years after the date the federal amended return was filed with the Internal Revenue Service. **Note:** If you voluntarily file an amended federal return with the Internal Revenue Service and the return contains adjustments that decrease the amount of your state tax payable, the state amended return must be filed within the general statute of limitations for refunds. The general statute of limitations for obtaining a refund of an overpayment is the later of the following: (1) three years after the due date of the return, or (2) two years after the payment of the tax. If a valid extension is filed, a refund claimed on an amended return may be filed within three years from the extended due date.

When filing an amended North Carolina individual income tax return, fill in the "Amended Return" circle located at the top right of Form D-400. Attach Form D-400 Schedule AM to the front of Form D-400. You must attach the following information to your amended return, when applicable, as documentation to support the changes:

- A copy of a federal audit report.
- A copy of federal Form 1040X and supporting federal schedules and forms if changes are also applicable to your federal return.
- W-2 and 1099 statements to verify a change in income tax withheld.
- NC K-1 to verify tax payments made by a pass-through entity.
- Federal Form 1040X or Form 1045, including Schedule A and B, if amending as a result of a net operating loss.
- Any other required schedule or supporting form.

**If you filed Form D-400 Schedule S, D-400 Schedule PN, 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.**

#### Specific Line Instructions

**Form D-400 Schedule AM.** Enter the calendar or other tax year being amended, your name, address, and social security number

in black or blue ink only. In addition, if you are married filing jointly, enter your spouse's name and social security number. If your mailing address has changed since you filed your original 2019 North Carolina state income tax return, fill in the applicable circle.

Fill in the circle(s) indicating the reasons you are amending your return and explain in detail the reason for each change. Attach the completed D-400 Schedule AM to Form D-400.

**Form D-400, Lines 1 through 21.** Fill in the appropriate circle indicating the return is an amended return. Make any necessary changes to the original Form D-400 by showing the corrected amounts on Lines 1 through 21.

**Form D-400, Line 22.** Include on Line 22 the amount paid with the original return (Form D-400, line 27) plus the 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.** 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 Line 24. This 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, the N.C. Education Endowment Fund, or the N.C. Breast and Cervical Cancer Program. **Important:** Do not include interest you received on any refunds.

**Form D-400, Line 29.** 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 2019 amended return applied to your 2020 estimated tax if your amended return is filed by January 15, 2021.

**Form D-400, Lines 30, 31, and 32.** If you wish to contribute part or all of your overpayment from your 2019 amended return to: (1) the N.C. Nongame and Endangered Wildlife Fund, (2) the N.C. Education Endowment Fund, or (3) the N.C. Breast and Cervical Cancer Program, enter the amount of the contribution on Lines 30 through 32 as applicable. **Important:** If you previously elected to have your original refund applied to the N.C. Nongame and Endangered Wildlife Fund, the N.C. Education Endowment Fund, or the N.C. Breast and Cervical Cancer Program, **do not** enter these amounts again on Lines 30 through 32 since these amounts have already been deducted from your original refund.

**Amended Return Payment Options.** When filing an amended return, individuals that owe additional tax can pay the additional tax due using one of the following options:

- **Pay Online** - You can pay your tax online by bank draft (free), MasterCard or Visa (\$2 convenience fee for every \$100 paid). *(For more information, see the Department's website.)*
- **Payment Voucher** - If you do not pay your tax online, you must **generate a personalized D-400V Amended payment voucher**. The personalized payment voucher is located on the Department's website. The voucher allows the Department to process the amended return payment more accurately and efficiently with fewer errors.

Enclose the completed voucher and payment with your amended return. Do not send cash. Write your name, address, and social security number(s) on your payment.

## Mailing Addresses

### For Original Returns Only:

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

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

### For Amended Returns Only:

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

## Tax Assistance

Information about individual income tax and tax forms may be obtained from our website at [www.ncdor.gov](http://www.ncdor.gov). 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.

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.

## Taxpayer Bill of Rights

As a taxpayer, you are always entitled to fair, professional, prompt and courteous service from the North Carolina Department of Revenue. Our goal is to apply the state's tax laws consistently and fairly so that your rights are protected and to see that you pay only your fair share of North Carolina tax. (For more information on your rights as a North Carolina taxpayer, visit the Department's website.)

