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NC-4
Employee's Withholding Allowance Certificate

PURPOSE - Complete **Form NC-4, Employee's Withholding Allowance Certificate,** so that your employer can withhold the correct amount of State income tax from your pay. **If you do not provide an NC-4 to your employer, your employer is required to withhold based on single with zero allowances.**

FORM NC-4 EZ - You may use this form if you intend to claim either: exempt status, or the N.C. standard deduction and no tax credits or only the credit for children.

FORM NC-4 NRA - If you are a nonresident alien you must use Form NC-4 NRA.

FORM NC-4 BASIC INSTRUCTIONS - Complete the **Allowance Worksheet**. The worksheet will help you figure the number of withholding allowances you are entitled to claim. The worksheet is provided for employees to adjust their withholding allowances based on N.C. itemized deductions, federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, and N.C. tax credits. However, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowances decrease, you must file a new NC-4 with your employer within 10 days after the change occurs. Exception: When an individual ceases to be head of household after maintaining the household for the major portion of the year, a new NC-4 is not required until the next year.

TWO OR MORE JOBS - If you have more than one job, figure the total number of allowances you are entitled to claim on all jobs using one Form NC-4 Allowance Worksheet. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 filed for the higher paying job and zero allowances are claimed for the other. You should also refer to the Multiple Jobs Table to determine the additional amount to be withheld on line 2 of Form NC-4 (See Allowance Worksheet).

NONWAGE INCOME - If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40 to avoid underpayment of estimated tax interest. Form NC-40 is available on our website at www.dornc.com under individual income tax forms.

HEAD OF HOUSEHOLD - Generally you may claim head of household status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. Note: "Head of Household" for State tax purposes is the same as for federal tax purposes.

SURVIVING SPOUSE - You may claim surviving spouse status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

1. Your home is maintained as the main household of a child or stepchild for whom you can claim a federal exemption; and
2. You were entitled to file a joint return with your spouse in the year of your spouse's death.

MARRIED TAXPAYERS - For married taxpayers, both spouses must agree as to whether they will each complete the Allowance Worksheet based on married filing jointly or married filing separately.

- For married taxpayers completing the Allowance Worksheet based on married filing jointly, you will consider the sum of both spouses' incomes, adjustments, additions, deductions, and credits on the Allowance Worksheet to determine the number of allowances.
- For married taxpayers completing the worksheet on the basis of married filing separately, each spouse will consider only his or her portion of income, adjustments, additions, deductions, and credits on the Allowance Worksheet to determine the number of allowances.

All NC-4 forms are subject to review by the North Carolina Department of Revenue. Your employer may be required to send this form to the North Carolina Department of Revenue.

CAUTION: If you furnish an employer with an Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld.

Cut here and give this certificate to your employer. Keep the top portion for your records.

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NC-4
Employee's Withholding Allowance Certificate

1. Total number of allowances you are claiming
(Enter zero (0), or the number of allowances from Page 2, line 16 of the NC-4 Allowance Worksheet)

2. Additional amount, if any, withheld from each pay period *(Enter whole dollars)* .00

Social Security Number

Marital Status
Single | Head of Household | Married or Surviving Spouse

First Name *(USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS)* M.I. Last Name

Address County *(Enter first five letters)*

City State Zip Code *(5 Digit)* Country *(If not U.S.)*

Employee's Signature Date

I certify, under penalties provided by law, that I am entitled to the number of withholding allowances claimed on line 1 above.

NC-4 Allowance Worksheet Part I

Answer **all** of the following questions **for your filing status**.

Single -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $11,249? Yes ☐ No ☐
2. Will you have adjustments or deductions from income from Page 3, Schedule 2? Yes ☐ No ☐
3. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 4? Yes ☐ No ☐

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Married Filing Jointly -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $19,999? Yes ☐ No ☐
2. Will you have adjustments or deductions from income from Page 3, Schedule 2? Yes ☐ No ☐
3. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 4? Yes ☐ No ☐
4. Will your spouse receive combined wages and taxable pensions of less than $6,250 or only retirement benefits not subject to N.C. income tax? Yes ☐ No ☐

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Married Filing Separately -

1. Will your portion of N.C. itemized deductions from Page 3, Schedule 1 exceed $11,249? Yes ☐ No ☐
2. Will you have adjustments or deductions from income from Page 3, Schedule 2? Yes ☐ No ☐
3. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 4? Yes ☐ No ☐

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

Head of Household-

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $16,499? Yes ☐ No ☐
2. Will you have adjustments or deductions from income from Page 3, Schedule 2? Yes ☐ No ☐
3. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 4? Yes ☐ No ☐

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4, Line 1.

