

# North Carolina Estate Tax Return

(For deaths occurring on or after January 1, 2002 and before January 1, 2005)

Decedent _____	County _____	State _____	Date of Death (MM-DD-YY) _____	Decedent's SSN _____
List all N.C. counties in which decedent owned real estate _____				
Personal Representative _____			Telephone _____	
Address of Personal Representative _____			( ) _____	
Attorney _____			Telephone _____	
Address of Attorney _____			( ) _____	
Accountant _____			Telephone _____	
Address of Accountant _____				

Mail the closing certificate and other correspondence to:

Representative     Attorney     Accountant

( )

1. Total gross estate (From Federal Form 706, Page 1, Line 1)	1.	_____	.00
2. Allowable deductions (From Federal Form 706, Page 1, Line 2)	2.	_____	.00
3. Taxable estate (Line 1 minus Line 2)	3.	_____	.00
4. Less adjustment to taxable estate	4.	6 0 0 0 0	.00
5. Adjusted taxable estate (Line 3 minus Line 4)	5.	_____	.00
6. Use the amount on Line 5 to compute the estate tax from the <b>Tax Table</b> on the reverse and enter the result here (The amount on this line may not exceed the amount on Federal Form 706, Page 1, Line 12)	6.	_____	.00



**If decedent was a North Carolina resident and all property is located in North Carolina, skip Lines 7 - 15 and enter amount from Line 6 on Line 16.**

### North Carolina Resident Decedent with Property Outside North Carolina

7. Enter the gross value of property included in Line 1 that has a tax situs in another state	7.	_____	.00
8. Divide Line 7 by Line 1 (Enter result as a decimal amount rounded to four places)	8.	. _____	
9. Multiply amount on Line 6 by the decimal amount on Line 8	9.	_____	.00
10. Death tax paid to another state(s) (Do not include penalty or interest)	10.	_____	.00
11. Enter the lesser of Line 9 or Line 10	11.	_____	.00
12. Subtract Line 11 from Line 6 (Enter result here and on Line 16)	12.	_____	.00

### Nonresident Decedent with Property Inside North Carolina

13. Enter the gross value of real property included in Line 1 that is located in North Carolina plus the gross value of personal property included in Line 1 that has a tax situs in North Carolina	13.	_____	.00
14. Divide Line 13 by Line 1 (Enter result as a decimal amount rounded to four places)	14.	. _____	
15. Multiply amount on Line 6 by the decimal amount on Line 14 (Enter result here and on Line 16)	15.	_____	.00

### Estate Tax Due

16. North Carolina estate tax	16.	_____	.00
17. Less prior payments. Explain in an attached statement.	17.	_____	.00
18. North Carolina estate tax due (Line 16 minus Line 17)	18.	_____	.00
19. a. Penalty _____ b. Interest _____ (Add Lines 19a and 19b and enter result here)	19c.	_____	.00
20. Total tax, penalty, and interest (Add Lines 18 and 19c) <b>Pay this amount</b>	20.	_____	.00

**Signature** - I authorize each person listed above to receive and inspect confidential tax information regarding the estate of this decedent. I certify that, to the best of my knowledge, this return is accurate and complete. If prepared by a person other than the personal representative, this certification is based on all information of which the preparer has any knowledge.

Signature of Representative \_\_\_\_\_

Date \_\_\_\_\_

Signature of Paid Preparer \_\_\_\_\_

Date \_\_\_\_\_

## General Instructions for North Carolina Estate Tax Return

### North Carolina Department of Revenue

**North Carolina Estate Tax** -- Under new federal estate tax law, effective for estates of decedents dying after December 31, 2001, the state death tax credit is phased out over three years beginning in 2002. However, the North Carolina General Assembly did not elect to adopt the phase-out provision. Therefore, the North Carolina estate tax is equal to the state death tax credit for federal purposes before applying the percentage reduction to the federal credit.

**Filing Requirement** -- A North Carolina Estate Tax Return is required to be filed by the personal representative if a federal estate tax return (Form 706) is required to be filed with the Internal Revenue Service. If decedent was a resident of North Carolina and all property is located in North Carolina, include copies of pages 1 and 3 of Federal Form 706. If decedent owned property outside of North Carolina or was a nonresident, include a complete copy of Form 706.

