

SOFTWARE DEVELOPERS AND TRANSMITTERS INDIVIDUAL
INCOME TAX GUIDE
FOR
TAX YEAR 2011



TABLE OF CONTENTS

<u>CHAPTER</u>	<u>TITLE</u>	<u>PAGE</u>
1	INTRODUCTION	3
2	CONTACT PERSONNEL	4
3	ELECTRONIC FILING CALENDAR	5
4	NORTH CAROLINA TESTING PROCESS	6
5	FED/STATE ACKNOWLEDGMENT SYSTEM	10
6	EXCLUSIONS FROM NORTH CAROLINA ELECTRONIC FILING	11
7	INTERNATIONAL ACH TRANSACTION (IAT)	12
8	DIRECT DEPOSIT	14
9	WHAT'S NEW FOR TAX YEAR 2010?	18
10	REJECT ERRORS AND CODES	21
11	HELPFUL TIPS	28
12	SOFTWARE EDITS & CROSS-CHECKS	29
13	NORTH CAROLINA RECORD LAYOUT	35
	APPENDIX	58
	Holiday Schedule 2011/2012	
	North Carolina County Codes	
	NC Tax Rate Schedule	

CHAPTER 1

INTRODUCTION

The North Carolina Department of Revenue (NCDOR) is preparing for the 18th consecutive year of the statewide Federal/State Electronic Filing Program. The program for the 2010 tax year was extremely successful. During 2011, NCDOR processed over 3.2 million individual income tax returns received through the cooperative program.

Federal/State Electronic Filing is a progressive step in meeting the needs of the tax professionals and the taxpayers of North Carolina. The success of the program for the upcoming year will once again be heavily dependent upon the combined and dedicated efforts of each participating software developer and the NCDOR.

The purpose of this guide is to assist software developers in preparing the North Carolina tax data for electronic filing. Other publications from the NCDOR and the Internal Revenue Service (IRS) will discuss the policies and procedures that are a part of this program.

If you have any questions or concerns, please contact the Department personnel listed in Chapter 2. Our goal is open communication with you so that our program will continue to be successful. As always, we welcome your comments and suggestions.

The record layout in this guide may be altered by congressional legislation enacted during 2011 or by IRS revisions to the generic record layout. If modifications are necessary to this document, we will send you the updates as quickly as possible.

CHAPTER 2

CONTACT PERSONNEL **Business Systems Development**

Gregory Torrance, Analyst Programmer
Phone: (919) 715-3728
Fax: (919) 715-4221

Tim Young, Analyst Programmer
Phone: (919) 715-9250
Fax: (919) 715-4221

E-File Development Unit **Filing, Software Guidelines, Procedures, and Record Layout**

We encourage you to use the following email for a prompt response from the E-File Development Unit:

Email Address: nctaxefile@dornc.com
Phone: 1-877-308-9103 or (919) 733-1674
Fax: (919) 715-6158

Contact Name: Janie Wright
Email Address: nctaxefile@dornc.com

Contact Name: Felecia Coley
Email Address: nctaxefile@dornc.com

Contact Name: Judith Kapp
Email Address: nctaxefile@dornc.com

Management Contact Personnel

Cindy Mallard – Director
Email Address: Cindy.Mallard@dornc.com

Lei Satterfield- Group Manager
Email Address: Lei.Satterfield@dornc.com

Drucilla Minifield-Manager
Email Address: Drucilla.Minifield@dornc.com

CHAPTER 3

NORTH CAROLINA ELECTRONIC FILING CALENDAR

For Tax Year January 1, 2011 to December 31, 2011

Begin Federal Software Testing	November 15, 2011
Begin State Software Testing	November 15, 2011
Last Date to Submit Initial Test Transmission	December 31, 2011
End Federal/State Software Testing	No cut-off date
Begin Transmitting Returns to IRS/NCDOR.....	January 17, 2012
NCDOR Begins Processing Federal/State Returns.....	TBD
Last Date for Timely Filed Returns	April 17, 2012
Last Date for Retransmission of Rejected Timely Filed Returns.....	April 22, 2012
Last Date for Extended Filed Returns	October 15, 2012
Last Date for Retransmission of IRS Rejected Late Filed Returns.....	October 20, 2012

***Estimated date that is subject to change**



NOTE: DATES SUBJECT TO CHANGE AT ANY TIME



CHAPTER 4

NORTH CAROLINA TESTING PROCESS

All software developers and transmitters are required to test their transmission software with the NCDOR. In addition, they must submit test scenarios to the IRS and the test scenarios provided must be accepted with no error reject codes before acceptance as an electronic filer for tax year 2011.

Under the concurrent testing rule, software developers may begin State testing prior to obtaining final acceptance from the IRS for the Federal PATS process. The primary home service center is defined as the IRS center that supports the state where the software developer is physically located. The NCDOR is assigned to the IRS Philadelphia Submission Processing Center. The IRS anticipates PATS testing to begin November 15, 2011. Each software developer must submit a "Response Form" to the E-File Development Unit to schedule State testing. The list of contact personnel is in Chapter 2.

Testing ensures, prior to live processing, that:

- the data files are correctly formatted
- edits agree with North Carolina specifications
- returns will have no math errors
- required fields are present
- required fields will post to the NCDOR tax system

The 2011 North Carolina test package consists of 10 return scenarios. All of the returns are eligible for North Carolina e-file. Each test is comprised of State test data followed by the applicable federal test data. It may be necessary to add or change some of the federal data as specified by North Carolina.

Knowledge of federal and North Carolina State tax laws and tax preparation is necessary. The returns must be correctly prepared and computed prior to transmitting the tests and each transmitted record must contain valid software developer identification. Any records received by NCDOR that do not contain a valid identification will **not** be processed.

NCDOR will send acknowledgements for all test returns received. Developers/transmitters must retrieve acknowledgements during testing to determine which returns have been accepted, rejected, or missing. NCDOR will not review any of the test returns until the software developer/transmitter has transmitted all 10 test returns in one single transmission without triggering a reject code.

Note: Test #5 has a foreign address and is processed through a different IRS submission processing center. Therefore, the acknowledgment for test #5 may be delayed. If this occurs, this will not impact the timeline for reviewing the test returns and providing test results.

NCDOR will notify software developers/transmitters via email of the results of the PATS testing within 2-3 business days of receipt of the test data. Developers/transmitters must attempt to resolve all issues raised by the NCDOR reviewers prior to resubmitting test returns. Developers/transmitters must transmit **all** 10 test returns in one single transmission without any errors.

If you wish to offer software capable of online filing North Carolina returns, you will be required to transmit all 10 test returns using your online filing product with IRS Field #0049 filled with a value of "O."

Test return #10 is available to test the transmission of a State Only return. You must place "SO" in IRS Field 0019, State Only Indicator, for this test.

Reminders:

- **NCDOR Testing Requirement**

- ✓ **Developers that seek approval for a software product that runs on different operating systems (e.g. Windows, Macintosh) or that has alternative user interfaces (e.g. Desktop, Web, Custom Branding) must test each version of the product separately with NCDOR.**

- **Acknowledgments:**

- ✓ **Acknowledgments will be sent for each test return received.**
- ✓ **Developers must retrieve acknowledgments during testing.**
If an acknowledgment is not received for a test return (either accepted or rejected), the developer should assume that the test return was not received by NCDOR.

Note: NCDOR will no longer send confirmation emails notifying the developer of the test returns that have been received.

- **Test Results**

- ✓ Test return results/compares for each product will be provided on the latest transmission received only.
- ✓ If another set of test returns is received while a previous set is under review, the following procedures will be implemented:
 - The tester will continue reviewing the test returns already under review.
 - The tester will provide test results/compares for that set of test returns only.
 - The developer will receive the following email "We received test(s) _____ in the (am or pm) drain for product _____. Since we are currently reviewing the test returns transmitted on _____ for this product, this latest transmission of test returns will not be reviewed nor will test results/compares be provided.
 - Once you receive the test results/compares for the test returns transmitted on _____, proceed as follows:
 - ☞ If errors were identified on the test results/compares, make the applicable corrections and retransmit the test returns for review."
 - ☞ If no errors were detected on any of the test scenarios for any of the ten test returns transmitted, you should receive an email with the test results/compares attached and a request to email the required screenshots (as identified in the Software Developer Guide). The required screenshots should be emailed to nctaxfile@dorn.com.

The range of test social security numbers assigned by the IRS for use by the NCDOR for Federal/State testing is **400-00-4900 to 400-00-4999**. The IRS will only accept these social security numbers during testing. These social security numbers will be rejected if submitted during live processing.

The last date to submit your initial State test transmission is December 31, 2011. All State software testing must be completed by January 17, 2012. Since much of our testing process is automated and requires manual effort to separate test data from live data, we do not intend to extend the testing period beyond January 17, 2012. Please do not wait until the last minute to begin or complete testing.

SOFTWARE APPROVAL

PATS testing approval is a two-step process. A software developer must test their software designed to electronically file a North Carolina return and test all North Carolina Individual Income Tax Forms, including the D-400 and D-400TC. Once developers/transmitters transmit **all** 10 test returns in one single transmission without any errors, an email will be sent to the developer requesting the developer provide the following screen shots from the software product:

- A screen shot of the verbiage used to prompt the user to answer the question: Is this refund going to or through an account that is located outside the United States?
- A screen shot to verify the verbiage for taxpayer's designation to the Public Campaign Fund.
- A screen shot of the instruction page to verify the following verbiage: "If you owe additional tax, you can pay online by bank draft or debit/credit card using Visa or MasterCard. To pay online, go to the Department's website at www.dornc.com and click onto Electronic Services."

These screens shots must be submitted for software products used only by the general population as well as those used strictly by professionals. Software developers will be notified in writing of their e-file approval after completing the e-file testing process. The acceptance letter will be emailed and the original copy mailed. If, after acceptance, your software company has production problems, the NCDOR reserves the right to disapprove the company for the remainder of the filing season.

Once testing is complete and you have been sent an approval letter, you may release your software product for e-file even if your forms have not been approved for paper filing. You will need to place a **banner** over the D-400, D-400TC and D-400V stating the form has not been approved for paper filing. In addition, you must do all of the following:

- Software Developers are to notify the Department, customers, and clients within 10 business days of discovery, errors are to be corrected and the Department provided satisfactory evidence that the errors have been corrected and customers/clients have been notified of the correction. Errors made by the North Carolina Department of Revenue and software developers will be placed on the Department's website for public viewing.
- Developers are no longer required to provide a copy of the software or 'URL' unless requested. If requested, developers must provide a copy of the software or 'URL' within 5 business days from the date of request.

A master file of software developers approved by North Carolina will be maintained by NCDOR and listed on the Department's website at www.dornc.com.

FORMS APPROVAL

Each software developer must gain approval to produce paper substitute tax forms. A substitute tax form is a computer-generated tax form that is produced by a software company for use in lieu of a form produced by the Department. A substitute tax form must meet the specifications set forth in the Requirements for Approval of Substitute Tax Forms to be approved by the Department. It is the responsibility of the software developer to submit tax forms for approval based upon the latest edition of this document.

This document provides an overview of the process for creating and submitting substitute tax forms for approval. It is critical that each company meet specified deadlines to ensure that the Department may accept returns filed from your company.

Step One: Agreement to Comply

The Department requires each software developer to file an Agreement to Comply annually. The deadline for submitting this agreement was August 20, 2011. This agreement, divided into three parts, provides the Department with verification that the software developer will follow all regulations stipulated by the Department. In addition, software developers enter product information and personnel contact information on the Agreement and identify all forms that will be reproduced.

Step Two: Obtain a Software Developer ID Number

A unique two-digit developer ID number is assigned to each developer. All substitute tax forms must include this Software Developer ID Number. Once assigned, this number becomes your permanent ID number. The Software Developer ID Number must be placed in the proper position in the barcode and in parentheses after the Form Number located in the top left-hand corner of every published tax form. If your company needs a Software Developer ID Number, contact Trudy Roberson, Administrative Assistant, at (919) 715-5359.

Step Three: Accessing Tax Forms and Publications

The Department posts information necessary to produce substitute tax forms on the web site for software developers. Draft and final tax forms, form specifications, and other relevant information are posted on this site. This web site is located at www.dornc.com/forms/generated.html or you may access the site by going to the NCDOR homepage at www.dornc.com, selecting Tax Forms, and selecting Software Programs.

Step Four: Designing Tax Forms for Processing

Software developers may choose two options to design substitute tax forms. The developer may choose to obtain templates of the forms from a form provider, such as Nelco or Alpine Data, or the developer may design the forms in-house.