NC-4 Allowance Worksheet

Surviving Spouse -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $19,999? Yes ☐ No ☐
2. Will you have adjustments or deductions from income from Page 3, Schedule 2? Yes ☐ No ☐
3. Will you be able to claim any N.C. tax credits or tax credit carryovers from Page 4, Schedule 4? Yes ☐ No ☐

If you answered "No" to all of the above, **STOP HERE** and enter **THREE (3)** as total allowances on Form NC-4, Line 1. If you answered "Yes" to any of the above, you may choose to go to Part II to determine if you qualify for additional allowances. Otherwise, enter **THREE (3)** on Form NC-4, Line 1.

NC-4 Part II

1. Enter your total estimated N.C. itemized deductions from Page 3, Schedule 1 ..... 1. $ _____ .
2. Enter the applicable N.C. standard deduction based on your filing status.
   - $ 8,750 if single
   - $17,500 if married filing jointly or surviving spouse
   - $ 8,750 if married filing separately
   - $14,000 if head of household ..... 2. $ _____ .
3. Subtract line 2 from line 1. If line 1 is less than line 2, enter ZERO (0) ..... 3. $ _____ .
4. Enter an estimate of your total federal adjustments to income and State deductions from federal adjusted gross income from Page 3, Schedule 2 ..... 4. $ _____ .
5. Add lines 3 and 4 ..... 5. $ _____ .
6. Enter an estimate of your nonwage income (such as dividends or interest) ..... 6. $ _____ .
7. Enter an estimate of your State additions to federal adjusted gross income from Page 3, Schedule 3 ..... 7. $ _____ .
8. Add lines 6 and 7 ..... 8. $ _____ .
9. Subtract line 8 from line 5 *(Do not enter less than zero)* ..... 9. $ _____ .
10. Divide the amount on line 9 by $2,500 . Round down to whole number ..... 10. _____
    Ex. $3,900 ÷ $2,500 = 1.56 rounds down to 1
11. Enter the amount of your estimated N.C. tax credits from Page 4, Schedule 4 .. 11. $ _____ .
12. Divide the amount on line 11 by $140. Round down to whole number ..... 12. _____
    Ex. $200 ÷ $140 = 1.43 rounds down to 1
13. If filing as single, head of household, or married filing separately, enter zero (0) on this line.
    If filing as surviving spouse, enter 3.
    If filing as married filing jointly, enter the appropriate number from either (a), (b), (c), or (d) below.
    - (a) Your spouse expects to have zero wages and expects to receive retirement benefits that will all be nontaxable for N.C. purposes, enter 3. (Nontaxable retirement benefits include: *Bailey*, Social Security, and Railroad retirement)
    - (b) Your spouse expects to have combined wages and taxable pensions of more than $1, but less than $3,750, enter 2.
    - (c) Your spouse expects to have combined wages and taxable pensions of more than $3,750 but less than $6,250, enter 1.
    - (d) Your spouse expects to have combined wages and taxable pensions of more than $6,250, enter 0 ..... 13. _____
14. Add lines 10, 12, and 13, and enter the total here ..... 14. _____
15. If you completed this worksheet on the basis of married filing jointly, the total number of allowances determined on line 14 may be split between you and your spouse, however, you choose. Enter the number of allowances from line 14 that your spouse plans to claim ..... 15. _____
16. Subtract line 15 from line 14 and enter the total number of allowances here and on line 1 of your **Form NC-4, Employee's Withholding Allowance Certificate** ..... 16. _____

NC-4 Allowance Worksheet Schedules

Important: If you cannot reasonably estimate the amount to enter in the schedules below, you should enter ZERO (0) on line 1, NC-4.

Schedule 1 **Estimated N.C. Itemized Deductions**

Qualifying mortgage interest	$.	
Real estate property taxes	$.	
Total qualifying mortgage interest and real estate property taxes*		$.
Charitable Contributions (Same as allowed for federal purposes)		$.
Medical and Dental Expenses (Same as allowed for federal purposes)		$.
Total estimated N.C. itemized deductions. Enter on Page 2, Part II, Line 1		$.

*The sum of your qualified mortgage interest and real estate property taxes may not exceed $20,000. For married taxpayers, the $20,000 limitation applies to the combined total of qualified mortgage interest and real estate property taxes claimed by both spouses, rather than to each spouse separately.

