

INSTRUCTIONS

This form is primarily for first time payers. You will need this form to make all of your estimated income tax payments for 1998. Next year, you will be mailed forms pre-printed with your name, address and social security number to use when you make your estimated income tax payments.

“**Estimated Income Tax**” is the amount of income tax you expect to owe for the year after subtracting the amount of tax you expect to have withheld and the amount of any tax credits you plan to take.

Who Must Make Estimated Income Tax Payments

You should make estimated income tax payments if the tax due on your individual tax return, reduced by the amount of tax withheld and tax credits, will be \$1,000 or more.

You should estimate your income tax carefully to avoid having to pay a large balance when you file your income tax return (Form D-400) and to avoid a penalty for underpayment of estimated income tax (see discussion on Penalty for Failure to Pay Your Estimated Income Tax). You may find it convenient to increase your withholding tax to avoid paying estimated income tax. If you do choose to increase the amount withheld, you should make sure the balance due on your income tax return will be less than \$1,000.

When To Pay Your Estimated Income Tax

Generally you must make your first estimated income tax payment by April 15. You must either pay all of your estimated income tax at that time or pay in four equal amounts on or before April 15, June 15, September 15 and January 15 of the following year. When the due date for the estimated income tax payment falls on a Saturday, Sunday, or holiday, the payment is due on or before the next business day.

Although a payment of estimated income tax may not be due on April 15 based on your situation at that time, your expected income or exemptions may change so that a payment is due at a later date. In such cases, the payment dates are as follows:

If the requirement is met after:	Payment date is:
• April 1 and before June 2	June 15
• June 1 and before September 2	September 15
• September 1	January 15

If the first estimated income tax payment you are required to make is due after April 15, 1998, or if you are required to change your payments after paying the first installment, you should pay the remaining installments as follows:

If the installment is due—	
June 15:	pay 1/2 of the balance of the net estimated income tax at that time, 1/4 of the balance on September 15 and the remaining 1/4 on January 15.
September 15:	pay 3/4 of the balance of the net estimated income tax at that time and the remaining 1/4 on January 15.

If you file your income tax return (Form D-400) by January 31 of the following year and pay the entire balance due, you do not have to make the payment which would otherwise be due on January 15.

Farmers and Fishermen

If at least two-thirds of your estimated gross income is from farming (including oyster farming) and commercial fishing, your estimated income tax may be paid at any time on or before January 15 of the following year. If your income tax return (Form D-400) is filed and the total tax is paid on or before March 1, you do not have to make an estimated income tax payment.

Fiscal Year

If your income is reported on a fiscal year basis, your due dates are the 15th day of the 4th, 6th and 9th months of your fiscal year, and the first month of the following fiscal year. For more information on how to complete the Form NC-40 when paying your estimated income tax on a fiscal year basis, please refer to the instructions on Completing the Estimated Income Tax Form (NC-40) on this page.

Penalty for Failure to Pay Your Estimated Income Tax

You may be charged a penalty for underpayment of estimated income tax or for not making payments on time. The penalty does not apply if each installment payment is timely and equals twenty-five percent (25%) of the lesser of: (a) 90% (66 2/3% for farmers and fishermen) of the tax due on the current year's return; (b) 100% of the tax due on your previous year's return, if your previous year's return was a taxable year of 12 months and a return was filed for that year; or (c) 90% of the tax figured by annualizing the taxable income received during the year up to the month in which the installment is due.

An underpayment penalty does not apply if you had no tax liability for the previous year.

Computation of the penalty is detailed on Form D-422, Underpayment of Estimated Tax by Individuals, which may be obtained by writing the N.C. Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001 or by calling the Department's forms line at (919) 715-0397.

Completing the Estimated Income Tax Form (NC-40)

The detachable estimated income tax forms are located on pages 2 and 3. The instructions that follow will help you complete the forms correctly.

(1) First complete the worksheet on page 2 to determine your estimated income tax for 1998.

(2) When sending your first payment, use the detachable NC-40 form at the bottom of page 3. Enter your name, address, and social security number in the space provided on the NC-40 form. **If you intend to file a joint income tax return, please enter your name and social security number and your spouse's name and social security number on the form.** Enter the payment due date on each form. A calendar year taxpayer must enter one of the following dates, depending on the payment being made: **April 15, 1998, June 15, 1998, September 15, 1998, and January 15, 1999.** (Fiscal year taxpayers must enter the due dates for the 15th of the 4th, 6th, and 9th months of their fiscal year, and the first month of the following fiscal year). It is important to tear the NC-40 forms from the bottom up (page 3 to page 2) to keep the instructions from becoming separated until the final payment is made.

