North Carolina income tax is required to be withheld from non-wage compensation paid to nonresidents for certain personal services rendered in this State. The requirement to withhold applies to payers who, in the course of a trade or business, pay more than $1,500 of non-wage compensation to a nonresident individual or to a nonresident entity for services performed in this State in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program. These payers must withhold North Carolina income tax at the rate of four percent (4%) from the compensation. (Note: See NC-30, Income Tax Withholding Tables and Instructions for Employers, for a more detailed explanation of requirements.)

**Instructions for Payer**

Complete this form to report the gross income paid to a nonresident individual, corporation, partnership, or limited liability company for personal services performed in North Carolina and the North Carolina tax withheld from that income. If you are required to complete federal Form 1099-MISC to report the gross income paid to a nonresident recipient, you do not have to complete this form. Do not use this form to report the payment of wages.

**The Payer Must**

1. **Electronically** submit Form NC-3, Annual Withholding Reconciliation, and the corresponding statement information for each Form W-2 and 1099 to the North Carolina Department of Revenue by January 31 of the succeeding year. Please visit the Department’s website at www.ncdor.gov for additional information.
2. Furnish two copies to the recipient by January 31 following the calendar year in which the compensation was paid. Include a copy of these instructions with the recipient's copies of Form NC-1099PS. (Note: If the services are completed before the end of the year, the statement is due within 45 days of the last payment of compensation if the recipient requests the statement.)
3. Keep a copy for your records.

See the North Carolina Income Tax Withholding Tables and Instructions for Employers (Form NC-30) at www.ncdor.gov for additional information.

**Instructions for Recipient**

Withholding of income tax from your personal services income does not relieve you of your responsibility to file a North Carolina income tax return. Individuals and C corporations may claim the tax withheld reported in Box 2 against the income tax liability for the year. Partnerships may claim only the portion of the tax withheld attributable to its nonresident partners for which the managing partner pays the tax on their behalf. S corporations may claim only the portion of the tax withheld attributable to its nonresident shareholders on whose behalf a composite income tax return is filed. Attach a copy of Form NC-1099PS without the instructions to the income tax return to support North Carolina tax withheld.