



Underpayment of Estimated Tax by Individuals

North Carolina Department of Revenue

2009

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 2008 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 1, 2010, you do not owe interest. Enter the letter **F** in the exception box next to line 25c 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 2008 tax by subtracting the tax credits on line 15 from the tax on line 14 of your 2008 return. If you were required to file a return for 2008 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 2008 overpayment of tax which you elected to apply to your 2009 estimated tax. If you file your return and pay the tax due by January 31, 2010, 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 the date the estimated tax was paid, or through April 15, 2010, whichever is earlier, 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 April 15, 2010 is earlier, enter **365, 304, 212, and 90** respectively in columns (a), (b), (c), and (d).

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

1. 2009 tax from Form D-400, line 14.....	1.	
2. Tax credits from 2009 Form D-400, line 17	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 2009, Form D-400, line 21a plus line 21b.....	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 2008 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 .03325 and enter the result.....	13.													
14. • If the amount on line 12 was paid on or after 4/15/10, enter -0-. • If paid before 4/15/10, 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: center;">Number of days paid before</td> <td style="text-align: center;">X</td> <td style="text-align: center;">.00014</td> <td style="text-align: right;">.....</td> </tr> <tr> <td style="text-align: right;">on line 12</td> <td></td> <td style="text-align: center;">4/15/10</td> <td></td> <td></td> <td></td> </tr> </table>	Amount	X	Number of days paid before	X	.00014	on line 12		4/15/10				14.	
Amount	X	Number of days paid before	X	.00014									
on line 12		4/15/10												
15. Interest on the underpayment. Line 13 minus line 14. Enter the result here and on Form D-400, line 25c.....▶	15.													

