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Web
1-26

NC-478 Series Instructions 2025

Purpose of the NC-478 Series

Use the NC-478 series to calculate and report tax credits that are limited to 50% of tax less the sum of all other tax credits claimed. The NC-478 letter series forms are used to calculate the specific credits available without regard to the 50% limitation and are designed to report a taxpayer's activity at an establishment or at a county level. If a taxpayer engages in an activity that qualifies for a credit at more than one establishment or county, a separate form must be filed for each credit. For additional information regarding the calculation of tax credits for multiple establishments or multiple counties, see the specific instructions for each credit.

General Instructions

The NC-478 series consists of the NC-478 summary form and the applicable NC-478 letter series form for the credit. If no letter series form applies to the credit, file a schedule setting out the required information.

Listed below are the tax credits that are subject to the 50% of tax limitation and the applicable NC-478 series form on which the credit, or any unused portion of the credit, is claimed:

Article 3A Credits -
Tax Incentives for New and Expanding Businesses

- Technology Commercialization *(NC-478)*
- Substantial Investment in Other Real Property *(NC-478)*

Article 3B Credits -
Business and Energy Tax Credits

- Renewable Fuel Facility *(NC-478)*
- Investing in Renewable Energy Property *(NC-478)*

Article 3F Credits -
Research and Development

- N.C. Research and Development *(NC-478)*
- Interactive Digital Media *(NC-478)*

Article 3J Credits -
Tax Credits for Growing Businesses

- Investing in Real Property *(NC-478)*

Article 3K Credits -
Incentives for Railroad Intermodal Facilities

- Constructing a Railroad Intermodal Facility *(NC-478)*

Other Credits Subject to the 50% of Tax Limit

- Manufacturing Cigarettes for Export *(NC-478)*
- Manufacturing Cigarettes for Export While Increasing Employment *(NC-478)*

All of the tax credits listed are available to individuals, partnerships, estates, trusts, and corporations except the tax credit for manufacturing cigarettes for export, and the tax credit for manufacturing cigarettes for export while increasing employment, which are available only to corporations. Insurance companies with a gross premiums tax liability can claim any of the Article 3A credits or the Article 3J credits.

Pass-through entities. A pass-through entity must provide sufficient information about the tax credits to its owners or beneficiaries to allow them to complete the NC-478 series. The information must be provided on, or as an attachment to, the NC K-1 provided to the owner or beneficiary. An owner or beneficiary should add the credits passed through by a pass-through entity to any credits the owner or beneficiary qualifies for directly when completing the NC-478 series.

Short-period returns. If a taxpayer is required to file more than one tax return during a year, each return constitutes a year for purposes of taking an installment of a credit or any unused portion of a credit.

When to File

Both the NC-478 and any applicable NC-478 series form must be filed for any taxable year in which the taxpayer is eligible to take a credit or an installment of a credit against the taxpayer's tax liability for that year. This requirement applies even if the taxpayer's tax liability for that year is not large enough for the taxpayer to benefit from the credit. A taxpayer that is an owner or beneficiary that was allocated a credit from a pass-through entity must file Form NC-478 Pass-through to identify the pass-through entity that allocated the credit.

Place the NC-478 forms or alternative schedules at the front of the tax return, behind the CD-V payment voucher and the NC-EDU payment voucher. **Important. Failure to include a form or required document with your tax return may result in the disallowance of these tax credits.**