



Underpayment of Estimated Tax by Individuals

2008

North Carolina Department of Revenue

Do not file this form with your return. Keep it for your records.

Name(s) shown on tax return

Social Security Number

Instructions

Purpose of Form. - Use this form to see if you owe interest for underpaying your estimated tax. Complete **Part I** to determine the required annual payment. Complete either **Part II or Part III** to determine the interest that you owe. If you were not required to file a 2007 North Carolina income tax return, **STOP HERE**. You do not owe interest and you do not have to complete this form.

Farmers and Fishermen: If you are a farmer or a fisherman and pay the tax due by March 2, 2009, you do not owe interest. Enter the letter **F** in the exception box next to line 23c of Form D-400.

Short Method

You may use the short method only if:

- You made no estimated tax payments (or your only payments were withheld North Carolina income tax); **or**
- You paid estimated tax in four equal amounts on the due dates.

NOTE: If you made estimated tax payments, the short method will give the precise amount only if your payments were made exactly on the due dates. If any payment was made earlier than the due date, you may use the short method, but using it may cause you to pay more interest than the regular method. If the payment is only a few days early, the difference will generally be small. **Do Not** use the short method if you made any of your payments late. **Important:** A farmer or fisherman cannot use the short method to

determine the amount owed since the amount of interest for a farmer or fisherman is determined in the last quarter only.

Regular Method

Use the regular method to figure the interest if you are not eligible to use the short method. To use the regular method, complete Part I below and Part III on the back.

Line-By-Line Instructions

Line 6 - If this line is less than \$1,000, you do not owe interest.

Line 7 - Figure your 2007 tax by subtracting the tax credits on line 15 from the tax on line 14 of your 2007 return. If you were required to file a return for 2007 but have not filed, do not complete this line. Instead, enter the amount from line 4 on line 8.

Line 16 - If your income varies during the year, for example you receive unexpected or seasonal income not subject to withholding in April or later, you may be able to lower the amount you owe by completing **Form D-422A, Annualized Income Installment Worksheet**. If you annualize your income for any payment period, you must annualize it for all periods.

Line 17 - Complete line 17 as follows:

- You are considered to have paid any withheld State income tax evenly over the

period you worked during the year unless you can show otherwise. If you worked all year, divide the total amount withheld by 4, and enter the result in each column.

- Include your estimated tax paid for each payment period. Also include any 2007 overpayment of tax which you elected to apply to your 2008 estimated tax. If you file your return and pay the tax due by January 31, 2009, include on line 17, column (d), the amount of tax you pay with your return.

Line 23 - If line 23 is zero for all payment periods, you do not owe interest.

Line 25 - Figure the number of days after the due date of an installment through June 30, 2008, or through the date the estimated tax was paid, regardless of which installment the payment was for. For example, if line 23, column (a) shows an underpayment, any later payment of estimated tax is considered the date line 23, column (a) was paid to the extent of the underpayment. If June 30, 2008 is earlier, enter **76 and 14** respectively in columns (a) and (b).

Line 27 - Enter the number of days after June 30, 2008, through the date the estimated tax payment was made, or through April 15, 2009, whichever is earlier. If April 15, 2009 is earlier, enter **289** in columns (a) and (b), **212** in column (c) and **90** in column (d).

Part I. Required Annual Payment - All filers must complete this part.

1. 2008 tax from Form D-400, line 14.....	1.	
2. Tax credits from 2008 Form D-400, line 15	2.	
3. Line 1 minus line 2	3.	
4. Multiply line 3 by 90% (.90) or 66 2/3% (.6667) for farmers and commercial fishermen.....	4.	
5. Withholding taxes from 2008, Form D-400, line 19a plus line 19b.....	5.	
6. Line 3 minus line 5. If less than \$1,000, stop here; do not complete this form. You do not owe interest	6.	
7. Enter your 2007 tax (amount from line 14 less tax credit(s) claimed on line 15).....	7.	
8. Required annual payment. Enter the smaller of line 4 or line 7.....	8.	

