

NC-4P Withholding Certificate for Pension or Annuity Payments

PURPOSE. Form NC-4P is for North Carolina residents who are recipients of income from pensions, annuities, and certain other deferred compensation plans. Use the form to tell payers whether you want any State income tax withheld and on what basis. You can also use the form to choose not to have State income tax withheld. However, you cannot make this choice for eligible rollover distributions. The method and rate of withholding depends on whether the payment you receive is a periodic payment or a nonperiodic distribution. This form is also to be used by a nonresident with a North Carolina address to indicate that no tax is to be withheld from pension payments.

Caution: If you furnish a pension payer a **Withholding Certificate for Pension or Annuity Payments** that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld. You may be subject to interest for underpayment of estimated income tax, that applies for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees should see Form NC-40, Individual Estimated Income Tax, for details on the estimated income tax requirements. You may be able to avoid quarterly estimated income tax payments by having enough tax withheld from your pension or annuity using Form NC-4P.

PERIODIC PAYMENTS. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than one year. They may be paid annually, quarterly, monthly, etc. If you want State income tax withheld, you should complete the **Form NC-4P Allowance Worksheet**. You can designate an additional amount to be withheld on Line 3 of Form NC-4P. Submit the completed form to your payer. If you do not submit Form NC-4P to your payer, the payer must withhold on periodic payments as if your filing status is "Single" with no withholding allowances.

For periodic payments, your Form NC-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have State income tax withheld or to revoke your election.

NONPERIODIC DISTRIBUTIONS - 4% WITHHOLDING. Your payer must withhold a flat 4% from a nonperiodic distribution unless you choose not to have income tax withheld. A nonperiodic distribution means any distribution which is not a periodic payment. (The 4% withholding is required on eligible rollover distributions and you cannot choose not to have income tax withheld from those distributions.) Distributions from an IRA that are payable on demand are treated as nonperiodic distributions. The election to withhold

from nonperiodic distributions applies on a distribution by distribution basis. If you choose not to have tax withheld from a nonperiodic distribution, you should check the box on Line 1 of Form NC-4P and submit the completed form to your payer.

MISSING OR INCORRECT TAXPAYER IDENTIFICATION NUMBER. If you submit an NC-4P that does not contain the taxpayer identification number, or if the identification number is incorrect, the payer cannot honor your request not to have income tax withheld. The payer must withhold on periodic payments as if your filing status is "Single" with no withholding allowances. Withholding on nonperiodic distributions will be at the 4% rate.

REVOKING YOUR "NO WITHHOLDING" CHOICE. If you previously chose not to have State income tax withheld on either periodic or nonperiodic payments, complete another NC-4P and submit to your payer. Write "Revoked" next to the check box on Line 1 of the form and tax will be withheld at the rate set by law.

IMPORTANT. Government retirees whose income is exempt from State tax as a result of the *Bailey Settlement* should choose no withholding by checking the box on Line 1 of Form NC-4P.

Cut here and give this certificate to your employer. Keep the top portion for your records.

NC-4P Withholding Certificate for Pension or Annuity Payments

Type or print your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines:

- 1 Check here if you do not want any State income tax withheld from your pension or annuity. (Do not complete Lines 2 or 3.)
- 2 Total number of allowances you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on Line 3.) (Enter number of allowances)
- 3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** For periodic payments you cannot enter an amount here without entering the number (including zero) of allowances on Line 2 \$

Your Signature

Date

Answer **all** of the following questions **for your filing status**.

Single -

- | | | |
|--|------------------------------|-----------------------------|
| 1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$13,249? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4P, Line 2.
 If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4P, Line 2.

Married Filing Jointly -

- | | | |
|---|------------------------------|-----------------------------|
| 1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$23,999? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 5. Will your spouse receive combined wages and taxable retirement benefits of less than \$8,250 or only retirement benefits not subject to N.C. income tax? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4P, Line 2.
 If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4P, Line 2.

Married Filing Separately -

- | | | |
|---|------------------------------|-----------------------------|
| 1. Will your portion of N.C. itemized deductions from Page 3, Schedule 1 exceed \$13,249? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4P, Line 2.
 If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4P, Line 2.

Head of Household-

- | | | |
|--|------------------------------|-----------------------------|
| 1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$18,624? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **ZERO (0)** as total allowances on Form NC-4P, Line 2.
 If you answered "Yes" to any of the above, you may choose to go to Page 2, Part II to determine if you qualify for additional allowances. Otherwise, enter **ZERO (0)** on Form NC-4P, Line 2.

NC-4P Allowance Worksheet

Surviving Spouse -

- | | | |
|--|------------------------------|-----------------------------|
| 1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$23,999? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, **STOP HERE** and enter **FOUR (4)** as total allowances on Form NC-4P, Line 2.
 If you answered "Yes" to any of the above, you may choose to go to Part II to determine if you qualify for additional allowances. Otherwise, enter **FOUR (4)** on Form NC-4P, Line 2.