Step Five: Submitting Forms for Approval

All forms must be sent by courier (UPS, FED EX, etc.) or in PDF format via email. Submit all courier mail packages to:

North Carolina Department of Revenue
Attn: Trudy Roberson, Forms Development & Testing Unit
501 N. Wilmington St.
Raleigh NC 27604-8001

Submit all PDF forms to SDFormsUpdate@dornc.com

CHAPTER 5

FED/STATE ACKNOWLEDGMENT SYSTEM

The IRS allows the posting of State Acknowledgments through the same portal that is used for Federal Acknowledgments. This is a single path retrieval method for transmitters. The Fed/State Acknowledgment System is designed to inform EROs, transmitters, Intermediate Service Providers, and software developers that the federal and North Carolina returns have been retrieved from the IRS and NCDOR. Under normal processing conditions, North Carolina acknowledgments are posted on a daily basis upon return retrieval from the IRS. Transmitters who transmit for EROs and Intermediate Service Providers **must** notify them of the State acknowledgment at the time of receipt.

NCDOR will acknowledge receipt of the State data packet from the IRS through the cooperative Fed/State Acknowledgment System. The North Carolina Acknowledgment Record will indicate acceptance of the return by the NCDOR and include reject codes, if applicable. The North Carolina record only indicates that the Department received or rejected the return. The "State Packet Code" in the IRS's ACK Key Record will indicate receipt of the state return at the IRS Memphis Submission Processing Center. State Only returns will be acknowledged in the same manner as a Fed/State return.

EROs and Transmitters should compare the North Carolina acknowledgment records against the returns transmitted to determine that the Department successfully received all returns. **The timely posting of North Carolina acknowledgments by software developers to their clients is strongly encouraged.** In the event the transmitter does not successfully transmit a state record electronically, immediate affirmation allows the tax professional to promptly file the return through the normal paper process.

Developers need to design their systems to accommodate duplicate acknowledgment records. There is a possibility that we may re-transmit acknowledgment records if we believe a problem exists with records that have already been transmitted.

CHAPTER 6

EXCLUSIONS FROM NORTH CAROLINA ELECTRONIC FILING

For tax year 2011, North Carolina tax documents that may be filed electronically are Forms D-400 and D-400TC. The following State forms are **not** acceptable for electronic filing for the 2011 tax year.

- ☞ Form D-400X, Amended Individual Income Tax Return
- ☞ Prior year returns – any return not for tax year 2011
- ☞ Corrected or amended returns on forms other than Form D-400X
- ☞ Returns for non-calendar year filer
- ☞ Form NC-478 and/or series NC-478A thru L.
A taxpayer that is required to file Form NC-478 and/or Forms NC-478A thru L can file their Form D-400 and D-400TC electronically. However, Form NC-478 and Forms NC-478A thru L themselves cannot be filed electronically and **must** be mailed to the NCDOR.
- ☞ Form D-410, Application for Extension for Filing Individual Income Tax Return
A taxpayer requesting an extension cannot file Form D-410 through the Fed/State e-file program. However, Form D-410 can be filed electronically through the Department's website at www.dorncc.com. A taxpayer that has received an extension of time to file their return can file their return electronically but must do so by **October 15, 2012**.

NOTE: In addition to the above exclusions from North Carolina e-file, any income tax return in the list of exclusions from Federal e-file cannot be filed through the Federal/State e-file program.

CHAPTER 7

INTERNATIONAL ACH TRANSACTION (IAT)

Treatment of International ACH Transaction (IAT)

The software must prompt the user to answer the question, “Is this refund going to or through an account that is located outside the United States”?

- If the response is yes, do not allow transmission of the direct deposit banking information.
- If the answer is no, proceed as usual.

Note: If the developer chooses to rephrase the IAT prompt, the prompt must account for **both** of the following scenarios:

- The refund is being deposited directly into a financial institution located outside the territorial jurisdiction of the U.S.
- The refund is being deposited directly into a financial institution located inside the territorial jurisdiction of the U.S. but that U.S. institution has standing orders to transfer the deposited funds from the U.S. account into a financial institution located outside the territorial jurisdiction of the U.S.

Examples of unacceptable IAT prompt wording:

- Check the box if the account you selected is located outside of the U.S.
- Check the box if Non-US financial institution.
- Is the account for the direct deposit located outside of the U.S.?
- Check the box if International ACH Transaction (IAT).
(Many users of the product, including Tax Professionals, do not know the definition of or what constitutes as an IAT.)

Examples of acceptable IAT prompt wording:

- Check the box if this refund is going to or through an account that is located outside of the United States.
- Is this State refund going to a bank account outside of the United States?
- Check here if this refund is destined for an account located outside of the U.S.

Support of IAT Indicator Passing to NCDOR

- If your software does support the passing of the IAT Indicator to NCDOR, test returns involving an IAT transaction should be transmitted with an “X” in field 0070(e).
- The direct deposit banking information should be blank.

Non-Support of IAT Indicator Passing to NCDOR

If your software does not support the passing of the IAT Indicator to NCDOR, you must comply with the following requirements during software developer testing:

- The test return(s) involving an IAT transaction must be transmitted with a blank in field 0070(e).
- Screen shots for the test return(s) involving an IAT transaction must be emailed to nctaxefile@dorn.com demonstrating the following:

- 1) The software prompts the user to answer the question, “Is this refund going to or through an account that is located outside the United States”?
- 2) The user indicates that the refund is going to or through an account that is located outside the United States.
- 3) The user is alerted that North Carolina Department of Revenue prohibits direct deposits to or through foreign financial institutions.
- 4) The software does not allow the return to be transmitted with the bank account information or,
- 5) The software requires the user to make another selection not involving an IAT and verifies that the new selection does not involve IAT.

CHAPTER 8

DIRECT DEPOSIT

Direct deposit is available for individual income tax returns that are e-filed by an approved tax preparer or an approved online service provider. Direct deposit is available only for the original refund and is **not** available to taxpayers filing a paper return. Direct deposit is also **not** available for taxpayers requesting a direct deposit to or through a foreign financial institution. If you use a foreign financial institution you will be issued a paper check.

A refund anticipation loan (RAL) is money borrowed by the taxpayer from a lender based on the taxpayer's anticipated refund amount. North Carolina is not involved in or responsible for RALs. All parties to RAL agreements, including electronic return originators (EROs), must ensure that taxpayers understand that RALs are interest-bearing loans. North Carolina is not liable for any loss suffered by taxpayers, EROs, or financial institutions due to processing delays, reduced refunds, or direct deposits not being honored (resulting in refund checks being issued).

Direct deposit refunds are electronically transferred to a taxpayer's financial institution into a checking or savings account. A financial institution for the purposes of direct deposit of tax refunds is defined as a state or national bank, credit union, savings and loan association or mutual savings bank within the United States. Refunds may not be deposited into a credit card account.

Taxpayers may elect the following options for receipt or designation of their overpayment.

- 1) Direct deposit into a bank account
- 2) Receipt of a check
- 3) Crediting the overpayment as an estimated tax payment for the next tax year
- 4) Contribution to the NC Nongame and Endangered Wildlife Fund

A check will be issued if any of the following conditions exist.

- 1) The refund cannot be direct deposited based upon the information provided (i.e. invalid routing number or invalid account number)
- 2) Rejection by the financial institution
- 3) Discretion of the Department of Revenue based upon a review of the tax return

Checks will be made payable to all taxpayers stated on the return and will be mailed to the address stated on the return.

Some financial institutions do not permit the deposit of a joint refund into an individual account. The NCDOR is not responsible if a direct deposit is rejected for this reason. Check or share draft accounts that are "payable through" another institution may not accept direct deposits. Taxpayers should verify the financial institution's policy on direct deposits before filing.

Acknowledgment

The North Carolina acknowledgment process will only indicate receipt of the e-filed return. The acknowledgment system will **not** indicate proof that the direct deposit election was honored.

Eligibility Requirements

- The return must be e-filed by an approved ERO or online service provider.
- The return must be for the current filing tax year.
- The taxpayer must show the ERO acceptable proof-of-account from the financial institution that the taxpayer designates. Acceptable proof-of-account is a check, a statement or a form generated by the financial institution. A deposit slip is **not** an acceptable proof-of-account because it may contain internal routing numbers that are not part of the account number. The proof-of-account document must contain the following preprinted information:
 - Account name and address -- name and address on the account as it appears on the records at the financial institution
 - Name of financial institution
 - Account number -- maximum 17 numeric characters
 - Routing Transit Number (RTN) – must be 9 numeric characters
- The account designated to receive the direct deposit must be in the taxpayer's name.
- IRS Publication 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns, sets forth detailed eligibility requirements, responsibilities, and instructions governing tax preparers, transmitters, and EROs who offer taxpayers the option of direct deposit. Those same rules, policies, and procedures apply when offering direct deposit on the State return.

The Responsibilities of an ERO

- Advise taxpayers of the option to receive their refund by direct deposit and ensure that the taxpayer is knowledgeable of all the general information regarding direct deposit.
- Accept direct deposit election to any eligible financial institution designated by the taxpayer.
- Ensure that taxpayers electing direct deposit meet the eligibility requirements listed under "Eligibility Requirements."
- Verify the direct deposit information is correct.
- Must never charge a separate fee for direct deposit.
- Inform the taxpayer that after an e-filed return has been accepted for processing and once the return is accepted by the IRS and by North Carolina:
 - the direct deposit election cannot be rescinded
 - the account number cannot be changed
 - the routing transit number cannot be changed
- Crosscheck bank account information with repeat clients. Some software maintains the previous year's data and reuses it unless it is changed.

Frequently Asked Questions

What is IAT?

IAT is the acronym for International ACH Transaction-which is an ACH entry that is part of a payment transaction involving a (financial agency's - an institution authorized by law to accept deposits, issue money orders or transfer funds), office that is not located in the territorial jurisdiction of the United States. Effective September 18, 2009, all international transactions made via the ACH Network will be required to use the IAT SEC code. This new rule applies to all ACH participants and will simplify the process of identifying international transactions by requiring that IAT entries include specific data elements defined by the Bank Secrecy Act's (BSA) "Travel Rule." The new rule will also define new parties to the IAT entry and re-define gateway operator obligations.

Can the State refund and the federal refund be deposited into a different account?

Yes, the State refund can be deposited into a different account than the federal refund. A taxpayer may elect to have the State refund direct deposited even though the federal return may be a tax due or vice versa. In addition, the federal and state refunds can be deposited into the same account (checking or savings).

Will a notice be sent to the ERO or to the taxpayer on the status of the direct deposit?

No, a notice will not be sent to the ERO or to the taxpayer to confirm that the refund was deposited into an account. Also, the Department cannot guarantee a specific date that a refund will be deposited. Taxpayers may check the status of their refund by calling 1-877-252-4052.

Can a refund be deposited into more than one account?

No, a refund can only be deposited into one account.

What are the benefits of direct deposit?

No worries about refund check being lost, stolen, or returned due to incorrect address; Money will be deposited in your bank account much quicker. (Please be sure to verify your bank account information)

Can the same bank account be used more than once?

There are no limitations on the number of deposits that can be made to one bank account. However, the Department reserves the right to issue a check in the event of an erroneous account or routing transit number, closed accounts, bank mergers, or for any other reason at the discretion of the Department.

Requirements for Direct Deposit

Direct Deposit is for electronically filed returns **only**. Direct Deposit is only available for the original refund. The Federal/State cooperative e-file program does not allow RALs (Refund Anticipation Loan) on the North Carolina State refund. Refunds may not be deposited into a credit card account.

Important: As a result of new banking rules, NCDOR does not support direct deposits into a financial institution that is not located in the territorial jurisdiction of the United States. Therefore; if you request your refund to be directly deposited into a financial institution that is not located in the United States, your direct deposit request will not be granted. Instead, you will be issued a paper check.

Note: The Department requires the Routing Transit Number, Depositor Account Number, and Type of Account screen to be entered twice to ensure accuracy.

Name of Financial Institution

A financial institution for the purposes of direct deposit of tax refunds is defined as a state or national bank (including the District of Columbia and political subdivisions of the 50 states), credit union, savings and loan association or mutual savings bank within the United States and established primarily for personal, family or household purposes. This field represents the name of the bank or financial institution to which the refund will be deposited.

Routing Transit Number

The routing transit number (RTN) is a valid number for the financial institution where the taxpayer's account is held. The RTN must contain nine (9) numeric characters. The RTN must be present on the Financial Organization Master File (FOMF) and the financial institution must process Electronic Funds Transfer (EFT). The RTN must be keyed as a nine-digit number containing no spaces or dashes. **Leave this field blank, no zeroes, if there is no direct deposit election.**

Depositor Account Number

The depositor account number or taxpayer bank account number must be alphanumeric (i.e. only alpha characters, numeric characters, and hyphens). The depositor account number must be entered exactly as it appears on the check or proof of account, eliminating spaces. The maximum number of allowable characters is 17 positions and cannot equal all zeroes or all blanks. The depositor account number must be left justified with trailing blanks if less than 17 positions. This field cannot contain leading or embedded spaces. **Leave this field blank, no zeroes, if there is no direct deposit election.**

Type of Account

This field consists of alpha characters and is a required field. The field indicates if the account is a checking or savings account. The values are "X" or blank. If the routing transit number is significant, then the checking account indicator or savings account indicator must equal "X." Both fields cannot equal "X."

