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 a new NC-4 to your employer, your employer is required to withhold based on single with zero allowances.

FORM NC-4 EZ - A new form was created for tax year 2014 for taxpayers who 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 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, or 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 another 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.domc.com under individual income tax forms.

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.

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.

QUALIFYING WIDOWER(ER) - You may claim qualifying widow(er) 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.
NC-4 Allowance Worksheet

Part I

Important: You must complete a new Form NC-4 EZ or NC-4 for tax year 2014. As a result of recent law changes, how you determine the number of allowances for tax year 2014 will differ from previous years. Most taxpayers will not be entitled to as many allowances, and as a result, more taxpayers should claim zero (0) allowances. Additionally, you are no longer allowed to claim a N.C. withholding exemption for yourself, your spouse, your children, or any other qualifying dependents.

For tax year 2014, answer all of the following questions for your filing status. Because N.C. does not recognize same-sex marriages, same-sex couples who file married for federal purposes must complete this worksheet as single, or if qualified, head of household or qualifying widow(er).

### Single -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $10,000? 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 $17,500? 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 $5,000 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 $10,000? 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 $14,500? 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

Qualifying Widow(er) -

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed $17,500? 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 2014 N.C. itemized deductions from Page 3, Schedule 1 ............................................ 1. $ ______________
2. Enter the applicable $7,500 if single N.C. standard deduction $15,000 if married filing jointly or qualifying widow(er) based on your filing status. $12,000 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 2014 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 2014 nonwage income (such as dividends or interest) ...6. $ ______________
7. Enter an estimate of your 2014 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. ______________
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 $145. Round down to whole number ............................................................... 12. ______________
13. If filing as single, head of household, or married filing separately, enter zero (0) on this line. If filing as qualifying widow(er), 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 $2,500, enter 2.
   (c) Your spouse expects to have combined wages and taxable pensions of more than $2,500 but less than $5,000, enter 1.
   (d) Your spouse expects to have combined wages and taxable pensions of more than $5,000, 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 both spouses, however, they so 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 2014 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) $______________
- 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 2014 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 2014 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 2014 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 $______________
- Total State Additions to Federal Adjusted Gross Income. Enter on Page 2, Part II, Line 7 $______________
Schedule 4

Estimated 2014 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.

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Adjusted Gross Income</th>
<th>No. of Children</th>
<th>Credit Amount per Qualifying Child</th>
<th>Estimated Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>Up to $20,000</td>
<td>_______</td>
<td>$125</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $20,000 and up to $50,000</td>
<td>_______</td>
<td>$100</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $50,000</td>
<td>_______</td>
<td>$0</td>
<td>$_____.</td>
</tr>
<tr>
<td>Married Filing Jointly or Qualifying Widow(er)</td>
<td>Up to $40,000</td>
<td>_______</td>
<td>$125</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $40,000 and up to $100,000</td>
<td>_______</td>
<td>$100</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $100,000</td>
<td>_______</td>
<td>$0</td>
<td>$_____.</td>
</tr>
<tr>
<td>Head of Household</td>
<td>Up to $32,000</td>
<td>_______</td>
<td>$125</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $32,000 and up to $80,000</td>
<td>_______</td>
<td>$100</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $80,000</td>
<td>_______</td>
<td>$0</td>
<td>$_____.</td>
</tr>
<tr>
<td>Married Filing Separately</td>
<td>Up to $20,000</td>
<td>_______</td>
<td>$125</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $20,000 and up to $50,000</td>
<td>_______</td>
<td>$100</td>
<td>$_____.</td>
</tr>
<tr>
<td></td>
<td>Over $50,000</td>
<td>_______</td>
<td>$0</td>
<td>$_____.</td>
</tr>
</tbody>
</table>

Additional Tax Credits and Carryovers

- G.S. 105-129.16A, Credit for Investing in Renewable Energy Property $_____.
- G.S. 105-129.16H, Credit for Donating Funds to a Nonprofit Organization or Unit of State or Local Government to Enable the Nonprofit or Government Unit to Acquire Renewable Energy Property $_____.
- G.S. 105-151.29, Credit for Qualifying Expenses of a Production Company $_____.
- G.S. 105-129.35, Credit for Rehabilitating Income-Producing Historic Structure $_____.
- G.S. 105-129.36, Credit for Rehabilitating Nonincome Producing Historic Structure $_____.
- G.S. 105-129.42, Credit for Low-Income Housing Awarded a Federal Credit Allocated on or after January 1, 2003 $_____.
- G.S. 105-129.55, Credit for North Carolina Research & Development $_____.
- G.S. 105-129.71, Credit for Income Producing Rehabilitated Mill Property $_____.
- G.S. 105-129.72, Credit for Non-income Producing Rehabilitated Mill Property $_____.
- G.S. 105-129.96, Credit for Constructing a Railroad Intermodal Facility $_____.
- G.S. 105-163.011, Tax Credits for Qualifying Business Investments $_____.

Tax Credit Carryover from previous years $_____.

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

NC-4 Allowance Worksheet Schedules
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 EZ/NC-4.

**Additional Withholding for Single, Married, or Qualifying Widow(er) with Multiple Jobs**

<table>
<thead>
<tr>
<th>Estimated Annual Wages</th>
<th>Payroll Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Least</td>
<td>But Less Than</td>
</tr>
<tr>
<td>0</td>
<td>1000</td>
</tr>
<tr>
<td>1000</td>
<td>2000</td>
</tr>
<tr>
<td>2000</td>
<td>3000</td>
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<td>6000</td>
</tr>
<tr>
<td>6000</td>
<td>7000</td>
</tr>
<tr>
<td>7000</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

**Additional Withholding for Head of Household Filers with Multiple Jobs**

<table>
<thead>
<tr>
<th>Estimated Annual Wages</th>
<th>Payroll Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Least</td>
<td>But Less Than</td>
</tr>
<tr>
<td>0</td>
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<td>2000</td>
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