



February 27, 2015

Department of Revenue Provides Underpayment of Estimated Tax Interest Relief to Farmers and Fishermen

The Tax Increase Prevention Act of 2014 (“TIPA”), signed by President Obama on December 19, 2014, extended several provisions in federal law that had sunset as of the end of 2013 and that affect federal adjusted gross income. Because North Carolina’s individual income tax law uses federal adjusted gross income as the starting point in determining North Carolina taxable income, the General Assembly must update the State’s reference to the Internal Revenue Code to December 19, 2014 or later for those federal provisions to apply for North Carolina income tax purposes. As of February 27, 2015, the General Assembly has introduced legislation to update the reference to the Code to January 1, 2015 but to not follow specific provisions of TIPA; however, a bill has not been enacted into law.

Farmers and fishermen can choose to not make estimated income tax payments and avoid interest for the underpayment of estimated tax by filing their income tax returns and paying in full the amount of income tax shown due by March 1 each year (March 2, 2015 because March 1 falls on a Sunday in 2015). Because legislation has not yet become law, the deadline for farmers and fishermen to file their 2014 individual income tax return and pay the tax in full and not be subject to interest for underpayment of estimated tax is extended to April 15, 2015.