When direct deposit information is present, the following fields **must** be significant: Routing Transit Number (RTN), Checking Account Indicator or Savings Account Indicator, and Depositor Account Number.

CHAPTER 9

WHAT'S NEW FOR TAX YEAR 2011?

- **Reminder: G.S. 105-134.2A – Income Tax Surtax:** Expired for taxable years beginning on or after January 1, 2011.
- An additon is required on the 2011 income tax return for taxpayers claiming bonus depreciation and section 179 expense deduction. (see **Page 12 of the North Carolina Individual Income Tax Instructions for form D-400**)
- A deduction is allowed for individuals who added back bonus depreciation and section 179 expense deductions on their 2010 income tax return. (see **page 14 of the North Carolina Individual Income Tax Instructions for form D-400**)
- **A tax credit for children with disabilities who require special education is available to certain taxpayers.** (see **page 18 of the North Carolina Individual Income Tax Instructions for form D-400**)
- **Reminder:** For Tax Year 2011, NCDOR requests that each developer use a different Software Developer Code for each software product. An example follows:
 - ☞ If your Tax Preparation Product Software Developer Code is **NCDOR**, your Online Software Developer Code could be **NCDOR OL**.
- **Reminder:** As indicated in chapter 6 of this Guide, Exclusions from North Carolina Electronic Filing, any income tax return in the list of exclusions from the Federal E-file cannot be filed through the Federal/State e-file program. Since for Tax Year 2011, the Internal Revenue Service is requiring that taxpayers who claim the credit for adoption expenses must file a paper return, the affected taxpayers must also file a paper return for North Carolina.
- **G.S. 105-134.6(d)(7) – Other Adjustments to Taxable Income – Addition to Federal Taxable Income for Certain Net Operating Losses (NOLs):** Under the American Recovery and Reinvestment Act (ARRA), P.L. 111-5, an Eligible Small Business (ESB) could elect to carry back an NOL from tax year 2008 for three, four, or five years, rather than the standard two years. An eligible small business is defined in section 172(b)(1)(H) of the Code. The Worker, Homeownership, and Business Assistance Act of 2009 (WHBAA) modified the ARRA by allowing businesses of every size to carry back 2008 or 2009 NOLs for up to five years, but with a 50 percent of federal taxable income limit on NOL offsets in the fifth year, and 100 percent in all remaining four carry back years.
- The General Assembly adopted the provisions of the WHBAA, but enacted adjustments for certain taxpayers. Taxpayers must add to federal taxable income for tax years 2003, 2004, and 2005, any NOL deduction claimed under section 172(b)(1)(H) or section 810(b)(4) of the Code that is not an ESB loss. Similarly, taxpayers must add to taxable income for tax years 2004, 2005, and 2006, any NOL deduction claimed under section 172(b)(1)(H) or section 810(b)(4) of the Code that is not an ESB loss.

- **G.S. 105-134.6(d)(8) – Other Adjustments to Taxable Income – Future Deduction of NOL Addition:** This subdivision was added to provide a future deduction from federal taxable income for the addition required under G.S. 105-134.6(d)(7). A deduction for one-third of the 2008 NOL absorbed on the 2003, 2004, and 2005 federal returns or the 2009 NOL absorbed on the 2004, 2005, and 2006 federal returns is allowed in tax years 2011, 2012, and 2013.
- **G.S. 105-129.75 – Extend Sunset for Mill Rehabilitation Tax Credits:** This section was rewritten to extend the sunset of the Article 3H credits to January 1, 2014, for rehabilitation projects for which an application for eligibility certification is submitted on or after that date (was January 1, 2011).
- **G.S. 105-151.30(f) - Extend Sunset for Tax Credit for Recycling Oyster Shells:** This subsection was rewritten to extend the sunset for the credit to tax years beginning on or after January 1, 2013 (was January 1, 2011).
- **G.S. 105-163.015 – Extend Sunset for Tax Credits for Qualified Business Investments:** The credit for qualified business investments was scheduled to expire for investments made on or after January 1, 2011. The credit now expires for investments made on or after January 1, 2013.
- **G.S. 105-129.16J. – Temporary unemployment insurance refundable tax credit:**
A new section was added to allow a tax credit for small businesses that make contributions to the State Unemployment Insurance Fund with respect to wages paid for employment in this State. A small business is defined as a business whose cumulative gross receipts from the business activity for the tax year do not exceed one million dollars (\$1,000,000). The amount of tax credit allowed is 25% of the qualified contributions to the State Unemployment Insurance Fund and applies to taxable years 2010 and 2011 only.
- This credit may be claimed only against corporate and individual income taxes. If the credit exceeds the amount of tax for the taxable year reduced by the sum of all credits allowable, the excess is refundable. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in Article 4. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

Additional Reminders

- **Important: Please verify taxpayer’s current mailing address. If taxpayer (client) anticipates moving before refund check is received, it is important for them to call NCDOR at (877) 252-3052 to correct address.**
- **Important: Incorrect banking information will delay refund. Therefore, please verify banking information is correct.**
- A taxpayer does **not** have to submit any supporting documentation for an e-filed return for the following: Bailey settlement deduction, other deductions from federal taxable income, other additions to federal taxable income, 1099s, tax credit for taxes paid to another state or country, etc. The Department will contact the taxpayer if any supporting documentation is needed.
- Taxpayers are required to submit Form NC-478 and/or Forms NC-478A thru L if a business incentive or energy tax credit is claimed on an e-filed return. All Forms NC-478 and series A thru L should be mailed to the North Carolina Department of Revenue, P O Box 25000, Raleigh NC 27640-0500 within 48 hours after submitting the electronic individual income tax return. Individual income tax credits associated with Form NC-478 and series A thru L include but are not limited to:
 - Credit for investing in machinery and equipment
 - Credit for creating jobs
 - Credit for research and development
 - Credit for worker training

- Credit for investing in central office or aircraft facility property
- Credit for technology commercialization
- Credit for development zone projects
- Credit for nonhazardous dry-cleaning equipment
- Credit for investing in low-income housing
- Credit for use of North Carolina ports
- Credit for investing in renewable energy property
- Taxpayers are required to submit Form NC K-1 to the NCDOR for an e-filed return if the return shows tax payments from a partnership or S corporation. The form(s) should be mailed to the North Carolina Department of Revenue, P O Box 25000, Raleigh NC 27640-0001 within 48 hours after submitting the electronic individual income tax return.
- The North Carolina direct deposit **should not be connected to RALs or Bonus Checks (G.S. 143.3-Prohibits RAL on State Refund)**. The NC direct deposit is a true direct deposit, which requires a checking or savings account number and a routing transit number from the taxpayer that can show acceptable proof-of-account of their designated financial institution. RAL accounts are temporary accounts and in some instances, deposits cannot be made before these accounts are closed.
- Reject codes and errors should be displayed on the acknowledgment provided to the taxpayer and/or tax preparer. The acknowledgment should not state, "Contact the NCDOR for reject code information."
- NCDOR is requesting that all online filers provide an IP address.

CHAPTER 10

Reject Codes for Tax Year 2011

9000	Duplicate return.
9001	If the filing status is other than Married Filing Jointly, only the primary taxpayer name and SSN must be present.
9002	The Primary SSN cannot be blank or zero and must be valid.
9003	If the filing status is Married Filing Jointly, the spouse SSN and spouse name must be present and the SSN must be valid.
9004	If either a taxpayer or spouse (if MFJ) is not a full-year resident, then line 54 cannot be blank.
9005	<p>When line 6 of the D-400TC is greater than zero, then all of lines 1 through 4 of the D-400TC cannot be blank or zero and line 7b must equal one.</p> <p>*Expanded Description for Software Developers Only* [i.e. if TC line 6 > 0, then at least one of TC lines 1 - 4 must have a non-zero value and TC line 7b must be 1 -- if the taxpayer is claiming credits for more than one other state, the taxpayer must complete a separate worksheet, and will not complete lines 1 - 6] [If any lines are blank, the value will be treated as zero for comparison purposes.]</p>
9006	The sum of D-400TC lines 7a, 15, and 18 must equal line 19 of the D-400TC.
9007	If both taxpayer and spouse (if MFJ) are full-year residents, D-400TC line 16 must equal D400TC line 18, and D-400TC line 17 must be zero or blank. If either taxpayer or spouse (if MFJ) is not a full-year resident, both D-400TC line 17 and D-400TC line 18 must equal D-400TC line 16 multiplied by D-400 line 12 (or multiplied by 1.0000 if D-400 line 12 is greater than 1.0000).
9008	When the filing status equals Single and the AGI is greater than or equal to \$60,000 or Married Filing Jointly and the AGI is greater than or equal to \$100,000 or Married Filing Separately and the AGI is greater than or equal to \$50,000 or Head of Household and the AGI is greater than or equal to \$80,000 or Qualifying Widow (er) with Dependent Child and the AGI is greater than or equal to \$100,000 on the D-400, then lines 16 through 18 of the D-400TC must be zero or blank.
9009	If a taxpayer and spouse (if MFJ) are full-year residents, D-400TC line 13 must

	equal D-400TC line 15, and D-400TC line 14 must be zero or blank. If either taxpayer or spouse (if MFJ) is not a full-year resident, both D-400TC line 14 and D-400TC line 15 must equal D-400TC line 13 multiplied by D-400 line 12 (or multiplied by 1.0000 if D-400 line 12 is greater than 1.0000).
9010*	When line 18 of the D-400 is less than line 23, then lines 24a, 24b and 24c must be blank or zero.
9011*	The sum of lines 19a through 22 must equal line 23 of the D-400.
9012*	When line 18 of the D-400 is more than line 23, then line 18 minus line 23 must equal line 24a.
9013*	When line 18 of the D-400 is more than line 23, then lines 26 through 30 must be blank or zero.
9014	An amount must be present on line 6 of the D-400, either positive, negative or zero.
9015	Line 6 plus line 7 must equal line 8 and line 8 minus line 9 must equal line 10 of the D-400. (Note: Lines 7 and 9 can be positive or zero and lines 6, 8 and 10 can be positive, negative or zero.)
9016	If either a taxpayer or spouse (if MFJ) is not a full-year resident, then all of lines 54 through 56 of the D-400 cannot be blank or zero and line 12 must equal line 56.
9017	Lines 10 and 11 of the D-400 must equal.
9018*	Line 15 of the D-400 must equal line 37 of the D-400TC.
9019*	Line 14 minus line 15 must equal line 16 of the D-400.
9020*	Line 16 plus line 17 must equal line 18 of the D-400.
9021*	An amount must be present on line 32 of the D-400, either positive or zero.
9022*	Line 35 must equal the lesser of lines 33 or 34 of the D-400.
9023	An amount must be present for Federal Adjusted Gross Income on the D-400, either positive, negative, or zero.
9024	The residency status of the taxpayer and spouse (if MFJ) must be present.

9025	A filing status must be present.
9026	Line 54 of the D-400 divided by line 55 must equal line 56 rounded to four decimal places.
9027	When an amount is present on line 54 of the D-400, an amount must be on line 55.
9028	If a taxpayer is a part-year resident, the beginning and ending dates of residency must be present. If the spouse is a part-year resident, the beginning and ending dates of residency must be present.
9029	Line 2 of the D-400TC divided by line 1 of the D-400TC must equal line 3 of the D-400TC rounded to four decimal places.
9030*	Line 4 of the D-400TC must equal line 14 of the D-400. *Expanded Description for Software Developers Only* [This only applies when TC line 7b equals 1, implying that there is one other state to which tax is paid; if there is MORE THAN ONE other state to which tax is paid, a separate worksheet will be completed, so this rule does not apply when TC line 7b <> 1.][If any of the lines are blank, the value will be treated as zero for comparison purposes.]
9031	Line 3 of the D-400TC multiplied by line 4 of the D-400TC must equal line 5 of the D-400TC.
9032	Line 7a of the D-400TC must be equal to the lesser of line 5 or line 6 of the D-400TC. *Expanded Description for Software Developers Only* [This only applies when TC line 7b equals 1, implying that there is one other state to which tax is paid; if there is MORE THAN ONE other state to which tax is paid, a separate worksheet will be completed, so this rule does not apply when TC line 7b <> 1.][If any of the lines are blank, the value will be treated as zero for comparison purposes.]
9033	Line 9 of the D-400TC must be less than or equal to line 8 of the D-400TC.
9034	Line 11 of the D-400TC must equal line 8 minus line 9 of the D-400TC.
9035*	Line 33 of the D-400TC must equal the total of lines 19, 20b, 21, 23, 24, 25, 26, 27b, 28b, 29b, 30b, 31, and 32 of the D-400TC.