## Property for Sale

Looking for a bargain on good used vehicles, furniture, appliances, tools, and jewelry? Visit [www.ncdor.gov/seized-property-auctions-collection-division](http://www.ncdor.gov/seized-property-auctions-collection-division) and click on **Vehicles and Property Available for Auction**.

## Follow Us



**Consumer Use Tax** *(Taxpayers who owe consumer use tax must utilize the Use Tax Table or the Use Tax Worksheets below to determine the amount of consumer use tax due for tax year 2019. For more information, see Page 13.)*

**Use Tax Table for Taxpayers Who Do Not Have Any Records of Out-of-State Purchases**

The use tax amount is .0675% of North Carolina taxable income. If you do not have any records of your out-of-state purchases, you may use the table below to estimate your use tax liability.

| If Line 14, D-400 is: |               |                   | If Line 14, D-400 is: |               |                   | If Line 14, D-400 is: |               |                   |
|-----------------------|---------------|-------------------|-----------------------|---------------|-------------------|-----------------------|---------------|-------------------|
| At Least              | But Less Than | Use Tax Amount is | At Least              | But Less Than | Use Tax Amount is | At Least              | But Less Than | Use Tax Amount is |
| \$ 0                  | - 2,200       | ..... \$ 1        | \$ 15,600             | - 17,000      | ..... \$ 11       | \$ 30,400             | - 31,900      | ..... \$ 21       |
| 2,200                 | - 3,700       | ..... 2           | 17,000                | - 18,500      | ..... 12          | 31,900                | - 33,300      | ..... 22          |
| 3,700                 | - 5,200       | ..... 3           | 18,500                | - 20,000      | ..... 13          | 33,300                | - 34,800      | ..... 23          |
| 5,200                 | - 6,700       | ..... 4           | 20,000                | - 21,500      | ..... 14          | 34,800                | - 36,300      | ..... 24          |
| 6,700                 | - 8,100       | ..... 5           | 21,500                | - 23,000      | ..... 15          | 36,300                | - 37,800      | ..... 25          |
| 8,100                 | - 9,600       | ..... 6           | 23,000                | - 24,400      | ..... 16          | 37,800                | - 39,300      | ..... 26          |
| 9,600                 | - 11,100      | ..... 7           | 24,400                | - 25,900      | ..... 17          | 39,300                | - 40,700      | ..... 27          |
| 11,100                | - 12,600      | ..... 8           | 25,900                | - 27,400      | ..... 18          | 40,700                | - 42,200      | ..... 28          |
| 12,600                | - 14,100      | ..... 9           | 27,400                | - 28,900      | ..... 19          | 42,200                | - 43,700      | ..... 29          |
| 14,100                | - 15,600      | ..... 10          | 28,900                | - 30,400      | ..... 20          | 43,700                | - 45,200      | ..... 30          |
|                       |               |                   |                       |               |                   | 45,200 and over       | .....         | Line 14 x .0675%  |

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

1. Enter the total amount of out-of-state purchases, including delivery charges, for 1/1/19 through 3/31/19 ..... 1. \_\_\_\_\_
2. Multiply Line 1 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Gaston, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Martin, Montgomery, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, 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 4/1/19 through 12/31/19 ..... 3. \_\_\_\_\_
4. Multiply Line 3 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, and Wilkes Counties; and 6.75% (.0675) in all other counties, and enter the amount..... 4. \_\_\_\_\_
5. Enter the amount of sales tax legally and properly 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 for Taxpayers Who Have Partial Records of Out-of-State Purchases**

1. For purchases of items that cost less than \$1,000, see the Use Tax Table above 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 1/1/19 through 3/31/19 ..... 2a. \_\_\_\_\_
  - 2b. Multiply Line 2a by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Gaston, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Martin, Montgomery, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, 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 4/1/19 through 12/31/19 ..... 2c. \_\_\_\_\_
  - 2d. Multiply Line 2c by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, 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 amount of sales tax legally and properly 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. \_\_\_\_\_