D-422A
11-08

Annualized Income Installment Worksheet

North Carolina Department of Revenue

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

2008

Name(s) shown on tax return

Social Security Number

Instructions

Purpose of Form. - If your income varied during the year because, for example, you operated your business on a seasonal basis, you may be able to lower or eliminate the amount of your required installment for the due dates by using the annualized income installment method. Use **Form D-422A, Annualized Income Installment Worksheet**, to figure the amounts to enter on line 16 of **Form D-422, Underpayment of Estimated Tax by Individuals.** Also enter the letter **A** in the box by line 23c of Form D-400.

If you use the Annualized Income Installment Worksheet for any payment due date, you must use it for all payment due dates. To arrive at the amount of each required installment, the worksheet automatically selects the smaller of the annualized income installment or the regular installment (increased by the amount saved by using the annualized income installment method in figuring earlier installments). If you use the annualized income installment method, you must enter the amount from line 25 of the worksheet in each column of line 16 of Form D-422 and check the box on that line.

Important Information for Nonresidents and Part-Year Residents: Nonresidents and part-year residents should complete only the column(s) for the period(s) in which they had income from North Carolina sources. For example, if the income from North Carolina sources was received in November only, complete only the last column. In addition, nonresidents and part-year residents must multiply any amount(s) on line 15 by the decimal amount shown on line 12 of Form D-400 before determining the tax on line 16.

Annualized Income Installment Worksheet Complete one column through line 25 before completing the next column		**1-1-08 to 3-31-08**	**1-1-08 to 5-31-08**	**1-1-08 to 8-31-08**	**1-1-08 to 12-31-08**
1. Enter your federal adjusted gross income for each period.	1.				
2. Enter the applicable additions to federal taxable income (lines 36 through 39, page 3 of Form D-400) for each period.	2.				
3. Add lines 1 and 2.	3.				
4. Enter the applicable deductions from federal taxable income (lines 41 through 49, page 3 of Form D-400) for each period.	4.				
5. Line 3 minus line 4.	5.				
6. Annualized amounts	6.	4	2.4	1.5	1
7. Annualized Income. Multiply line 5 by line 6.	7.				
8. Enter your itemized deductions from your federal return for the period shown in each column. (Do not include the deduction for state income tax paid.) If you do not itemize deductions, enter zero and skip to line 11.	8.				
9. Annualized amounts	9.	4	2.4	1.5	1
10. Multiply line 8 by line 9. (See special instructions for line 10 on reverse)	10.				
11. Enter the standard deduction from Form D-400, page 3, line 31.	11.				
12. Enter line 10 or 11, whichever is larger.	12.				
13. Line 7 minus line 12.	13.				
14. Multiply the number of exemptions claimed on your federal return by $2500 ($2000 if your federal adjusted gross income equals or exceeds the following amounts for your filing status: $60,000 - single; $80,000 - head of household; $50,000 - married filing separately; or $100,000 - married filing jointly.) **Important:** If you were required to complete the **Deduction For Exemptions Worksheet** in the instructions for Federal Form 1040, see the **NOTE** below to determine the amount to enter here.	14.				
15. Line 13 minus line 14.	15.				
16. Figure your tax on the amount on line 15 using the **Tax Table** or the **Tax Rate Schedule** in the instructions for Form D-400. Subtract the tax credits shown on line 2, Part I, Form D-422, and enter the net amount for each period.	16.				
17. Applicable percentage	17.	22.5%	45%	67.5%	90%
18. Multiply line 16 by line 17.	18.				
19. Enter the combined amounts of line 25 for all preceding periods.	19.				
20. Line 18 minus Line 19. If less than zero, enter zero.	20.				
21. Divide line 8, Page 1 of Form D-422, by four (4) and enter the result in each column.	21.				
22. Enter the amount from line 24 of this worksheet for the preceding column.	22.				
23. Add lines 21 and 22 and enter the total.	23.				
24. If line 23 is more than line 20, subtract line 20 from line 23. *Otherwise, enter zero.*	24.				
25. Enter the smaller of line 20 or line 23 here and on Form D-422, line 16.	25.				

NOTE: If you were required to complete the **Deduction for Exemptions Worksheet** in the instructions for Federal Form 1040, you were also required to complete either lines 3 through 6 or line 7 of the **Personal Exemption Adjustment Worksheet** on page 10 of the instructions for Form D-400. Subtract the amount on line 6 or 7 (whichever is applicable) of the State **Personal Exemption Adjustment Worksheet** from the amount on line 10 of the federal **Deduction for Exemptions Worksheet** and enter the result in each column on line 14 above.

SPECIAL INSTRUCTIONS FOR LINE 10 - If you were required to complete the **Itemized Deductions Worksheet** in the instructions for Federal Form 1040, complete the worksheet below:

Worksheet		1-1-08 to 3-31-08	1-1-08 to 5-31-08	1-1-08 to 8-31-08	1-1-08 to 12-31-08
1. Enter the amount from line 1, page 1 of Form D-422A	1.				
2. Annualized amounts	2.	4	2.4	1.5	1
3. Multiply the amount on line 1 by the number on line 2 and enter the result. (If the result is $159,950 ($79,975 if married filing separately) or less, stop here and complete lines 10 through 25 on page 1 of this form. If the result is more than $159,950 ($79,975 if married filing separately), complete the remainder of this worksheet to determine the amount to enter on page 1, line 10.)	3.				
4. Enter the amount from page 1, line 8	4.				
5. Enter the amount included on line 4 above for medical and dental expenses, investment interest, casualty or theft losses and gambling losses	5.				
6. Line 4 minus line 5.	6.				
7. Annualized amounts	7.	4	2.4	1.5	1
8. Multiply the amount on line 4 by the number on line 7 (**Note:** If the amount on line 6 is zero, stop here and enter the amount calculated on this line on page 1, line 10)	8.				
9. Multiply the amount on line 6 by the number on line 7	9.				
10. Multiply the amount on line 9 by **.80**	10.				
11. Enter $159,950 ($79,975 if married filing separately)	11.				
12. Line 3 minus line 11.	12.				
13. Multiply the amount on line 12 by **.03**	13.				
14. Enter the smaller of line 10 or line 13	14.				
15. Multiply the amount on line 14 by .6666	15.				
16. Enter the itemized deductions from your federal return for the period shown in each column. Do not include any phaseout of deductions.	16.				
17. Divide line 6 by line 16. Enter result as a decimal amount	17.	.	.	.	.
18. Multiply the amount on line 15 by the decimal amount on line 17	18.				
19. Line 8 minus line 18. Enter the result here and on page 1, line 10	19.				