9036*	Line 35 of the D-400TC must be equal to the lesser of lines 33 and 34. Also, the sum of lines 35 and 36 must equal line 37 of the D-400TC.
9037*	When line 34 of the D-400TC is blank, then line 37 of the D-400TC must be blank.
9038*	When line 33 or line 36 of the D-400TC is greater than zero, then line 34 of the D-400TC must equal line 14 of the D-400.
9039*	The NC Public Campaign Fund election for the taxpayer and spouse (if MFJ) must be valid.
9040*	The NC Political Party Financing Fund election for the taxpayer and spouse (if MFJ) must be valid.
9041*	Line 7 of the D-400 must equal line 41 of the D-400.
9042	Line 9 of the D-400 must equal line 53 of the D-400.
9043	If a taxpayer and spouse (if MFJ) are full-year residents, then line 11 of the D-400 must equal line 13 and all of lines 12 and 54 through 56 of the D-400 must be blank.
9044	If either a taxpayer or spouse (if MFJ) is not a full-year resident, then line 11 of the D-400 multiplied by line 12 must equal line 13.
9045	If line 13 of the D-400 is greater than or equal to \$10, then an amount must be present on line 14 of the D-400.
9046*	If the filing status is not Married Filing Jointly, then line 19b of the D-400 (spouse withholding) must be blank or zero.
9047*	The indicator on Form D-400 denoting an exception to underpayment of estimated income tax must be valid.
9048*	When line 18 of the D-400 is more than line 23, then the sum of lines 24a, 24b, 24c and 24d must equal line 25.
9049*	When line 18 of the D-400 is less than line 23, then line 23 minus lines 18 and 24d must equal line 26 if the result is greater than zero.
9050*	When line 18 of the D-400 is less than line 23, then line 23 minus lines 18 and 24d must equal line 25 if the result is less than zero.

9051*	Line 27 of the D-400 plus line 28 must equal line 29.
9052*	Line 29 of the D-400 must be less than or equal to line 26.
9053*	Line 26 of the D-400 minus line 29 must equal line 30.
9054*	Line 31 of the D-400 minus line 32 must equal line 33. (Note: Line 33 cannot be less than zero.)
9055*	The sum of lines 35 through 40 of the D-400 must equal line 41.
9056*	The sum of lines 42 through 47 plus lines 48d through 52 of the D-400 must equal line 53.
9057	If line 7b of the D-400TC is greater than one, then lines 1 through 6 of the D-400TC must be blank.
9058	Line 10 of the D-400TC plus line 12 of the D-400TC must equal line 13 of the D-400TC.
9059	When line 20b of the D-400TC is greater than zero, then line 20a cannot be blank or zero.
9060*	When line 29b of the D-400TC is greater than zero, then line 29a cannot be blank or zero.
9061*	Deleted.
9062*	Both D-400TC line 41b and D-400 line 22 must equal D-400TC line 41a multiplied by 25% (0.25).
9063*	The sum of lines 48a, 48b and 48c of the D-400 must equal line 48d.
9064*	Line 37 of the D-400TC must be less than or equal to line 14 of the D-400.
9065*	The part-year resident dates for the taxpayer and spouse (if MFJ) must be valid.
9066	If a taxpayer and spouse (if MFJ) are full-year residents, then the nonresident indicators, part-year resident indicators, and part-year resident dates for the taxpayer and spouse (if MFJ) must be blank.

9067	If a taxpayer is not a full-year resident, then either the nonresident indicator or the part-year resident indicator and not both must be present. If the filing status is MFJ and the spouse is not a full-year resident, then either the spouse nonresident indicator or the spouse part-year resident indicator and not both must be present.
9068	If a taxpayer is a nonresident for the entire year, then the part-year resident dates should be blank. If the filing status is MFJ and the spouse is a nonresident for the entire year, then the spouse part-year resident dates should be blank.
9069	The part-year resident indicator for the taxpayer or spouse (if MFJ) or both is not valid.
9070	The nonresident indicator for the taxpayer or spouse (if MFJ) or both is not valid.
9071	The date of death for the taxpayer or spouse (if MFJ) or both is not valid.
9072*	Deleted.
9073	A numeric field contains invalid data.
9074	The software used has not been approved for e-file.
9075	If the taxpayer or spouse is deceased, then a corresponding date of death must be present. If the taxpayer or spouse is not deceased, then the corresponding date of death must be blank.
9076*	The deceased indicator for the taxpayer and spouse (if MFJ) must be valid.
9077*	If a taxpayer and spouse (if MFJ) are full-year residents, D-400 line 21 must equal D-400TC line 39, and D-400TC line 40 must be zero or blank.
9078*	If either taxpayer or spouse (if MFJ) is not a full-year resident, both D-400 line 21 and D-400TC line 40 must equal D-400TC line 39 multiplied by D-400 line 12 (or multiplied by 1.0000 if D-400 line 12 is greater than 1.0000).
9079*	D-400TC line 39 must equal D-400TC line 38 multiplied by 5% (0.05).
9080 **	Deleted
9081**	Deleted

9082	Lines 7, 9, 12, 14 through 53, and 56 of the D-400 cannot be a negative.
9083*	Lines 2 through line 41b of the D-400TC cannot be a negative.
9084*	If an amount is present on line 38 of the D-400TC, then a number must be present for the number of qualifying children, either positive or zero.
9085	If International ACH Transaction indicator is marked yes, then the State Direct Deposit indicator and banking information must be blank.
9086*	When the number of qualifying children equals zero, then D-400TC line 38 must be less than or equal to \$464. When the number of qualifying children equals one, then D-400TC line 38 must be less than or equal to \$3,094. When the number of qualifying children equals two, then D-400TC line 38 must be less than or equal to \$5,112. When the number of qualifying children equals three or more, then D-400TC line 38 must be less than or equal to \$5,751.

* = Revised

** = New

CHAPTER 11

HELPFUL TIPS

- ☹ Clearly define in your software how to enter and transmit a State Only return.
- ☹ The most common error found during testing was the formatting of the Federal Adjusted Gross Income.
- ☹ **"A significant number of refund checks (and other correspondences) are being misdirected due to missing apartment-number information. If your software has a separate field for apartment number, please be sure to append that number (e.g. Apt 12345) at the end of the Address Line 2 (field #0080). If your software does NOT have a separate field for apartment number, please add some form of message to your software to remind the user to include their apartment number, if applicable."**
- ☹ **Please do not enter the apartment number in Field 0074 of the Record Layout. This field is not processed by NCDOR.**
- ☹ Use of a Paid Tax Preparer field (IRS field 0305a) was not completed. **Required field.**
- ☹ As specified in Chapter 13 of this handbook, a complete copy of the federal return **must** be included in the unformatted state record. See Chapter 13 for further details about the federal data and the unformatted state record.
- ☹ Do **not** allow a social security number in the spouse field if the filing status is not MFJ.
- ☹ Your software **must** comply with the edits and crosschecks in Chapter 12 of this handbook and the field description requirements in the North Carolina generic record layout.
- ☹ A negative sign (-) should **not** appear on line 15, Total Tax Credits. There should never be a negative tax credit.
- ☹ Do not allow Mr., Mrs., or Miss in the taxpayer name fields.
- ☹ Do not allow an amount to be entered on Line 15 of Form D-400 unless the Form D-400TC has been completed and is present.
- 😊 Please respond in a timely manner when we make you aware of problems with your software.
- 😊 Watch for fields that require you to right-justify, left-justify, or zero-fill.
- 😊 Please **regression test** after making changes and corrections to your software packet during production.
- 😊 **Remember:** You must complete the Forms testing process in order to get your software approved to allow for paper filing.
- 😊 To assist in the PATS testing process, it may be helpful to have a person on staff that is familiar with tax law assisting the programmer.
- 😊 Acknowledgments should be sent to the transmitters on a timely basis.
- 😊 Form NC-8633, Application to participate in the Electronic Filing Program, is **not** needed to participate in the North Carolina Fed/State cooperative program. A new or revised federal application should **not** be submitted.
- 😊 Clearly state in your software packet that amended returns cannot be electronically filed.
- 😊 Miscellaneous lines on Form D-400TC (i.e. Part 4, Line 31) should not be populated unless the taxpayer is claiming a tax credit(s) and the D-400TC is required.
- 😊 **The software must include both the Tax Rate Schedule and Tax Table.**

CHAPTER 12

SOFTWARE EDITS & CROSS-CHECKS

Edits for Form D-400:

1. The primary taxpayer and spouse social security numbers must be numeric. "NRA" (non-resident alien) and "applied for" are not allowed.
2. The filing status claimed on lines 1 through 5 must match the filing status claimed on the federal return for a Federal/State return.
3. If the filing status is 2, the name and social security numbers for **both** the primary taxpayer and the spouse must be entered.
4. The number of exemptions claimed on the State return must match the number of exemptions listed on line 6d of Federal Form 1040 or line 6d of Federal Form 1040A. If Federal Form 1040EZ is filed, the number of exemptions must equal 0, 1, or 2.
5. The Federal Adjusted Gross Income from the federal return Form 1040, line 43; Form 1040A, line 27; or Form 1040EZ, line 6, must be present. **Note: This edit is vital to the processing of the North Carolina e-file return. It should be displayed in IRS field 0305j and must be present on every return.**
6. If the State return has a domestic address, the following IRS fields must be present: field #0075, #0085, #0095 and #0100.
7. If the State return has a foreign address, the following IRS fields must be present: field #0077, #0087, and #0098.
9. The percentage computations on Form D-400 lines 12 and 56 and Form D-400TC line 3 should be rounded to four decimal points.
10. INCOME (D-400, Page 1)
 - A. Line 8 is the sum of lines 6 and 7.
 - B. Line 10 is line 8 minus line 9.
 - C. Full-year residents must enter the amount from line 11 on line 13. Part-year residents and nonresidents must multiply the amount on line 11 by line 12 and enter the result on line 13.
 - D. Line 12 must equal line 56.
11. ADDITIONS TO FEDERAL TAXABLE INCOME (D-400, Page 3)

- A. Line 31 must match the itemized or standard deduction on line 40 of Federal Form 1040 or line 24 of Federal Form 1040A. For 1040EZ Single filers, enter the lesser of \$5,800 or the amount from line 5 of Federal Form 1040EZ. For 1040EZ Married Filing Jointly filers, enter the lesser of \$11,600 or the amount from line 5 of Federal Form 1040EZ.
- B. Line 33 is line 31 minus line 32. The amount on line 33 cannot be less than zero.
- C. Line 34 is the amount of State and local taxes from line 5 of Federal Schedule A, motor vehicle taxes from line 8 of Federal Schedule A, and any foreign income taxes included on line 8 of Federal Schedule A.
- D. If a taxpayer itemized deductions, line 35 is the lesser of line 31 or line 32. If a taxpayer claimed the standard deduction, line 35 is the same as line 33 and line 34 should be blank.
- E. Line 36 must equal the number of exemptions claimed on line 6d of 1040 or 1040A multiplied by \$1,200 if the taxpayer's federal adjusted gross income does not exceed the amounts listed for their filing status (**see instructions on pg 12 of the D-400 Instructions**). For 1040EZ Single filers, enter zero if the taxpayer can be claimed as a dependent by someone else or enter \$1,200 if the taxpayer cannot be claimed as a dependent by someone else. For 1040EZ Married Filing Jointly filers enter zero if both spouses can be claimed as a dependent by someone else; enter \$1,200 if only one spouse can be claimed as a dependent by someone else; or enter \$2,400 if neither spouse can be claimed as a dependent by someone else.
- F. Line 36 must equal the number of exemptions claimed multiplied by \$1,700 if the taxpayer's federal adjusted gross income exceeds the amounts listed for their filing status (**see instructions on pg 12 of the D-400 Instructions**). For 1040EZ Single filers, enter zero if the taxpayer can be claimed as a dependent by someone else or enter \$1,700 if the taxpayer cannot be claimed as a dependent by someone else. For 1040EZ Married Filing Jointly filers enter zero if both spouses can be claimed as a dependent by someone else; enter \$1,700 if only one spouse can be claimed as a dependent by someone else; or enter \$ 3,400 if neither spouse can be claimed as a dependent by someone else.
- G. Line 37 is interest income from obligations of states other than North Carolina.
- H. Line 38 is adjustment for bonus depreciation (**see instructions on page 12**).
- I. Line 39 is adjustment for section 179 expense deduction (**see instructions on page 12**).
- J. Line 40 is other additions to federal taxable income (**attach explanation or schedule**).
- K. Line 41 is the sum of lines 35 through 40. **Line 7 must equal line 41.**

12. DEDUCTIONS FROM FEDERAL TAXABLE INCOME (**D-400, Page 3**)

- A. Line 42 must match the state or local income tax refund on line 10 of Federal Form 1040.
- B. Line 43 Interest income from obligations of the United States or United States' possessions.

