

Personal Allowances Worksheet

- A. Enter "1" for yourself if no one else can claim you as a dependent A. _____
- IN ADDITION TO A. ABOVE:**
- B. Enter "1" if you are married and you expect your spouse's wages to be from \$1,000 to \$3,500.
Enter "2" if you are married and your spouse has no income or expects to earn less than \$1,000 B. _____
- C. Enter "1" if you are a qualifying widow(er)..... C. _____
- D. Enter the number of dependents (other than your spouse or yourself) you will claim on your tax return D. _____
- E. If you plan to itemize, claim adjustments to income, or have allowable tax credits and want to reduce your withholding, complete the **Deductions, Adjustments, and Tax Credits Worksheet** below and enter number from line 14..... E. _____
- F. Add lines A through E and enter total here and on line 1 of your **Employee's Withholding Allowance Certificate** F. _____

Deductions, Adjustments, and Tax Credits Worksheet

1. Additional withholding allowances may be claimed if you expect to have allowable itemized deductions exceeding the standard deduction. Enter an estimate of the total itemized deductions to be claimed on your federal tax return less the amount of any State income tax included in your federal deductions..... 1. _____
2. Enter $\left\{ \begin{array}{l} \$4,400 \text{ if head of household} \\ \$3,000 \text{ if single} \\ \$3,000 \text{ if married filing separately} \\ \$6,000 \text{ if married filing jointly or qualifying widow(er)} \end{array} \right.$ 2. _____
3. Subtract line 2 from line 1, enter the result here 3. _____
4. Enter an estimate of your federal adjustments to income and your State deductions from federal taxable income 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 taxable income (do not enter the addition for state income tax or the additions for the standard deduction and personal exemption inflation adjustment) 7. _____
8. Add lines 6 and 7..... 8. _____
9. Subtract line 8 from line 5..... 9. _____
10. Divide the amount on line 9 by \$2,500 (\$2,000 if you expect your income from all sources for the year to equal or exceed the following amounts for your filing status: \$60,000 - single; \$80,000 - head of household; \$50,000 - married or qualifying widow(er)) and enter the result here. Drop any fraction..... 10. _____
11. If you are entitled to tax credits, for each \$175 (\$140 if you expect your income from all sources for the year to equal or exceed the following amounts for your filing status: \$60,000 - single; \$80,000 - head of household; \$50,000 - married or qualifying widow(er)) of tax credit, enter "1" additional allowance 11. _____
12. Add lines 10 and 11 and enter total here..... 12. _____
13. If you completed this worksheet on the basis of married filing jointly, enter the number from line 12 that your spouse will claim 13. _____
14. Subtract line 13 from line 12 and enter the total here and on line E of the **Personal Allowances Worksheet** 14. _____

Instructions for Completing Form NC-4 Employee's Withholding Allowance Certificate

North Carolina Department of Revenue

General Instructions

PURPOSE - Complete **Form NC-4, Employees Withholding Allowance Certificate**, so that your employer can withhold the correct amount of State income tax from your pay. You should consider completing a new NC-4 if your personal or financial situation has changed from the previous year.

BASIC INSTRUCTIONS - Complete the **Personal Allowances Worksheet** on Page 2 of Form NC-4. An additional worksheet is provided on Page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or tax credits. The worksheets will help you figure the number of withholding allowances you are entitled to claim. 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 except that a new NC-4 is not required until the next year in the following cases:

1. When a dependent dies during the year.
2. When an individual ceases to be a dependent during the year and the support furnished will be the chief support for the year.
3. When an individual ceases to be head of household after maintaining the household for the major portion of the year.

EXEMPTION FROM WITHHOLDING - Read lines 3 and 4 of Form NC-4 to see if you can claim exempt status.

Military Spouses: Under the *Servicemembers Civil Relief Act* ("SCRA"), as amended by the *Military Spouses Residency Relief Act of 2009*, your wages are exempt from North Carolina income tax if (1) you are the spouse of a servicemember who is not legally domiciled in North Carolina and who is in North Carolina solely in compliance with military orders; (2) you are in North Carolina solely to be with your spouse; and (3) you are domiciled in the same state as the servicemember. If you claim exemption under the SCRA, enter your state of domicile on line 4 and enter "EXEMPT" in the applicable box. You must attach a copy of your spousal military identification card and a copy of the servicemember's most recent leave and earnings statement. With respect to the military spouse exemption, neither spouse qualifies for exemption under the *Military Spouses Residency Relief Act* if both spouses are servicemembers who are in North Carolina in compliance with military orders. If a servicemember is stationed in a state other than North Carolina and the servicemember's spouse performs services in North Carolina, that spouse's earned income is not exempt from North Carolina withholding or North Carolina individual income tax.

If you meet the conditions for exemption on line 3 or 4, only complete those lines; do not complete lines 1 and 2. No State income tax will be withheld from your pay. If claiming exempt, the statement is effective for one calendar year only and a new statement must be

completed and given to your employer by December 1 to maintain your exempt status for the following tax year. If you do not provide a new NC-4 by December 1, the employer is required to withhold based on single status with zero allowances. However, if during the year you no longer meet the requirement for exemption on line 4, you must complete a new NC-4.

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 WIDOW(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 an exemption; and
2. You were entitled to file a joint return with your spouse in the year of your spouse's death.

Note: "Qualifying Widow(er)" for State tax purposes is the same as for federal tax purposes. Because the standard deduction used in the tax tables for married and qualifying widow(er) is \$3,000 and you are entitled to a standard deduction of \$6,000, you may elect to claim an additional personal withholding allowance on line C of the **Personal Allowances Worksheet** to avoid having too much tax withheld.

MARRIED AND SPOUSE DOES NOT WORK OR HAS WAGE INCOME OF LESS THAN \$3,500 - The withholding tax tables are based on both spouses earning wages during the year. If your spouse does not work or will earn wages of less than \$3,500 during the year, you may elect to complete line B of the **Personal Allowances Worksheet** to avoid having too much tax withheld.

TWO JOBS - If you have more than one job, figure the total number of allowances you are entitled to claim on all jobs using only one Form NC-4. This total should be divided among all jobs. 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.

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.

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.