(3) Enter one-fourth (1/4) of the amount shown on line 9 of the worksheet in the space marked "AMOUNT OF THIS PAYMENT" on the NC-40 form. (EXCEPTION: If you paid too much tax on your 1997 income tax return (Form D-400), you may have chosen to apply the overpayment to your estimated income tax for 1998. If so, you may apply all or part of the overpayment to any estimated income tax installment. Send the NC-40 form only when you are making a payment.)

(4) Detach the form at the perforations. The stub which remains with the instructions should be completed and kept for your records.

(5) Make your check or money order payable to the N.C. Department of Revenue and attach to the NC-40 form. **Please do not send cash.**

(6) Enter your social security number on your check or money order.

(7) Mail the completed estimated income tax form (NC-40) with your payment to: NC Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0630.

(8) To insure proper credit, please DO NOT fold or staple returns.

1. ESTIMATED FEDERAL TAXABLE INCOME..... 1. _____
2. ESTIMATED ADDITIONS TO FEDERAL TAXABLE INCOME - including but not limited to interest income from obligations of states other than N.C.; lump sum distributions from a pension or profit sharing plan; State income tax deduction; standard deduction and personal exemption adjustments. (see instructions on Individual Income Tax Return, Form D-400)..... 2. _____
3. Add lines 1 and 2 and enter the total 3. _____
4. ESTIMATED DEDUCTIONS FROM FEDERAL TAXABLE INCOME - including but not limited to interest income from U.S. obligations or its possessions; public or private retirement pay exclusions; taxable amount of social security and railroad retirement benefits; state tax refund if included in federal income (see instructions on Individual Income Tax Return, Form D-400) 4. _____
5. ESTIMATED NORTH CAROLINA TAXABLE INCOME (subtract line 4 from line 3)..... 5. _____
6. AMOUNT OF TAX - Use the tax rates shown below 6. _____
7. A. Estimated N.C. Tax to be withheld A. _____
B. Estimated Tax Credits..... B. _____
8. Add lines 7A and 7B 8. _____
9. 1998 ESTIMATED INCOME TAX (subtract line 8 from line 6) if \$1,000 or more, fill out and mail the estimated income tax form along with your payment; if less than \$1,000, no payment is required at this time 9. _____

CAUTION: You will be subject to a penalty if you do not make timely payment of each required installment of estimated income tax. Each required installment is 25% of the required annual payment. The required annual payment is the lesser of: (1) 90% (66²/₃ for farmers and fishermen) of the tax due on the current year's return; (2) 100% of the tax due on your previous year's return or (3) 90% of the tax figured by annualizing your taxable income received during the year up to the month in which the installment is due. To avoid the penalty make sure the estimate is as accurate as possible. For computation of the penalty, see Form D-422.

10. If the first payment you are required to make is due April 15th, 1998, enter 1/4 of line 9 here and in the space marked "AMOUNT OF THIS PAYMENT" on the Estimated Income Tax Form. You may round off cents to the nearest whole dollar. If you wish to pay more estimated tax than is shown on line 9, you may do so. 10. _____

TAX RATES

SINGLE		HEAD OF HOUSEHOLD			
\$ 0	\$ 12,750	6%	\$ 0	\$17,000	6%
12,750	60,000	\$765 + 7% of amount over \$12,750	17,000	80,000	\$1,020 + 7% of amount over \$17,000
60,000	-----	\$4,072.50 + 7.75% of amount over \$60,000	80,000	-----	\$5,430 + 7.75% of amount over \$80,000
JOINT/WIDOW(er)			MARRIED FILING SEPARATELY		
\$ 0	\$ 21,250	6%	\$ 0	\$10,625	6%
21,250	100,000	\$1,275 + 7% of amount over \$21,250	10,625	50,000	\$637.50 + 7% of amount over \$10,625
100,000	-----	\$6,787.50 + 7.75% of amount over \$100,000	50,000	-----	\$3,393.75 + 7.75% of amount over \$50,000

YOUR RECORD OF PAYMENTS

CHECK NUMBER

CHECK DATE

\$ TOTAL AMOUNT OF ESTIMATED TAX FOR THIS YEAR

\$ AMOUNT OF 1997 REFUND APPLIED TO THIS ESTIMATE

\$ AMOUNT OF THIS PAYMENT



1998

NORTH CAROLINA

FORM

NC-40

ESTIMATED INCOME TAX FOR INDIVIDUALS

For the year January 1-December 31, 1998, or other tax year beginning / / 98, ending / / 99