- C. Line 44 must equal the taxable portion of social security and railroad retirement benefits included on Federal Form 1040, line 20b or Form 1040A, line 14b.
 - D. Line 45 is retirement benefits received from vested N.C. State government N.C. local government or federal government retirees (**Bailey settlement-Important: See line instructions on page 13**).
 - E. Line 46 must not exceed \$4000 for taxpayers with a filing status other than Married Filing Jointly. Line 48 must not exceed \$8000 for taxpayers with a filing status of Married Filing Jointly. Line 46 must equal line 4 of the State “**Retirement Benefits Worksheet**”, page 14 of the D-400 Instructions.
 - F. Line 47 is Severance wages (**see line instructions on page 14 for explanation of qualifying severance wages**).
 - G. Line 48 is adjustment for bonus depreciation added back in 2008, 2009, and 2010 (**see line instructions on page 14**).
 - H. Line 49 is adjustment for section 179 expense deduction added back in 2010 (**see line instructions on page 14**).
 - I. Line 50 is contributions to North Carolina’s National College Savings Program (NC 529 plan) (**see line instructions on page 14 for deduction limitations**).
 - J. Line 51 is adjustment for absorbed NOL added back in 2003, 2004, 2005, and 2006 (**see instructions on page 14**).
 - K. Line 52 is other deductions from federal taxable income (**attach explanation or schedule. Do not include any deduction from retirement benefits on this line**).
 - L. Line 53 is the sum of lines 42 through 52. **Line 9 must equal line 53.**
13. COMPUTATION OF NC TAXABLE INCOME FOR PART-YEAR RESIDENTS AND NONRESIDENTS (D-400, Page 4)
- A. Line 54 you must enter the amount from **Column B, Line 33 of the Part-Year Resident/Nonresident Worksheet** on page 15 of the instructions.
 - B. Line 55 you must enter the amount from **Column A, Line 33 of the Part-Year Resident/Nonresident Worksheet** on page 15 of the instructions.
 - C. Line 56 must equal line 54 divided by line 55.
 - D. If the taxpayer and/or spouse is a part-year resident of North Carolina, the beginning and ending dates of residency are required.

14. NORTH CAROLINA INCOME TAX (D-400, Page 2)

- A. Line 10 must equal line 11.
- B. Line 14 must be computed based on the North Carolina Tax Table if taxable income on line 13 is less than \$68,000. If line 13 is \$68,000 or greater, line 14 must be computed based on the 2011 Tax Rate Schedule.

17. TAXES PAID (D-400, Page 2)

- A. The filing status must be 2 to enter an amount on line 19b.
- B. Line 23 is the sum of lines 19a, 19b, 20a, 20b, 20c, 20d, 21, and 22.
- C. Line 15 must equal the amount entered on Form D-400TC, Part 4, Line 37.
- D. Line 16 is line 14 minus line 15.
- E. Line 18 is the sum of lines 16 and 17.
- F. Line 25 is the sum of lines 24a, 24b, 24c and 24d.

18. OVERPAYMENTS (D-400, Page 2)

- A. Line 26 is line 18 minus line 23 and any amount on line 24d. If the result is less than zero, the return is a balance due return and line 26 will be blank.
- B. Line 29 is the sum of line 27 and line 28.
- C. Line 30 is line 29 minus line 26.

19. TAX DUE (D-400, Page 2)

- A. Line 24a is line 18 minus line 23. If the result is less than zero, the return is an overpayment and line 24a will be blank.

Edits for Form D-400TC:

1. PART 1 - CREDIT FOR INCOME TAX PAID TO ANOTHER STATE OR COUNTRY -- NC RESIDENTS ONLY (D-400TC, Page 1)

- A. Line 1 must equal Federal Form 1040, line 22; 1040A, line 15; or 1040EZ, line 4, while a resident of NC adjusted by the applicable additions shown on lines 37, 38, 39 and 40 and/or deductions shown on lines 42 through 49 and line 51 and 52 of Form D-400. Do not make an adjustment for domestic production activities included on Line 40 or for any portion of Line 40 or 52 that does not relate to gross income.

- B. Line 3 is line 2 divided by line 1, rounded to **four** decimal places.
- C. Line 4 must equal Form D-400, line 14.
- D. Line 5 is line 3 multiplied by line 4.
- E. Line 7a is the lesser of line 5 and line 6. Include in the total on Part 4, line 19.
- F. Line 7b must equal the number of states for which credits are claimed.
- G. Important: If a credit is claimed for tax paid to more than one state or country; do not complete lines 1 through 6 of Part 1. Instead, see the instructions and the Out-of-State Tax Credit Worksheet on Page 16 of the 2011 Form D-400 Instructions.**

2. PART 2 - CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES (D-400TC, Page 1)

- A. Line 9 must equal the portion of line 8 that was incurred for dependent(s) under the age of seven and dependent(s) who were physically or mentally incapable of caring for themselves.
- B. Line 10 is line 9 multiplied by the applicable decimal amount in Column A of the Child and Dependent Care Credit Table as shown on page 16 of the D-400 Instructions.
- C. Line 11 is line 8 minus line 9.
- D. Line 12 is line 11 multiplied by the applicable decimal amount in Column B of the Child and Dependent Care Credit Table as shown on page 16 of the D-400 Instructions.
- E. Line 13 is the sum of lines 10 and 12. Full-year residents must also enter the amount from line 13 on line 15.
- F. Line 14 is for nonresidents and part-year residents to multiply the amount on line 13 by the decimal amount from line 12 of Form D-400. The result must also be entered on line 15. If line 12 of Form D-400 is more than 1.0000, enter the amount from line 13 on line 14 and on line 15.
- G. Line 15 is the total Credit for Child and Dependent Care Expenses from line 13 or line 14. Include the amount from line 15 on line 19, Part 4.

3. PART 3 - CREDIT FOR CHILDREN (D-400TC, Page 2)

- A. Line 16 is \$100 multiplied by the number of children for whom a taxpayer is entitled to claim a federal tax credit. This credit can be claimed only if federal adjusted income is less than the amount shown for the filing status (see page 17 of Form D-400 Instructions). **Important: This credit can be claimed only for a dependent child who was under 17 years of age on the last day of the tax year.**

- B. Line 17 is for nonresidents and part-year residents to multiply the amount on line 16 by the decimal amount on line 12 of Form D-400. The result must also be entered on line 18. If line 12 of Form D-400 is more than 1.0000, enter the amount from line 16 here and on line 18.
- C. Line 18 is the total Credit for Children and must equal line 16 for full-year residents or line 17 for nonresidents and part-year residents. Include the amount from line 18 on line 19, Part 4.

4. PART 4 - OTHER TAX CREDITS (D-400TC, Page 2)

- A. Line 19 is the sum of lines 7a, 15, and 18.
- B. Line 20b is the credit for charitable contributions by nonitemizers. Complete the Worksheet for Determining Tax Credit for Charitable Contributions on page 17 of Form D-400 Instructions. Line 20a is the total amount of charitable contributions. **Important: Only taxpayers who claim the standard deduction on their federal return can claim this credit.**
- C. Line 21 is the Credit for long-term care insurance premiums. Complete the Worksheet for Determining Tax Credit for Premiums Paid on Long-term Care Insurance Contracts on page 18 of Form D-400 Instructions.
- D. Line 22 is the Credit for adoption expenses. **Note: Taxpayers claiming this credit must file a paper return.**
- E. Line 23 is the Credit for children with disabilities who require special education. **(Complete the Child with Disabilities Tax Credit Worksheet on Page 18 of the instructions.)**
- F. Line 24 is the Credit for Qualified Business Investments **(See D-400 Instructions on Page 18).**
- G. Line 25 is the Credit for disabled taxpayer, dependent, or spouse **(Complete Form D-429, Worksheet for Determining the Credit for the Disabled Taxpayer, Dependent, or Spouse, and enter the amount from Line 13 or 14, whichever is applicable.)**
- H. Line 26 is the Credit for certain real property land donations **(See D-400 instructions on page 19.)**
- I. Line 27 is the Credit for rehabilitating an **income-producing historic structure**. Enter qualified rehabilitation expenditures on line 27a. Enter installment amount of credit on line 27b. **(See D-400 Instructions on page 19).**
- J. Line 28 is the Credit for rehabilitating a **nonincome-producing historic structure**. Enter rehabilitation expenses on line 28a. Enter installment amount of credit on line 28b. **(See D-400 Instructions on page 19).**
- K. Line 29 is the Credit for rehabilitating an **income-producing historic mill facility**. Enter rehabilitation expenditures on line 29a. Enter amount of credit on line 29b. **(See D-400 Instructions on page 19).**

L. Line 30 is the Credit for rehabilitating a **nonincome-producing historic mill facility**. Enter rehabilitation expenditures on line 30a. Enter installment amount of credit on line 30b. **(See D-400 Instructions on page 19)**.

M. Line 31 is Other Miscellaneous Income tax credits. Choose the applicable selection(s): Property Taxes on Farm Machinery, Gleaned Crops, Poultry Composting, Handicapped Dwelling Units, Conservation Tillage Equipment and Recycling Oyster Shells. **(See D-400 Instructions on page 19)**.

N. Line 32 is tax credits carried over from previous year, if any. Do not include any carryover of tax credits claimed on Form NC-478.

O. Line 33 is the sum of lines 19, 20b, 21, 23, 24, 25, 26, 27b, 28b, 29b, 30b, 31 and 32.

P. Line 34 is the amount of tax from Form D-400, line 14.

Q. Line 35 is the lesser of line 33 or line 34.

R. Line 36 is from Form NC-478, Business incentive and energy tax credits (See D-400 Instructions page 20).

S. Line 37 is the sum of lines 35 and 36. Enter the amount here and on line 15, Form D-400. The amount on line 37 may not exceed the tax shown on Form D-400, line 14.

5. PART 5 – EARNED INCOME CREDIT- **NOT LIMITED TO AMOUNT OF TAX** (D400TC, page 2)

A. Line 38 is the amount of federal earned income tax credit.

B. Line 39 is line 38 multiplied by 5 % (0.05).

C. Line 40 is line 39 multiplied by the decimal amount from Form D-400 line 12.

6. PART 6 – Tax Credit for Small Businesses That Pay N.C. Unemployment Insurance- **NOT LIMITED TO AMOUNT OF TAX** (D400TC, page 2)

A. Line 41a is the amount of qualified N.C. Unemployment Insurance Contributions.

B. Line 41b is line 41a multiplied by 25% (.25).

CHAPTER 13

NORTH CAROLINA RECORD LAYOUT

North Carolina Forms D-400 and D-400TC are the only North Carolina individual income tax returns that are accepted for electronic filing for tax year 2011. The record layout lists the data fields contained in the proposed IRS generic record. The Department of Revenue's designation of the data fields is listed below the IRS field description. All North Carolina data will be contained in the generic record for tax year 2011.

Please note the following items:

- The IRS convention of "sign trailing" will be used for all IRS numeric data fields. These money fields are 12 characters: 11 numeric characters must be right-justified and zero filled followed by a negative sign (-) if negative or by a blank () if positive.
- North Carolina has adopted the standards established by all states participating in the Federal/State Electronic Filing Program. However, North Carolina redefines the following IRS alphanumeric fields so that the entire North Carolina individual income tax return can be transmitted in the generic record format without using unformatted records:
 - IRS Field #0300b
 - IRS Field #0305For detailed information, please refer to the record layout attached.
- If a primary taxpayer and/or spouse elects to contribute to the NC Political Parties Financing Fund in the IRS fields #0305b and #0305c, each transmitted record **must** contain a valid code of '1', '2', '3', '4' or blank. The codes represent the following: **1 – Democratic, 2 – Republican, 3 – Libertarian, or 4 - Unspecified. If no election is made, the field must be blank.**
- If a primary taxpayer and/or spouse elects to contribute to the NC Public Campaign Fund in the IRS fields #0305k and #0305l, each transmitted record must contain a valid code of 'Y', 'N' or blank. If no election is made, the field must be blank.
- The generic record must be used to transmit North Carolina returns. Unformatted records containing state data will not be edited or processed.
- Only whole dollar amounts should be entered on North Carolina forms.
- If a paid tax preparer completed the return, the following fields must be present:
 - A 'Y' must be present in byte 1 of IRS field #0305a.
 - A paid preparer must include either his SSN or PTIN in IRS field #0050a and his EIN in IRS field #0050b, if applicable.
 - The name of the preparer, the preparer's firm name, street address, city, state and zip code must be included in IRS field's #0050c, #0050d, #0052b, #0052c, #0052d, #0052e, #0052f, and #0300b.

