

Estimated Income Tax for Corporations

North Carolina Department of Revenue

Instructions for Filing Form CD-429

Estimated Income Tax is the amount of income tax a corporation expects to owe for the tax year after subtracting the amount of any tax credits claimed during the tax year.

Corporations Required to File

A corporation that expects to incur an income tax liability to North Carolina of \$500 or more during the taxable year must file a declaration of estimated income tax. The total estimated income tax is payable during the taxable year. A worksheet for determining the corporation's estimated income tax is located on the reverse.

When to Pay Estimated Income Tax

Generally, a corporation must make its first estimated income tax payment by the 15th day of the 4th month of its taxable year. A schedule for determining the exact due date of the corporation's estimated income tax is located on Page 2.

Where to File

Mail your check for each estimated income tax installment in **U.S. currency only** with the completed Form CD-429 to:
North Carolina Department of Revenue, P. O. Box 25000, Raleigh, N.C. 27640-0650

IMPORTANT: To ensure proper credit, Form CD-429 must be completed in its entirety. Please do not fold the form or the payment. Do not staple, tape, or otherwise attach your payment to the form.

Amended Estimated Tax

In case an amended estimated tax is necessary subsequent to paying any installment of the tax, each remaining installment, if any, must be equally increased or decreased, as the case may be, to reflect the amended estimated tax.

Change of Address

To notify the Department of Revenue of your change of address, complete Form NC-AC, Business Address Correction. This form is available from the Department or the Department's website. Our file and next year's mailing will be corrected. You will not receive preprinted coupons this year.

Penalty for Failure to File or Pay Estimated Tax

Failure to file or pay the required amount of estimated income tax will subject the corporation to the underpayment penalty provided in Article 4C of Chapter 105 of the General Statutes. It is important to estimate the corporation's income tax carefully to avoid a penalty for underpayment of estimated income tax. Failure to file a declaration and pay estimated tax will subject the corporation to penalties provided in G.S. 105-236.

Exceptions to Penalties

The penalty for underpayment of estimated tax levied in G.S. 105-163.41 will not be imposed if the total amount of estimated tax paid meets one of the exceptions in subsection (d) of that section. G.S. 105-237 gives the Secretary of Revenue the authority to reduce or waive all penalties.

Overpayment of Tax

Any overpayment of tax is refunded after the corporation files its income tax return. Interest is added to the tax overpaid at the rate established under G.S. 105-241.1(i).

Electronic Funds Transfer (EFT)

A corporation that is required to make its estimated income tax payments to North Carolina must make these payments by electronic funds transfer if the corporation meets either of the following descriptions:

- (1) The corporation's total estimated income tax payments exceeded \$240,000 in a twelve-month period and the Department has notified the corporation that it must pay by EFT.
- (2) The corporation is required to make its federal estimated income tax payment by electronic funds transfer.

An Electronic Funds Transfer Authorization Agreement, Form AC-EFT-100, may be obtained from the Department's website, www.dor.state.nc.us, or by calling (919) 733-7307.

Corporations required to pay estimated income tax by electronic funds transfer are not required to file Form CD-429.

Worksheet for Computation of Estimated North Carolina Income Tax

<p>1. Estimated Federal Taxable Income</p> <p>2. Estimated Additions to Federal Taxable Income</p> <p>3. Estimated Deductions from Federal Taxable Income</p> <p>4. Estimated State Net Income <i>(Line 1 plus Line 2 minus Line 3)</i></p> <p>5. Estimated Nonbusiness Income</p> <p>6. Estimated Business Income Subject to Apportionment <i>(Line 4 minus Line 5)</i></p> <p>7. Amount of Line 6 Estimated to be Apportioned to North Carolina</p> <p>8. Amount of Line 5 Estimated to be Directly Allocated to North Carolina</p> <p>9. Estimated North Carolina Taxable Income <i>(Line 7 plus Line 8)</i></p> <p>10. Estimated North Carolina Income Tax <i>(Multiply Line 9 by 6.90%)</i></p> <p>11. Estimated Tax Credits</p> <p>12. Estimated North Carolina Net Tax Due <i>(Line 10 minus Line 11)</i> If \$500 or more, see schedule below to determine amount of installment due. If \$500 or less, no payment is required at this time.</p>	<p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p> <p>6. _____</p> <p>7. _____</p> <p>8. _____</p> <p>9. _____</p> <p>10. _____</p> <p>11. _____</p> <p>12. _____</p>
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Schedule of When to Pay Estimated Income Tax

Determine the due date of payments and the amount of installments to be paid in accordance with the following table:

If a corporation's estimated tax reduced by tax credits is \$500 or more, it meets the requirement for making payments. If this requirement is first met:	The number of installments to be paid is:	The following percentage of the estimated tax must be paid on or before the 15th day of the:			
		4th month	6th month	9th month	12th month
Before the 1st day of the 4th month of the taxable year	4	25	25	25	25
After the last day of the 3rd month and before the 1st day of the 6th month of the taxable year	3		33 1/3	33 1/3	33 1/3
After the last day of the 5th month and before the 1st day of the 9th month of the taxable year	2			50	50
After the last day of the 8th month and before the 1st day of the 12th month of the taxable year	1				100