**When and Where to File** -- A North Carolina Estate Tax Return must be filed with the North Carolina Department of Revenue at the same time the federal estate tax return is due which is currently nine months from the date of death. Form A-101 should be mailed to the **North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0100.**

**Paying the Tax** -- Payment should include the tax plus any applicable penalties and interest. Include the name of the estate on the payment. Attach payment to the return and mail to the above address. The personal representative may elect to make installment payments of North Carolina estate tax in the same manner as elected for federal estate tax payments under section 6166 of the Internal Revenue Code. Acceleration of the federal payments also accelerates the State payments. If the personal representative elects the same North Carolina installment payments, attach supporting documentation of the IRS acceptance of the election. The personal representative is liable for the estate tax that is not paid within two years after it was due. This liability is limited to the value of estate assets under the representative's control.

**Penalties and Interest** -- If the return is not filed by the due date, a late filing penalty of five percent of the tax (maximum 25 percent) is due for each month, or part of a month, the return is late. If the full amount of tax is not paid by the due date, a late payment penalty of ten percent of the unpaid tax (minimum \$5.00) is due. Interest accrues from the due date and continues to accrue until the tax is paid. Contact the Department of Revenue for the current interest rate.

**Extensions** -- If the North Carolina Estate Tax Return cannot be filed by the due date, an extension of time for filing the return and paying the tax may be granted. A request for an extension must be submitted in writing to the Department (at the above address) on or before the due date of the return. In lieu of requesting an extension, proof of a federal extension may be submitted with the return when filed.

**Uniform Valuation** -- The personal representative is required to file a copy of the Federal Estate Tax Closing Letter with the Department within two years of receipt. If changes are made to the federal estate tax return by the Internal Revenue Service, the personal representative must report the changes to the State by filing an amended North Carolina Estate Tax Return with a copy of the federal changes. If the amended return and payment of any additional tax due is not received by the Department within two years of receipt of the report of federal changes, a penalty of five percent of the additional tax for each month or part of a month that the return is late (minimum \$5.00; maximum 25 percent) is due.

**IMPORTANT: Copies of pages 1 and 3 of Federal Form 706 must be attached to this return. If the decedent owned real property in another state or was a nonresident, you must attach a complete copy of Form 706 to this return. If the decedent was a resident of North Carolina and an amount is entered on line 10, Form A-101, include a copy of the other state(s) closing letter certifying the amount of tax paid or a copy of the estate tax return filed in the other state(s).**

**Tax Table - North Carolina Estate Tax**

(1)		(2)		(3) Tax on amount in column (1)	(4) Rate of tax on excess over amount in column (1)	(1)		(2)		(3) Tax on amount in column (1)	(4) Rate of tax on excess over amount in column (1)
Adjusted Taxable Estate						Adjusted Taxable Estate					
Equal to or more than	less than	Equal to or more than	less than			Equal to or more than	less than	Equal to or more than	less than		
0	\$40,000	0	None	2,040,000	2,540,000	106,800	8.0%				
\$40,000	90,000	0	0.8%	2,540,000	3,040,000	146,800	8.8%				
90,000	140,000	\$400	1.6%	3,040,000	3,540,000	190,800	9.6%				
140,000	240,000	1,200	2.4%	3,540,000	4,040,000	238,800	10.4%				
240,000	440,000	3,600	3.2%	4,040,000	5,040,000	290,800	11.2%				
440,000	640,000	10,000	4.0%	5,040,000	6,040,000	402,800	12.0%				
640,000	840,000	18,000	4.8%	6,040,000	7,040,000	522,800	12.8%				
840,000	1,040,000	27,600	5.6%	7,040,000	8,040,000	650,800	13.6%				
1,040,000	1,540,000	38,800	6.4%	8,040,000	9,040,000	786,800	14.4%				
1,540,000	2,040,000	70,800	7.2%	9,040,000	10,040,000	930,800	15.2%				
				10,040,000	-----	1,082,800	16.0%				