- Each transmitted record must contain a valid Software Developer Code in the IRS field #0300a. The developer must provide their ID to NCDOR during PATS testing.
- Each transmitted record must contain a valid ETIN in the IRS field #0023a. **Note: This is not the mailbox number, but the ETIN of the original transmitter.**
- All numeric fields must be complete using the specified number of bytes if filled. These fields should be right-justified and zero filled unless otherwise specified in the generic record layout.
- If a primary taxpayer and/or spouse have a tax credit for Other Miscellaneous Income tax credits in the IRS fields #0305m thru #0305q or #0305u, each transmitted record must contain a valid code of 'Y', 'N' or blank for each field where applicable. If no tax credit is present, the field must be blank. The codes represent the following:
 - Property Taxes on Farm Machinery
 - Gleaned Crops
 - Poultry Composting
 - Handicapped Dwelling Units
 - Conservation Tillage Equipment
 - Recycling Oyster Shells

FEDERAL DATA

A complete copy of the federal data must be supplied for **all** returns. The federal data should be placed in the unformatted state record. The federal data should be identical to the IRS data with the exception of four characters. For these characters, a state character should be substituted for the corresponding IRS value. The characters are as follows:

IRS Character	Substitution Character	ASCII HEX	EBCDIC HEX
****	!!!!	21212121	5A5A5A5A
[{	7B	C0
]	}	7D	D0
#	\$	24	5B

Each of the unformatted state records will provide 60 lines, each of which is 80 bytes in length. All 60 lines should be used before another unformatted state record is added. Any unused space within the 80-byte data line should be filled with blanks.

The federal data must be formatted using the IRS's formatting requirements for variable length records. NCDOR requires that the following federal forms should be submitted in the unformatted state record(s): 1040, 1040A, 1040EZ, Schedule A, Schedule C, Schedule D, Schedule E, Form 8839, Schedule EIC, , Form 8949, Form 4972, Schedule F, Form 2106, Form 4562, Form 8829, Form 8863, 1099-R and W-2. If other federal forms are submitted, they will not be edited or processed by the NCDOR. The *IRS Summary Record, Preparer Note Record, Election Explanation Record, Regulatory Explanation Record, Authentication Record, and Foreign Employer Compensation Record (FEC) do not have to be placed in the unformatted state record. If they are included, they will not be edited or processed by the NCDOR.

NOTE: Each software package must comply with the conditions listed below. Failure to do so will affect the proper processing of taxpayer information submitted via the software. It will also affect the approval of the software.

- 1) If the *above noted records or statement records are included in the unformatted state record, they must be placed at the end of this record, i.e. after all tax returns, schedules and forms.
- 2) The following characters should not be placed in any field values in the state unformatted record:

\$! # { }

Note: THE '\$' AND '{ } SHOULD NOT BE INCLUDED IN ANY OF THE COMMENT FIELDS ON ANY OF THE FEDERAL FORMS.

- 3) Do not split federal forms between unformatted records. If two or more unformatted records are required for a return, individual federal forms should not be divided between the two records, i.e. part of the form in one record and the remainder in the other record.
- 4) In the unformatted state record, do not include pages from federal forms that contain no field values.

**NC Department of Revenue Generic Record Layout
Electronic Filing for Forms D-400 and D-400TC
August 2011**

HEADER SECTION

Field #	Identification	Length	Description
	Byte Count	4	"2754" for fixed; "nnnn" for variable format
	Start of Record Sentinel	4	Value "*****"
0000	Record ID Type	6	Value "STbbbb"
0001	Form Number	6	Value "0001bb"
0002	Page Number	5	Value "PG01b"
0003	Primary SSN	9	Numeric
0004	Filler	1	No entry/blank
0005	Form/Schedule Number	7	Value "0000001"

Field #	Identification	Length	Description
0010	State Code	2	Value "NC"
0011	City Code	2	No entry/blank
0015	Imperfect Return Indicator	1	Value "E" = Exception Processing or Blank
0016	ITIN/SSN Mismatch Indicator	1	Value "M" = Mismatch or Blank
0019	State-Only-Indicator	2	Value "SO" (State Only return data)
0020	Declaration Control Number	14	Numeric; Assigned by filer
	a. First Two Positions	2	Value always "00"
	b. EFIN of Originator	6	Numeric
	c. Batch Number	3	Numeric (000-999)
	d. Serial Number	2	Numeric (00-99)
	e. Year Digit	1	Value "2"
0023	Return Sequence Number	16	Numeric; Required Field
	a. ETIN of Transmitter	5	Must equal RSN
	b. Trans Use Field	2	Numeric in 1040, A, or EZ
	c. Julian Date of Tr	3	Numeric
	d. Trans Seq. Number	2	Numeric (01-99)
	e. Seq Number of Ret	4	Numeric (0001-9999)

STATE DIRECT DEPOSIT OR DIRECT DEBIT SECTION

Field #	Identification	Length	Description
0024	Direct Deposit/Debit Indicator	1	Numeric 1 = Direct Deposit Blank = No direct deposit
0025	Reserved-RTN-Flag	1	No entry/zero
0027	Direct Debit Date	8	No entry/blank
0028	Direct Debit Amount	12	No entry/blank
0030	State-Routing Transit	9	Numeric Valid nine-digit number of financial institution for direct deposit election. Blank if no direct deposit election.
0032	State-RTN-Indicator	1	Numeric 0 = No State RTN present 1 = State RTN found on FOMF 2 = State RTN not found on FOMF
0035	State-Deposit Acct No	17	Alphanumeric Valid account number that can be 17 digits for direct deposit election. <u>Left-justified, space-filled if less than 17 digits.</u> <u>Cannot contain leading or embedded spaces.</u> Blank if no direct deposit election.
0040	State-Checking-Acct	1	Alpha Value "X" or Blank
0048	State-Savings-Acct	1	Alpha Value "X" or Blank

INDICATORS SECTION

Field #	Identification	Length	Description
0049	On-Line-State-Return	1	Alpha Value "O" = On-line

PARTICIPANT SECTION

Field #	Identification	Length	Description
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0050	State Numeric Area	27	Numeric
	a. Preparer SSN/Preparer TIN (PTIN)	9	Numeric (byte 01-09) Value PNNNNNNNNN or NNNNNNNNNN Preparer SSN required if Preparer TIN is not present.
	b. Preparer EIN	9	Numeric (byte 10-18) Required if preparer has one available.
	c. Preparer ZIP	5	Numeric (byte 19-23)
	d. Prepare ZIP + 4	4	Numeric (byte 24-27)
0052	State Alphanumeric Area	93	Alphanumeric
	a. Mailbox ID	5	Alphanumeric (byte 01-05) No entry/blank
	b. Preparer Firm Name	35	Alphanumeric (byte 06-40)
	c. Preparer Street Address	30	Alphanumeric (byte 41-70)
	d. Preparer City	20	Alpha (byte 71-90)
	e. Preparer State	2	Alpha (byte 91-92)
	f. Preparer Self-Empl Ind	1	Alpha (byte 93) Value "X" or Blank

ENTITY SECTION

Field #	Identification	Length	Description
0055	Spouse's SSN	9	Numeric Required field if filing status is '2'. Blank when filing status is not '2'.
0060	Name Line 1	35	Alphanumeric
	a. Primary Last Name	32	Required field.
	b. Primary Suffix	3	Numeric characters must be replaced by roman numerals.
0062	Date of Death Primary	8	Numeric Use a valid date (ex. YYYYMMDD) or Blank.
0065	Name Line 2	35	Alphanumeric
	a. Secondary Last Name	32	Required field if filing status is '2'.
	b. Secondary Suffix	3	Numeric characters must be replaced by roman numerals.

0068	Date of Death Spouse	8	Numeric Use a valid date (ex. YYYYMMDD) or Blank.
0070	Name Line 3	35	Alphanumeric
	a. Primary First Name	16	Required field.
	b. Primary Middle Initial	1	Alpha
	c. Secondary First Name	16	Required field if filing status is '2'.
	d. Secondary Middle Initial	1	Alpha
	e. IAT (International ACH Transaction)	1	Alpha Value "X" or Blank "See special instructions in the Software Developer Guide"
0074	In C/o Address	35	No entry/blank
0075	Address Line 1 Street Address Line 1	35	Alphanumeric Required field if a domestic address.
0077	Foreign Street Address	35	Alphanumeric Required field if a foreign address.
0080	Address Line 2 Mailing Address Line 2	35	Alphanumeric Notes: Executor Name is no longer being requested and should not be sent. "If your software has a separate field for apartment number, please be sure to append that number (e.g. "Apt 12345") at the end of this field.
0085	City	22	Alpha Required field if a domestic address.
0087	Foreign City, State, or Province	35	Alphanumeric Required field if a foreign address.
0090	City Code	5	No entry/zeros
0095	State Abbreviation	2	Alpha Required field if a domestic address.
0098	Foreign Country	22	Alpha Required field if a foreign address.

0100	Zip Code	12	Numeric <u>Left-justified, zero-filled.</u> Required field if a domestic address.
0105	County	20	Alpha
0110	County Code	5	Numeric The valid range is 00001-00101. A list of county codes is provided in the appendix. <u>Right-justified, zero-filled.</u> Required field if a domestic address. If a domestic address and the state is not NC, county code must be '101'.
0115	Taxpayer Telephone Number	12	Numeric <u>Left-justified, zero-filled.</u>
0120	Primary Taxpayer Signature	5	Numeric; PIN use only
0125	Spouse Signature	5	Numeric; PIN use only
0126	ERO EFIN/PIN	11	Numeric

Note: If the return has a domestic address, the following must be present:

IRS 0075, IRS 0095, and IRS 0100

If the return has a foreign address, the following must be present:

IRS 0077, IRS 0087, and IRS 0098

CONSISTENCY SECTION

Field #	Identification	Length	Description
0150	Federal Filing Status	1	Numeric Value "1", "2", "3", "4", or "5"
0155	Total Federal Exemptions	2	Numeric Valid range 00-99
0160	Wages, Salaries, Tips	12	No entry/zeros
0165	Taxable Interest	12	No entry/zeros
0170	Tax Exempt Interest	12	No entry/zeros
0175	Dividends	12	No entry/zeros
0180	State Refund State or local income tax refund	12	Numeric
0185	Taxable Social Security Benefits	12	No entry/zeros
0190	Keogh Plan and SEP Deductions	12	No entry/zeros
0195	Adjusted Gross Income	12	No entry/zeros
0200	Standard/Itemized Deductions	12	No entry/zeros

0205	Earned Income Credit	12	No entry/zeros
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ALPHANUMERIC SECTION

Field #	Identification	Length	Description
0300	Alphanumeric Field 1	80	Alphanumeric
	a. Software Developer Code	10	Alphanumeric (byte 01-10) Value: ID selected by the software developer
	b. Paid Preparer Name	31	Alpha
	.01 First Name	15	Alpha (byte 11-25)
	.02 Middle Initial	1	Alpha (byte 26)
	.03 Last Name	15	Alpha (byte 27-41)
Note: IRS field 0300B is subdivided which deviates from the adopted standard.			
	c. Preparer Phone Number	10	Numeric (byte 42-51) Left-justified. Required field if a paid preparer is present.
	d. Non-paid Preparer	13	No entry/blank (byte 52-64)
	e. Preparer State EIN	16	No entry/blank (byte 65-80)
0305	Alphanumeric Field 2	80	Alphanumeric
	a. Use of a Paid Tax Preparer	1	Alpha (byte 1) Value "Y" or "N" Required field.
	b. Political Party Fund – Primary	1	Alphanumeric (byte 2) Value "1", "2", "3", "4", or blank
	c. Political Party Fund – Spouse	1	Alphanumeric (byte 3) Value "1", "2", "3", "4", or blank
	d. Married Filing Separately Name	25	Alphanumeric (byte 4-28) Use IRS name criteria. Required field if filing status is '3'.
	e. Married Filing Separately SSN	9	Numeric (byte 29-37) Required field if filing status is '3'.
	f. Year Spouse Died	4	Numeric (38-41) Format is YYYY or no entry/blank. Required field if filing status is '5'.
	g. Exception to Underpayment	1	Alpha (byte 42)