YOUR SOCIAL SECURITY NUMBER

SPOUSE'S SOCIAL SECURITY NUMBER

PAYMENT DUE DATE

Your first name and initial

Last name

AMOUNT OF THIS PAYMENT

If joint, spouse's first name and initial

Last name

.00

Present home address (number and street, including apartment number, or rural route)

City, town or post office, state and zip code

Mail this form with your check or money order payable to the:
N.C. Department of Revenue
P.O. Box 25000
Raleigh, N.C. 27640-0630
To insure proper credit, please
DO NOT fold or staple returns.
(DO NOT SEND CASH)

(DETACH AT PERFORATION AND RETAIN FOR YOUR RECORDS)

YOUR RECORD
OF PAYMENTS

FORM



1998
NORTH CAROLINA

ESTIMATED INCOME TAX FOR INDIVIDUALS

CHECK NUMBER

NC-40

For the year January 1-December 31, 1998, or other tax year beginning / / 98, ending / / 99

CHECK DATE

YOUR SOCIAL SECURITY NUMBER

SPOUSE'S SOCIAL SECURITY NUMBER

PAYMENT DUE DATE

\$

TOTAL AMOUNT OF
ESTIMATED TAX FOR
THIS YEAR

Your first name and initial

Last name

AMOUNT OF THIS PAYMENT

If joint, spouse's first name and initial

Last name

.00

\$

AMOUNT OF 1997 REFUND
APPLIED TO THIS ESTIMATE

Present home address (number and street, including apartment number, or rural route)

City, town or post office, state and zip code

Mail this form with your check
or money order payable to the:
N.C. Department of Revenue
P.O. Box 25000
Raleigh, N.C. 27640-0630
To insure proper credit, please
DO NOT fold or staple returns.
(DO NOT SEND CASH)

\$

AMOUNT OF THIS
PAYMENT

(DETACH AT PERFORATION
AND RETAIN FOR YOUR
RECORDS)

YOUR RECORD
OF PAYMENTS

FORM



1998
NORTH CAROLINA

ESTIMATED INCOME TAX FOR INDIVIDUALS

CHECK NUMBER

NC-40

For the year January 1-December 31, 1998, or other tax year beginning / / 98, ending / / 99

CHECK DATE

YOUR SOCIAL SECURITY NUMBER

SPOUSE'S SOCIAL SECURITY NUMBER

PAYMENT DUE DATE

\$

TOTAL AMOUNT OF
ESTIMATED TAX FOR
THIS YEAR

Your first name and initial

Last name

AMOUNT OF THIS PAYMENT

If joint, spouse's first name and initial

Last name

.00

\$

AMOUNT OF 1997 REFUND
APPLIED TO THIS ESTIMATE

Present home address (number and street, including apartment number, or rural route)

City, town or post office, state and zip code

Mail this form with your check
or money order payable to the:
N.C. Department of Revenue
P.O. Box 25000
Raleigh, N.C. 27640-0630
To insure proper credit, please
DO NOT fold or staple returns.
(DO NOT SEND CASH)

\$

AMOUNT OF THIS
PAYMENT

(DETACH AT PERFORATION
AND RETAIN FOR YOUR
RECORDS)

YOUR RECORD
OF PAYMENTS

FORM



1998
NORTH CAROLINA

ESTIMATED INCOME TAX FOR INDIVIDUALS

CHECK NUMBER

NC-40

For the year January 1-December 31, 1998, or other tax year beginning / / 98, ending / / 99

CHECK DATE

YOUR SOCIAL SECURITY NUMBER

SPOUSE'S SOCIAL SECURITY NUMBER

PAYMENT DUE DATE

\$

TOTAL AMOUNT OF
ESTIMATED TAX FOR
THIS YEAR

Your first name and initial

Last name

AMOUNT OF THIS PAYMENT

If joint, spouse's first name and initial

Last name

.00

\$

AMOUNT OF 1997 REFUND
APPLIED TO THIS ESTIMATE

Present home address (number and street, including apartment number, or rural route)

City, town or post office, state and zip code

Mail this form with your check
or money order payable to the:
N.C. Department of Revenue
P.O. Box 25000
Raleigh, N.C. 27640-0630
To insure proper credit, please
DO NOT fold or staple returns.
(DO NOT SEND CASH)

\$

AMOUNT OF THIS
PAYMENT

(DETACH AT PERFORATION
AND RETAIN FOR YOUR
RECORDS)