Do Not Include This Page

NCDOR NORTH CAROLINA DEPARTMENT OF REVENUE

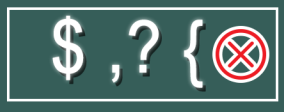
Instructions for Handwritten Forms

Guidelines

Do not use red ink. Use blue or black ink.



Do not use dollar signs, commas, or other punction marks.



Printing

Set page scaling to "none." The Auto-Rotate and Center checkbox should be unchecked.



Do not select "print on both sides of paper."

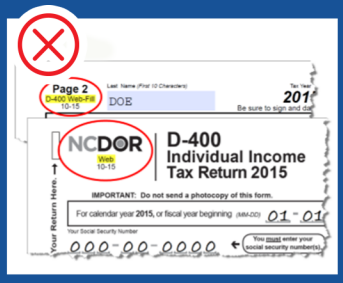


Before You Send

Do not submit photocopies of returns. Submit originals only.



Do not mix form types



NCDOR
Web
7-25

CD-429B
Underpayment of Estimated Tax by C-Corporations

For calendar year **2025,** or other tax year beginning _____ **2025**, and ending _____

DOR Use Only

Legal Name | Federal Employer ID Number

Part 1. Computation of Underpayment

1.	**2025 net income tax** *(From 2025 Form CD-405, Schedule B, Line 23)*	1.	
2.	**2025 tax credits** *(From 2025 Form CD-405, Schedule B, Line 24e)*	2.	
3.	**2025 net tax due.** Line 1 minus Line 2	3.	
4.	Multiply Line 3 by 90%. If less than $500, **do not** complete this form; the corporation does not owe interest on the underpayment of estimated tax.	4.	
5.	**2024 net tax due** *(From 2024 Form CD-405, Schedule B, Line 23 minus Line 24e)* If corporation is a "large corporation" as defined in IRC Section 6655, enter the amount from Line 4 on Line 5	5.	
6.	Enter the **smaller** of Line 4 or Line 5	6.	

			(a)	(b)	(c)	(d)
7.	**Installment due dates** Enter in columns (a) through (d) the 15th day of the 4th, 6th, 9th, and 12th months of the corporation's tax year	7.				
8.	**Required installments** Enter 25% of Line 6 above in each column. If corporation is using the annualized income installment method, enter the computed installment amounts on Line 8, Columns (a) - (d) and attach schedule showing computations	8.				
9.	**Estimated tax paid or credited for each period**	9.				
10.	**Overpayment of previous installment** Enter amount from Line 13 of the preceding column. For Lines 10-13, complete one column before going to the next	10.				
11.	Add Lines 9 and 10	11.				
12.	**Underpayment** If Line 11 is less than or equal to Line 8, subtract Line 11 from Line 8; otherwise, go to Line 13	12.				
13.	**Overpayment** If Line 8 is less than Line 11, subtract Line 8 from Line 11	13.				

Part 2. Computation of Underpayment of Estimated Tax *(See instructions for interest rate)*

			(a)	(b)	(c)	(d)
14.	Enter the installment dates from Line 7	14.				
15.	Enter the amount of underpayment from Line 12	15.				
16.	Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier	16.				
17.	Number of days from due date of installment to the date shown on Line 16	17.				
18.	Days on Line 17(a) x interest rate x amount on Line 15(a) Days in the tax year	18.	$			
19.	Days on Line 17(b) x interest rate x amount on Line 15(b) Days in the tax year	19.		$		
20.	Days on Line 17(c) x interest rate x amount on Line 15(c) Days in the tax year	20.			$	
21.	Days on Line 17(d) x interest rate x amount on Line 15(d) Days in the tax year	21.				$

22.	**Underpayment of Estimated Tax.** Add Lines 18-21. Enter amount here and on Form CD-405, Schedule B, Line 31	22.	$

General Instructions

Purpose of Form CD-429B

Corporations use Form CD-429B to determine whether the corporation owes interest on the underpayment of estimated tax and, if so, the amount of interest.

Corporations Required to Pay Estimated Tax

A corporation that reasonably expects to incur an income tax liability to North Carolina of $500 or more during the taxable year must make estimated tax payments. If the corporation's tax year is less than four months, estimated tax payments are not required. Estimated tax is the amount of income tax a corporation expects to owe for the tax year after subtracting the amount of any tax credits claimed for the tax year.

Who Must Pay Interest on the Underpayment of Estimated Tax

Generally, a corporation is subject to interest on the underpayment of estimated tax if the income tax due on its 2025 corporate tax return is $500 or more and the corporation did not timely pay at least the smaller of either of the following:

- 90% of the income tax due on the 2025 corporate tax return.
- 100% of the income tax due on the 2024 corporate tax return.

This two-part test does not apply to large corporations, as defined in IRC § 6655. A large corporation is subject to interest on the underpayment of estimated tax if the income tax due on its 2025 corporate tax return is $500 or more and the corporation did not timely pay at least 90% of the income tax due on the 2025 corporate tax return.

Annualized Income Installment Method

A corporation may be able to reduce or eliminate the interest on the underpayment of estimated tax by using the annualized income installment method. A corporation may annualize income for any of the following:

- For the first 3 months if the installment was required to be paid in the 4th month.
- For the first 3 months or for the first 5 months if the installment was required to be paid in the 6th month.
- For the first 6 months or for the first 8 months if the installment was required to be paid in the 9th month.
- For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

To annualize income, multiply taxable income for the period by 12 and divide the result by the number of months in the period (3, 5, 6, 8, 9, or 11). **Retain your computations for future reference.**

Specific Line-By-Line Instructions

Part 1. Computation of Underpayment

Complete Part 1 of Form CD-429B to determine if there is an underpayment for any of the four payment periods. If there is an underpayment on Line 12, Columns (a) - (d), go to Part 2, Computation of Underpayment of Estimated Tax. The interest is calculated separately for each installment due date. Therefore, the corporation may owe interest for an earlier due date, even if it paid enough tax later to make up the underpayment. This is true even if the corporation is due a refund when the return is filed.

Part 2. Computation of Underpayment of Estimated Tax

Complete Lines 14 through 22 to determine the amount of interest on the underpayment of estimated tax. The interest is figured for the period of underpayment using the rate determined under G.S. 105-241.21(a). The rate is set semiannually by the Secretary of Revenue. For more information, visit ncdor.gov and search for interest rate.

A payment of estimated tax is applied first to any previous underpayment of a required installment, regardless of the installment to which the payment pertains. If the corporation makes more than one payment for a required installment, make separate computations for each payment.

Example. A corporation underpaid the April 15 installment by $1000. The June 15 installment required a payment of $2500. The corporation timely paid $2500 to cover the June 15 installment. However, $1000 of the June 15 payment is applied to the underpayment of the April 15 installment. The interest on the underpayment of estimated tax for the April 15 installment is calculated based on the period from April 16 through June 15. The remaining $1500 will be applied to the June 15 installment as if it were made on June 15.

Do not attach Form CD-429B to the corporation's tax return. Retain for your records.