	of Estimated Tax		Value "F", "A", or blank
	h. Deceased Indicator – Primary	1	Alpha (byte 43) Value "Y" or "N" ("Y" = primary deceased; otherwise the value should be "N") Required field.
	i. Deceased Indicator – Spouse	1	Alpha (byte 44) Value "Y" or "N" ("Y" = spouse deceased; otherwise the value should be "N") Required field if filing status is '2'.
	j. Federal Adjusted Gross Income from Federal Return	12	Numeric (byte 45-56) Note: May be negative. <u>Right-justified, zero-filled.</u> Required field.
	k. NC Public Campaign Fund – Primary	1	Alpha (byte 57) Value "Y", "N", or blank
	l. NC Public Campaign Fund – Spouse	1	Alpha (byte 58) Value "Y", "N", or blank
	m. Other miscellaneous income tax credits – Property Taxes on Farm Machinery	1	Alpha (byte 59) Value "Y", "N", or blank. Required field if credit claimed.
	n. Other miscellaneous income tax credits – Gleaned Crops	1	Alpha (byte 60) Value "Y", "N", or blank Required field if credit claimed.
	o. Other miscellaneous income tax credits – Poultry Composting	1	Alpha (byte 61) Value "Y", "N", or blank Required field if credit claimed.
	p. Other miscellaneous income tax credits – Handicapped Dwelling Units	1	Alpha (byte 62) Value "Y", "N", or blank Required field if credit claimed.
	q. Other miscellaneous income tax credits – Conservation Tillage Equipment	1	Alpha (byte 63) Value "Y", "N", or blank Required field if credit claimed.
	r. Residency Status – Primary	1	Alpha (byte 64) Value "Y" or "N" ("Y" = full-year resident; "N" = part-year or nonresident) Required field.
	s. Residency Status – Spouse	1	Alpha (byte 65) Value "Y", "N", or blank ("Y" = full-year resident; "N" = part-year

			or nonresident) Required field if filing status is '2'.
	t. Signed by Executor or Administrator Indicator	1	Alpha (byte 66) Value "Y" or "N" or blank Required field if primary or spouse is deceased.
	u. Other miscellaneous income tax credits – Recycling Oyster Shells	1	Alpha (byte 67) Value "Y", "N", or blank Required field if credit claimed.
	v. filler	13	Alphanumeric (byte 68-80)
0310	Alphanumeric Field 3	80	Alphanumeric
	a. Part-year resident: Date residency began – You (Primary)	6	Numeric (byte 01-06) Use a valid date (ex. MMDDYY) or Blank Required field if primary is part-year resident.
	b. Part-year resident: Date residency began – Spouse	6	Numeric (byte 07-12) Use a valid date (ex. MMDDYY) or Blank Required field if spouse is part-year resident and filing status is '2'.
	c. Part-year resident: Date residency ended – You (Primary)	6	Numeric (byte 13-18) Use a valid date (ex. MMDDYY) or Blank Required field if primary is part-year resident.
	d. Part-year resident: Date residency ended – Spouse	6	Numeric (byte 19-24) Use a valid date (ex. MMDDYY) or Blank Required field if spouse is part-year resident and filing status is '2'.
	e. Nonresident of NC Indicator – You (Primary)	1	Alpha (byte 25) Value "Y", "N", or blank Required field if primary is a nonresident.
	f. Nonresident of NC Indicator – Spouse	1	Alpha (byte 26) Value "Y", "N", or blank Required field if spouse is a nonresident and filing status is '2'.

	g. Moved Into or Out of NC Indicator – You (Primary)	1	Alpha (byte 27) Value “Y”, “N”, or blank Required field if primary moved into or out of NC.
	h. Moved Into or Out of NC Indicator – Spouse	1	Alpha (byte 28) Value “Y”, “N”, or blank Required field if spouse moved into or out of NC and filing status is ‘2’.
	i. Out of Country on April 15 and a U.S. Citizen or Resident Indicator – Primary and/or Spouse	1	Alpha (byte 29) Value “Y”, “N”, or blank Required field if primary and/or spouse were out of the country on April 15 and a U.S. citizen or resident.
	j. Number of qualifying children	2	Numeric (byte 30 – 31)
	k. Free File Indicator	1	Alpha (byte 32) Value “Y” or “N” Required field
	l. IP Address	39	Alpha (byte 33 – 71) For On-Line Filers Allowable values: blank, left-justified IPv4 format address, or left-justified IPv6 format address. Please do not include 'flags' or indicators. Required field for On-Line Filers.
	m. Filler	9	No entry/blank (byte 72-80)
0315	Alphanumeric Field 4	80	No entry/blank
0320	Alphanumeric Field 5	80	No entry/blank
0325	Alphanumeric Field 6	80	No entry/blank
0330	Alphanumeric Field 7	80	No entry/blank

SIGNED NUMERIC SECTION

Field #	Identification	Length	Description
0350	Numeric Field 1 Federal Taxable Income (D-400, Line 6)	12	Numeric Note: May be negative. Required field.

0355	Numeric Field 2 Additions to Federal Taxable Income (D-400, Line 7)	12	Numeric
0360	Numeric Field 3 Line 6 + Line 7 (D-400, Line 8)	12	Numeric Note: May be negative.
0365	Numeric Field 4 Deductions from Federal Taxable Income (D-400, Line 9)	12	Numeric
0370	Numeric Field 5 Line 8 - Line 9 (D-400, Line 10)	12	Numeric Note: May be negative.
0375	Numeric Field 6 Percentage of NC Taxable Income (D-400, Line 12)	12	Numeric Required field if part-year or non-resident indicator is "Y" for primary or spouse. Note: Round to four decimal places and do not enter the decimal point. Example: Enter .0055 as 0000000055
0380	Numeric Field 7 Line 16 + Line 17 (D-400, Line 18)	12	Numeric
0385	Numeric Field 8 Same as Line 10 (D-400, Line 11)	12	Numeric Note: May be negative.
0390	Numeric Field 9 NC Taxable Income (D-400, Line 13)	12	Numeric Note: May be negative.
0395	Numeric Field 10 NC Income Tax Withheld – Primary (D-400, Line 19a)	12	Numeric
0400	Numeric Field 11 NC Income Tax Withheld – Spouse (D-400, Line 19b)	12	Numeric
0405	Numeric Field 12 Total Tax Payments (D-400, Line 23)	12	Numeric
0410	Numeric Field 13 NC Income Tax (D-400, Line 14)	12	Numeric
0415	Numeric Field 14 Tax Credits (D-400, Line 15)	12	Numeric Required field if an amount is on Form D-400TC, Part 4, Line 37.
0420	Numeric Field 15	12	Numeric

	Overpayment (D-400, Line 26)		
0425	Numeric Field 16 2012 Estimated Income Tax Designation (D-400, Line 27)	12	Numeric
0430	Numeric Field 17 NC Wildlife Fund Designation (D-400, Line 28)	12	Numeric
0435	Numeric Field 18 Other miscellaneous income tax credits (D-400TC, Part 4, Line 31)	12	Numeric
0440	Numeric Field 19 Total designation (Line 27 + Line 28) (D-400, Line 29)	12	Numeric
0445	Numeric Field 20 Amount to be Refunded (D-400, Line 30)	12	Numeric Required field if taxpayer requests all of refund.
0450	Numeric Field 21 Interest Income from Obligations of States Other than NC (D-400, Line 37)	12	Numeric
0455	Numeric Field 22 Adjustment for Bonus Depreciation (D-400, Line 38)	12	Numeric
0460	Numeric Field 23 Other Additions to Federal Taxable Income (D-400, Line 40)	12	Numeric
0465	Numeric Field 24 Total Additions to Federal Taxable Income (D-400, Line 41)	12	Numeric
0470	Numeric Field 25 Interest Income from Obligations of the U.S. or U.S. Possessions (D-400, Line 43)	12	Numeric
0475	Numeric Field 26 Taxable Social Security and Railroad Retirement Benefits (D-400, Line 44)	12	Numeric
0480	Numeric Field 27 Retirement Benefits, Bailey	12	Numeric

	Settlement (D-400, Line 45)		
0485	Numeric Field 28 2011 Estimated Tax Payments (D-400, Line 20a)	12	Numeric
0490	Numeric Field 29 Penalties (D-400, Line 24b)	12	Numeric
0495	Numeric Field 30 Line 14 - Line 15 (D-400, Line 16)	12	Numeric
0500	Numeric Field 31 Result from Retirement Benefits Worksheet (D-400, Line 46)	12	Numeric Note: Amount must not exceed \$4000 for each taxpayer who received retirement benefits.
0505	Numeric Field 32 Adjustment for Bonus Depreciation added back in 2008 (D-400, Line 48a)	12	Numeric
0510	Numeric Field 33 Contributions to NC's National College Savings Program (D-400, Line 50)	12	Numeric
0515	Numeric Field 34 Federal Itemized or Standard Deduction (D-400, Line 31)	12	Numeric Required field.
0520	Numeric Field 35 NC Standard Deduction (D-400, Line 32)	12	Numeric Required field.
0525	Numeric Field 36 Line 31 - Line 32 (D-400, Line 33)	12	Numeric Note: Amount cannot be less than zero.
0530	Numeric Field 37 State, Local, and Foreign Income Taxes if Itemized (D-400, Line 34)	12	Numeric
0535	Numeric Field 38 Amount from Line 33, if Standard Deduction, or Lesser of Line 33 or Line 34, if Itemized (D-400, Line 35)	12	Numeric Required field.
0540	Numeric Field 39 Personal Exemption Adjustment	12	Numeric

	(D-400, Line 36)		
0545	Numeric Field 40 Total Credit for Child and Dependent Care Expenses for Full-year Residents (D-400TC, Part 2, Line 13)	12	Numeric
0550	Numeric Field 41 Child and Dependent Care Expenses from Federal Return (D-400TC, Part 2, Line 8)	12	Numeric Amount cannot exceed \$3000 for one dependent or \$6000 for two or more dependents.
0555	Numeric Field 42 Nonresidents and Part-year Residents (Line 13 times %) (D-400TC, Part 2, Line 14)	12	Numeric
0560	Numeric Field 43 Portion of Expenses Incurred for Dependents Under Age 7 and Dependents Incapable of Caring for Themselves (D-400TC, Part 2, Line 9)	12	Numeric
0565	Numeric Field 44 Credit at Rate from Column A of Table (D-400TC, Part 2, Line 10)	12	Numeric
0570	Numeric Field 45 Other Qualifying Expenses (D-400TC, Part 2, Line 11)	12	Numeric
0575	Numeric Field 46 Credit at Rate from Column B of Table (D-400TC, Part 2, Line 12)	12	Numeric
0580	Numeric Field 47 Total Child and Dependent Care Credit from Line 13 or Line 14 (D-400TC, Part 2, Line 15)	12	Numeric
0585	Numeric Field 48 Total of Parts 1, 2, and 3 (Add Lines 7a, 15, and 18) (D-400TC, Part 4, Line 19)	12	Numeric
0590	Numeric Field 49 Adjustment for Section 179 Expense Deduction (D-400, Line 39)	12	Numeric

0595	Numeric Field 50 Credit for Long-term Care Insurance Premiums (D-400TC, Part 4, Line 21)	12	Numeric
0600	Numeric Field 51 Total Charitable Contributions (D-400TC, Part 4, Line 20a)	12	Numeric
0605	Numeric Field 52 Credit for Qualified Business Investments (D-400TC, Part 4, Line 24)	12	Numeric
0610	Numeric Field 53 Credit for Disabled Taxpayer, Dependent, or Spouse (D-400TC, Part 4, Line 25)	12	Numeric
0615	Numeric Field 54 Credit for Certain Real Property Land Donations (D-400TC, Part 4, Line 26)	12	Numeric
0620	Numeric Field 55 Qualified Expenditures for Rehabilitating an Income- producing Historic Structure (D-400TC, Part 4, Line 27a)	12	Numeric
0625	Numeric Field 56 Rehabilitation Expenses for Rehabilitating a Nonincome- producing Historic Structure (D-400TC, Part 4, Line 28a)	12	Numeric
0630	Numeric Field 57 Credit for Children (D-400TC, Part 3, Line 16)	12	Numeric
0635	Numeric Field 58 Credit for Children (D-400TC, Part 3, Line 18)	12	Numeric
0640	Numeric Field 59 Paid with Extension (D-400, Line 20b)	12	Numeric
0645	Numeric Field 60 Partnership Payments (D-400, Line 20c)	12	Numeric <i>Note: Must mail copy of NC K-1 furnished by partnership(s) to the NCDOR to</i>

			verify the amount claimed.
0650	Numeric Field 61 S Corporation Payments (D-400, Line 20d)	12	Numeric Note: Must mail copy of NC K-1 furnished by S Corporation(s) to the NCDOR to verify the amount claimed.
0655	Numeric Field 62 Pay this Amount (Add Lines 24a, 24b 24c, and 24d) (D-400, Line 25)	12	Numeric
0660	Numeric Field 63 Total Income While Resident of NC (D-400TC, Part 1, Line 1)	12	Numeric Note: +May be negative.
0665	Numeric Field 64 Portion of Line 1 Taxed Outside NC (D-400TC, Part 1, Line 2)	12	Numeric
0670	Numeric Field 65 Line 2 Divided by Line 1 (D-400TC, Part 1, Line 3)	12	Numeric Note: Round to four decimal places and do not enter the decimal point. Example: Enter .0055 as 0000000055
0675	Numeric Field 66 Amount of NC Tax (From D-400, Line 14) (D-400TC, Part 1, Line 4)	12	Numeric
0680	Numeric Field 67 Computed Credit (Line 3 x Line 4) (D-400TC, Part 1, Line 5)	12	Numeric
0685	Numeric Field 68 Net Tax Paid Outside NC (D-400TC, Part 1, Line 6)	12	Numeric
0690	Numeric Field 69 Lesser of Line 5 or Line 6 (D-400TC, Part 1, Line 7a)	12	Numeric
0695	Numeric Field 70 Consumer Use Tax (D-400, Line 17)	12	Numeric
0700	Numeric Field 71 Qualified Expenditures for Rehabilitating an Income-producing Historic Mill Facility	12	Numeric

