

ANNUALIZED INCOME INSTALLMENT WORKSHEET

Name(s) shown on tax return	Social Security Number
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**Instructions**

**Who Should Use This 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 17b 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).

- To use the annualized income installment method, you must:
- (1) 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.
  - (2) Attach Form D-422 and Form D-422A to your income tax return, Form D-400.

**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 11a of Form D-400 before determining the tax on line 16.

Annualized Income Installment Worksheet <i>Complete one column through line 25 before completing the next column</i>		1-1-98 to 3-31-98	1-1-98 to 5-31-98	1-1-98 to 8-31-98	1-1-98 to 12-31-98
1. Enter your federal adjusted gross income for each period.	1.				
2. Enter the applicable additions to federal taxable income (lines 31 through 33, page 2 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 35 through 38 and line 40, page 2 of Form D-400) for each period.	4.				
5. Subtract line 4 from line 3.	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 page 2.)	10.				
11. Enter the standard deduction from Form D-400, page 2, line 26.	11.				
12. Enter line 10 or 11, whichever is larger.	12.				
13. Subtract line 12 from line 7.	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.) <b>Important:</b> If you were required to complete the <b>Deduction For Exemptions Worksheet</b> in the instructions for Federal Form 1040, see the <b>NOTE</b> below to determine the amount to enter here.	14.				
15. Subtract line 14 from line 13.	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. Subtract line 19 from line 18. 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. <i>Otherwise, enter zero.</i>	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 lines 3 through 5 of the **Personal Exemption Adjustment Worksheet** on page 8 of the instructions for Form D-400. Subtract the amount on line 5 of the State **Personal Exemption Adjustment Worksheet** from the amount on line 9 of the federal **Deduction for Exemptions Worksheet** and enter the result in each column on line 14 above.

**Form D-422A**  
**(Rev. 12-98)**

SPECIAL INSTRUCTIONS FOR LINE 10 – If you were required to complete the Itemized Deductions Worksheet on page A-6 of the instructions for Federal Form 1040, complete the worksheet below:

<b>Worksheet</b>		<b>1-1-98 to 3-31-98</b>	<b>1-1-98 to 5-31-98</b>	<b>1-1-98 to 8-31-98</b>	<b>1-1-98 to 12-31-98</b>
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 \$124,500 (\$62,250 if married filing separately) or less, stop here and complete lines 10 through 25 on page 1 of this form. If the result is <u>more</u> than \$124,500 (\$62,250 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. Subtract line 5 from line 4	6.				
7. Annualized amounts	7.	4	2.4	1.5	1
8. Multiply the amount on line 4 by the number on line 7 ( <b>Note:</b> 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 <b>.80</b>	10.				
11. Enter the amount from page 1, line 7	11.				
12. Enter \$124,500 (\$62,250 if married filing separately)	12.				
13. Subtract line 12 from line 11	13.				
14. Multiply the amount on line 13 by <b>.03</b>	14.				
15. Enter the smaller of line 10 or line 14	15.				
16. Subtract line 15 from line 8. Enter the result here and on page 1, line 10	16.				