Note: If line 5 is equal to or more than line 8, stop here. You do not owe interest.

Part II. Short Method - Read the instructions for the Short Method before you complete this part. It cannot be used in all circumstances.

9. Enter the amount, if any, from line 5 above.....	9.													
10. Enter the total amount, if any, of estimated tax payments you made.....	10.													
11. Add lines 9 and 10.....	11.													
12. Total underpayment for year. Line 8 minus line 11. (If zero or less, stop here; you do not owe interest)	12.													
13. Multiply line 12 by .03445 and enter the result.....	13.													
14. • If the amount on line 12 was paid on or after 4/15/09, enter -0-. • If paid before 4/15/09, make the following computation to find the amount to enter on line 14.	14.													
<table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">Amount</td> <td style="text-align: center;">X</td> <td style="text-align: left;">Number of days paid before</td> <td style="text-align: center;">X</td> <td style="text-align: right;">.00014</td> <td style="border: none;"></td> </tr> <tr> <td style="text-align: right;">on line 12</td> <td></td> <td style="text-align: center;">4/15/09</td> <td></td> <td></td> <td style="border: none;"></td> </tr> </table>	Amount	X	Number of days paid before	X	.00014		on line 12		4/15/09				14.	
Amount	X	Number of days paid before	X	.00014										
on line 12		4/15/09												
15. Interest on the underpayment. Line 13 minus line 14. Enter the result here and on Form D-400, line 23c.....	15.													

Part III. Regular Method

Payment Due Dates

(If the payment due date falls on a Saturday, Sunday or holiday, the payment is due on or before the next business day.)

Section A - Figure Your Underpayment

		(a) 4/15/08	(b) 6/15/08	(c) 9/15/08	(d) 1/15/09
16.	Divide line 8 by 4 and enter the result in each column. Exception: If you use the annualized income installment method, complete Form D-422A (Annualized Income Installment Worksheet) and check this box. <input type="checkbox"/>				
17.	Estimated tax paid and tax withheld. For column (a) only, enter the amount from line 17 on line 21. (If line 17 is equal to or more than line 16 for each payment period, stop here; you do not owe interest.) Complete lines 18 through 24 of one column before going to the next column.				
18.	Enter amount, if any, from line 24 of previous column.				
19.	Add lines 17 and 18.				
20.	Add amounts on lines 22 and 23 of the previous column and enter the result.				
21.	Subtract line 20 from line 19 and enter the result. If zero or less, enter zero. (For column (a) only, enter the amount from line 17.)				
22.	Remaining underpayment from previous period. If the amount on line 21 is -0-, subtract line 19 from line 20 and enter the result. Otherwise, enter -0-.				
23.	Underpayment. If line 16 is larger than or equal to line 21, subtract line 21 from line 16 and enter the result. Enter -0- on line 18 of the next column and go to line 19. Otherwise, go to line 24.				
24.	Overpayment. If line 21 is larger than line 16, subtract line 16 from line 21 and enter the result. Then go to line 18 of next column.				

Section B - Figure the Interest on the Underpayment (Complete lines 25 and 28 of one column before going to the next column)

		4/15/08	6/15/08		
April 16, 2008 - June 30, 2008					
25.	Number of days after the date shown above line 25 through the date the amount on line 23 was paid or 6/30/08, whichever is earlier.	Days:	Days:		
26.	Underpayment on line 23 X $\frac{\text{Number of days on line 25}}{365}$ X .07 (see instructions)	\$	\$		
July 1, 2008 - April 15, 2009		6/30/08	6/30/08	9/15/08	1/15/09
27.	Number of days after the date shown above line 27 through the date the amount on line 23 was paid or 4/15/09, whichever is earlier.	Days:	Days:	Days:	Days:
28.	Underpayment on line 23 X $\frac{\text{Number of days on line 27}}{365}$ X .05 (see instructions)	\$	\$	\$	\$
29. Interest on the underpayment (Add amounts on lines 26 and 28.) Enter here and on Form D-400, line 23c. <input type="checkbox"/>				29.	\$