	(D-400TC, Part 4, Line 29a)		
0705	Numeric Field 72 Rehabilitation Expenses for Rehabilitating a Nonincome- producing Historic Mill Facility (D-400TC, Part 4, Line 30a)	12	Numeric
0710	Numeric Field 73 Subtract if Line 18 is more than Line 23 (D-400, Line 24a)	12	Numeric
0715	Numeric Field 74 Interest on Underpayment of Estimated Income Tax (D-400, Line 24d)	12	Numeric
0720	Numeric Field 75 Other Deductions from Federal Taxable Income (D-400, Line 52)	12	Numeric
0725	Numeric Field 76 Total Deductions from Federal Taxable Income (D-400, Line 53)	12	Numeric
0730	Numeric Field 77 Amount from Column B, Line 31 of the Part-year Resident/Nonresident Worksheet (D-400, Line 54)	12	Numeric Note: May be negative.
0735	Numeric Field 78 Amount from Column A, Line 31 of the Part-year Resident/Nonresident Worksheet (D-400, Line 55)	12	Numeric Note: May be negative.
0740	Numeric Field 79 Installment Amount of Credit for Rehabilitating an Income- producing Historic Structure (D-400TC, Part 4, Line 27b)	12	Numeric
0745	Numeric Field 80 Nonresidents and Part-year Residents (Line 16 x percentage) (D-400TC, Part 3, Line 17)	12	Numeric
0750	Numeric Field 81	12	Numeric

	Credit for Charitable Contributions by nonitemizers (D-400TC, Part 4, Line 20b)		
0755	Numeric Field 82 Number of States for Which Credit is Claimed (D-400TC, Part 1, Line 7b)	12	Numeric
0760	Numeric Field 83 Tax Credits Carried Over from Previous Year (D-400TC, Part 4, Line 32)	12	Numeric
0765	Numeric Field 84 Severance Wages (D-400, Line 47)	12	Numeric
0770	Numeric Field 85 Installment Amount of Credit for Rehabilitating a Nonincome-producing Historic Structure (D-400TC, Part 4, Line 28b)	12	Numeric
0775	Numeric Field 86 Installment Amount of Credit for Rehabilitating an Income-producing Historic Mill Facility (D-400TC, Part 4, Line 29b)	12	Numeric
0780	Numeric Field 87 Installment Amount of Credit for Rehabilitating a Nonincome-producing Historic Mill Facility (D-400TC, Part 4, Line 30b)	12	Numeric
0785	Numeric Field 88 Total Credits (Add Lines 19, 20b, 21, 23, 24, 25, 26, 27b, 28b, 29b, 30b, 31 and 32) (D-400TC, Part 4, Line 33)	12	Numeric Tax Credit for Adoption Expenses, Line 22 of Form D-400TC is not being accepted electronically. Taxpayers claiming this credit must paper file their return.
0790	Numeric Field 89 Amount of Tax (From D-400, Line 14) (D-400TC, Part 4, Line 34)	12	Numeric
0795	Numeric Field 90 Lesser of Line 33 or Line 34 (D-400TC, Part 4, Line 35)	12	Numeric

0800	Numeric Field 91 Line 54 Divided by Line 55 (D-400, Line 56)	12	Numeric Required field if part-year or non-resident indicator is "Y" for primary or spouse. Note: Round to four decimal places and do not enter the decimal point. Example: Enter .0055 as 0000000055
0805	Numeric Field 92 Business Incentive and Energy Tax Credits (D-400TC, Part 4, Line 36)	12	Numeric Note: Must mail Form NC-478 and Series A-I (if applicable) to the NCDOR if credit is claimed.
0810	Numeric Field 93 Line 35 + Line 36 (D-400TC, Part 4, Line 37)	12	Numeric Note: Amount may not exceed tax shown on D-400, Line 14.
0815	Numeric Field 94 Adjustment for Bonus Depreciation added back in 2009 (D-400, Line 48b)	12	Numeric
0820	Numeric Field 95 Amount of federal earned income tax credit (D-400TC, Part 5, Line 38)	12	Numeric
0825	Numeric Field 96 Amount of Earned Income Tax Credit –Full Year Residents (D-400TC, Part 5, Line 39)	12	Numeric
0830	Numeric Field 97 Amount of Earned Income Tax Credit –Part-year/Nonresidents (D-400TC, Part 5, Line 40)	12	Numeric
0835	Numeric Field 98 Earned Income Credit – (D-400, Line 21)	12	Numeric
0840	Numeric Field 99 Adjustment for Bonus Depreciation added back in 2010 (D-400, Line 48c)	12	Numeric
0845	Numeric Field 100 Credit for Children with Disabilities Who Require Special	12	Numeric

	Education (D-400TC, Part 4, Line 23)		
0850	Numeric Field 101 Line 48a + Line 48b + Line 48c Total Bonus Depreciation Added Back in 2008, 2009, & 2010 (D-400 Line 48d)	12	Numeric
0855	Numeric Field 102 Interest (D-400, Line 24c)	12	Numeric
0860	Numeric Field 103 Adjustment for Section 179 Expense Deduction added back in 2010 (D-400, Line 49)	12	Numeric
0865	Numeric Field 104 Tax Credit for Small Businesses That Pay N.C, Unemployment Insurance (D-400, Line 22)	12	Numeric
0870	Numeric Field 105 Amount of Qualified NC Unemployment Insurance Contributions (D-400TC, Line 41a)	12	Numeric
0875	Numeric Field 106 Tax Credit for Small Businesses That Pay N.C, Unemployment Insurance (D-400TC, Line 41b)	12	Numeric Note: Credit is 25% (.25) of the amount of qualified NC Unemployment Insurance Contributions
0880	Numeric Field 107 State and Local Tax Refund if included in Line 10 of Federal Form 1040 (D-400, Line 42)	12	Numeric
0885	Numeric Field 108 Adjustment for absorbed NOL added back in 2003, 2004, 2005, and 2006 (D-400, Line 51)	12	Numeric
0890	Numeric Field 109	12	No entry/zeros
0895	Numeric Field 110	12	No entry/zeros
0900	Numeric Field 111	12	No entry/zeros

0905	Numeric Field 112	12	No entry/zeroes
0910	Numeric Field 113	12	No entry/zeroes
0915	Numeric Field 114	12	No entry/zeroes
0920	Numeric Field 115	12	No entry/zeroes
0925	Numeric Field 116	12	No entry/zeroes

Field #	Identification	Length	Description
	Record Terminus	1	Value “#”

APPENDIX

NC DEPARTMENT OF REVENUE HOLIDAY SCHEDULE

2011 Holiday Schedule		
Holiday	Observance Date	Day of Week
New Year's Day	December 31, 2010	Friday
Martin Luther King Jr's Birthday	January 17, 2011	Monday
Good Friday	April 22, 2011	Friday
Memorial Day	May 30, 2011	Monday
Independence Day	July 4, 2011	Monday
Labor Day	September 5, 2011	Monday
Veteran's Day	November 11, 2011	Friday
Thanksgiving	November 24 & 25, 2011	Thursday & Friday
Christmas	December 26 & 27 2011	Monday & Tuesday

2012 Holiday Schedule		
Holiday	Observance Date	Day of Week
New Year's Day	January 2, 2012	Monday
Martin Luther King Birthday	January 16, 2012	Monday
Good Friday	April 6, 2012	Friday
Memorial Day	May 28, 2012	Monday
Independence Day	July 4, 2012	Wednesday
Labor Day	September 3, 2012	Monday
Veterans Day	November 12, 2012	Monday
Thanksgiving Day	November 22 & 23 2012	Thursday & Friday
Christmas	December 24, 25, 26, 2012	Monday, Tuesday & Wednesday

NORTH CAROLINA COUNTY CODES

01 - Alamance	37 - Gates	73 - Person
02 - Alexander	38 - Graham	74 - Pitt
03 - Alleghany	39 - Granville	75 - Polk
04 - Anson	40 - Greene	76 - Randolph
05 - Ashe	41 - Guilford	77 - Richmond
06 - Avery	42 - Halifax	78 - Robeson
07 - Beaufort	43 - Harnett	79 - Rockingham
08 - Bertie	44 - Haywood	80 - Rowan
09 - Bladen	45 - Henderson	81 - Rutherford
10 - Brunswick	46 - Hertford	82 - Sampson
11 - Buncombe	47 - Hoke	83 - Scotland
12 - Burke	48 - Hyde	84 - Stanly
13 - Cabarrus	49 - Iredell	85 - Stokes
14 - Caldwell	50 - Jackson	86 - Surry
15 - Camden	51 - Johnston	87 - Swain
16 - Carteret	52 - Jones	88 - Transylvania
17 - Caswell	53 - Lee	89 - Tyrrell
18 - Catawba	54 - Lenoir	90 - Union
19 - Chatham	55 - Lincoln	91 - Vance
20 - Cherokee	56 - Macon	92 - Wake
21 - Chowan	57 - Madison	93 - Warren
22 - Clay	58 - Martin	94 - Washington
23 - Cleveland	59 - McDowell	95 - Watauga
24 - Columbus	60 - Mecklenburg	96 - Wayne
25 - Craven	61 - Mitchell	97 - Wilkes
26 - Cumberland	62 - Montgomery	98 - Wilson
27 - Currituck	63 - Moore	99 - Yadkin
28 - Dare	64 - Nash	100 - Yancey
29 - Davidson	65 - New Hanover	101 - Foreign
30 - Davie	66 - Northampton	
31 - Duplin	67 - Onslow	
32 - Durham	68 - Orange	
33 - Edgecombe	69 - Pamlico	
34 - Forsyth	70 - Pasquotank	
35 - Franklin	71 - Pender	
36 - Gaston	72 - Perquimans	

Tax Rate Schedule for Tax Years 2010 and 2011

Depending on your filing status and your taxable income, the North Carolina tax rate ranges from 6 to 7.75 percent. If your taxable income is less than \$68,000, a tax table is provided in the instruction booklet beginning on page 21. To obtain a copy of the instruction booklet please call toll-free at 1-877-252-3052 or you may visit a [service center](#) or go to our [Order Forms](#) page. If your taxable income is \$68,000 or more, determine your tax by using our [tax calculator](#) or by choosing the tax schedule listed below for your filing status.

If your filing status is single;

and taxable income is more than:	but not over:	your tax is:
\$ 0	\$12,750	6% OF THE NC TAXABLE INCOME AMOUNT ON FORM D-400
\$12,750	\$60,000	\$765 + 7% OF THE AMOUNT OVER \$12,750
\$60,000	_____	\$4,072.50 + 7.75% OF THE AMOUNT OVER \$60,000

If your filing status is head of household;

and taxable income is more than:	but not over:	your tax is:
\$ 0	\$17,000	6% OF THE NC TAXABLE INCOME AMOUNT ON FORM D-400
\$17,000	\$80,000	\$1,020 + 7% OF THE AMOUNT OVER \$17,000
\$80,000	_____	\$5,430 + 7.75% OF THE AMOUNT OVER \$80,000

If your filing status is married, filing jointly or qualifying widow or widower;

and taxable income is more than:	but not over:	your tax is:
\$ 0	\$21,250	6% OF THE NC TAXABLE INCOME AMOUNT ON FORM D-400
\$21,250	\$100,000	\$1,275 + 7% OF THE AMOUNT OVER \$21,250

\$100,000	_____	\$6,787.50 + 7.75% OF THE AMOUNT OVER \$100,000
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If your filing status is married, filing separately;

and taxable income is more than:	but not over:	your tax is:
\$ 0	\$10,625	6% OF THE NC TAXABLE INCOME AMOUNT ON FORM D-400
\$10,625	\$50,000	\$637.50 + 7% OF THE AMOUNT OVER \$10,625
\$50,000	_____	\$3,393.75 + 7.75% OF THE AMOUNT OVER \$50,000

➔ [Tax Calculator](#)