Schedule 2 **Estimated Federal Adjustments to Income**

Federal adjustments to income are the amounts that are deducted from total income claimed on your federal return. Adjustments to income may include:

Health savings account deduction	$.	
Moving expenses	$.	
Alimony paid	$.	
IRA deduction	$.	
Student loan interest deduction	$.	
Certain business expenses of reservists, performing artist, and fee-basis governmental officials	$.	
Total Federal Adjustments to Income		$.

Estimated State Deductions from Federal Adjusted Gross Income to Consider for NC-4 Purposes

20% of prior bonus depreciation addback	$.	
20% of prior section 179 addback	$.	
Amount by which North Carolina basis of property exceeds federal basis of property - in year taxpayer disposes of property	$.	
Total State Deductions from Federal Adjusted Gross Income		$.

(Do not consider any amount of the portion of Bailey Retirement Benefits, Social Security Benefits, or Railroad Retirement Benefits included in Adjusted Gross Income.)

Total Federal Adjustments to Income and State Deductions from Federal Adjusted Gross Income. Enter on Page 2, Part II, Line 4	$.

Schedule 3 **Estimated State Additions to Federal Adjusted Gross Income to Consider for NC-4 Purposes**

Shareholder's share of built-in gains tax that the S corporation paid for federal income tax purposes	$.
Amount by which federal basis of property exceeds NC basis of property – in year taxpayer disposes of property	$.
Amount of gross income from domestic production activities that a taxpayer excludes from gross income under section 199 of the Internal Revenue Code	$.
Amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under Section 108 of the code.	$.
Adjustment for bonus depreciation	$.
Adjustment for section 179 expense deduction	$.
Total State Additions to Federal Adjusted Gross Income. Enter on Page 2, Part II, Line 7	$.

Schedule 4

Estimated N.C. Tax Credits

Tax Credit for Income Taxes Paid to Other States by Individuals $ _____ .

Credit for Children
A taxpayer who is allowed a federal child tax credit under section 24 of the Internal Revenue Code is allowed a tax credit for each dependent child unless adjusted gross income exceeds the threshold amount shown below.
The credit can be claimed only for a child who is under 17 years of age on the last day of the year.

Filing Status	Adjusted Gross Income	No. of Children	Credit Amount per Qualifying Child	Estimated Credit
Single	Up to $20,000	_____	$125	$.
	Over $20,000 and up to $50,000	_____	$100	$.
	Over $50,000	_____	$0	$.
Married Filing Jointly or Surviving Spouse	Up to $40,000	_____	$125	$.
	Over $40,000 and up to $100,000	_____	$100	$.
	Over $100,000	_____	$0	$.
Head of Household	Up to $32,000	_____	$125	$.
	Over $32,000 and up to $80,000	_____	$100	$.
	Over $80,000	_____	$0	$.
Married Filing Separately	Up to $20,000	_____	$125	$.
	Over $20,000 and up to $50,000	_____	$100	$.
	Over $50,000	_____	$0	$.

Additional Tax Credits and Carryovers

G.S. 105-129.105, Credit for Rehabilitating Income-Producing Historic Structure $ _____ .
G.S. 105-129.106, Credit for Rehabilitating Nonincome-Producing Historic Structure $ _____ .
Tax Credit Carryover from previous years $ _____ .

Total Tax Credits and Carryovers. Enter on Page 2, Part II, Line 11 $ _____ .

Multiple Jobs Table

Find the amount of your estimated annual wages from your lowest paying job(s) in the left hand column. Follow across to find the amount of additional tax to be withheld for each pay period. Enter the additional amount to be withheld on line 2 of your **Form NC-4**.

Additional Withholding for Single, Married, or Surviving Spouse with Multiple Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	500	1	1	1	0
500	1500	5	2	2	1
1500	2500	9	5	4	2
2500	3500	14	7	6	3
3500	4500	19	9	9	4
4500	5500	23	12	11	5
5500	6500	28	14	13	6
6500	7500	33	16	15	8
7500	8500	37	19	17	9
8500	Unlimited	41	20	19	9

Additional Withholding for Head of Household Filers with Multiple Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	1000	2	1	1	1
1000	2000	7	3	3	2
2000	3000	12	6	5	3
3000	4000	16	8	8	4
4000	5000	21	10	10	5
5000	6000	26	13	12	6
6000	7000	30	15	14	7
7000	8000	35	17	16	8
8000	9000	40	20	18	9
9000	10000	44	22	20	10
10000	11000	49	24	23	11
11000	12000	54	27	25	12
12000	13000	58	29	27	13
13000	14000	63	31	29	15
14000	Unlimited	65	33	30	15