NC-4P Part II

- | | | | |
|--|-----|----|--|
| 1. Enter your total estimated N.C. itemized deductions from Page 3, Schedule 1 | 1. | \$ | |
| 2. Enter the applicable N.C. standard deduction based on your filing status. } \$10,750 if Single
\$21,500 if Married Filing Jointly or Surviving Spouse
\$10,750 if Married Filing Separately
\$16,125 if Head of Household | 2. | \$ | |
| 3. Subtract Line 2 from Line 1. If Line 1 is less than Line 2, enter ZERO (0) | 3. | \$ | |
| 4. Enter an estimate of your total N.C. Child Deduction Amount from Page 3, Schedule 2 | 4. | \$ | |
| 5. Enter an estimate of your total federal adjustments to income and State deductions from federal adjusted gross income..... | 5. | \$ | |
| 6. Add Lines 3, 4, and 5..... | 6. | \$ | |
| 7. Enter an estimate of your nonwage income (such as dividends or interest) | 7. | \$ | |
| 8. Enter an estimate of your State additions to federal adjusted gross income | 8. | \$ | |
| 9. Add Lines 7 and 8..... | 9. | \$ | |
| 10. Subtract Line 9 from Line 6 (<i>Do not enter less than zero</i>)..... | 10. | \$ | |
| 11. Divide the amount on Line 10 by \$2,500 . Round down to whole number | 11. | | |
| Ex. $\$3,900 \div \$2,500 = 1.56$ rounds down to 1 | | | |
| 12. Enter the amount of your estimated N.C. tax credits..... | 12. | \$ | |
| 13. Divide the amount on Line 12 by \$134. Round down to whole number | 13. | | |
| Ex. $\$200 \div \$134 = 1.49$ rounds down to 1 | | | |
| 14. If filing as Single, Head of Household, or Married Filing Separately, enter zero (0) on this line.
If filing as Surviving Spouse, enter 4.
If filing as Married Filing Jointly, enter the appropriate number from either (a), (b), (c), (d), or (e) below. | | | |
| (a) Your spouse expects to have combined wages and taxable retirement benefits of \$0 for N.C. purposes, enter 4. (Taxable retirement benefits do not include: <i>Bailey</i> , Social Security, and Railroad retirement) | | | |
| (b) Your spouse expects to have combined wages and taxable retirement benefits of more than \$0 but less than or equal to \$3,250, enter 3. | | | |
| (c) Your spouse expects to have combined wages and taxable retirement benefits of more than \$3,250 but less than or equal to \$5,750 enter 2. | | | |
| (d) Your spouse expects to have combined wages and taxable retirement benefits of more than \$5,750 but less than or equal to \$8,250 enter 1. | | | |
| (e) Your spouse expects to have combined wages and taxable retirement benefits of more than \$8,250, enter 0..... | 14. | | |
| 15. Add Lines 11, 13, and 14, and enter the total here..... | 15. | | |
| 16. If you completed this worksheet on the basis of Married Filing Jointly, the total number of allowances determined on Line 15 may be split between you and your spouse, however, you choose. Enter the number of allowances from Line 15 that your spouse plans to claim | 16. | | |
| 17. Subtract Line 16 from Line 15 and enter the total number of allowances here and on Line 1 of your Form NC-4P, Withholding Certificate for Pension or Annuity Payments | 17. | | |

NC-4P Allowance Worksheet Schedules

Important: If you cannot reasonably estimate the amount to enter in the schedules below, you should enter ZERO (0) on Line 1, NC-4P.

Schedule 1 Estimated N.C. Itemized Deductions

Qualifying mortgage interest	\$ _____	
Real estate property taxes	\$ _____	
Total qualifying mortgage interest and real estate property taxes*		\$ _____
Charitable Contributions (Same as allowed for federal purposes)		\$ _____
Medical and Dental Expenses (Same as allowed for federal purposes)		\$ _____
Total estimated N.C. itemized deductions. Enter on Page 2, Part II, Line 1		\$ _____

*The sum of your qualified mortgage interest and real estate property taxes may not exceed \$20,000. For married taxpayers, the \$20,000 limitation applies to the combined total of qualified mortgage interest and real estate property taxes claimed by both spouses, rather than to each spouse separately.

Schedule 2 Estimated N.C. Child Deduction Amount

A taxpayer who is allowed a federal child tax credit under section 24 of the Internal Revenue Code is allowed a deduction for each qualifying child unless adjusted gross income exceeds the threshold amount shown below.

The N.C. Child Deduction Amount can be claimed only for a child who is under 17 years of age on the last day of the year.

Filing Status	Adjusted Gross Income	No. of Children	Deduction Amount per Qualifying Child	Estimated Deduction
Single	Up to \$ 20,000	_____	\$ 2,500	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,000	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 1,500	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,000	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 500	_____
	Over \$ 60,000	_____	\$ -	_____
MFJ or SS	Up to \$ 40,000	_____	\$ 2,500	_____
	Over \$ 40,000 Up to \$ 60,000	_____	\$ 2,000	_____
	Over \$ 60,000 Up to \$ 80,000	_____	\$ 1,500	_____
	Over \$ 80,000 Up to \$ 100,000	_____	\$ 1,000	_____
	Over \$ 100,000 Up to \$ 120,000	_____	\$ 500	_____
	Over \$ 120,000	_____	\$ -	_____
HOH	Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 45,000	_____	\$ 2,000	_____
	Over \$ 45,000 Up to \$ 60,000	_____	\$ 1,500	_____
	Over \$ 60,000 Up to \$ 75,000	_____	\$ 1,000	_____
	Over \$ 75,000 Up to \$ 90,000	_____	\$ 500	_____
	Over \$ 90,000	_____	\$ -	_____
MFS	Up to \$ 20,000	_____	\$ 2,500	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,000	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 1,500	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,000	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 500	_____
	Over \$ 60,000	_____	\$ -	_____

Jobs Table

Find the amount of your estimated annual wages from your job(s) in the left hand column. Follow across to find the amount of additional tax to be withheld for each pay period. Enter the additional amount to be withheld on Line 3 of your **Form NC-4P**.

Additional Withholding for Single, Married, or Surviving Spouse with Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	1000	2	1	1	1
1000	2000	7	3	3	2
2000	3000	11	6	5	3
3000	4000	16	8	7	4
4000	5000	20	10	9	5
5000	6000	25	12	11	6
6000	7000	29	14	13	7
7000	8000	33	17	15	8
8000	9000	38	19	17	9
9000	10000	42	21	20	10
10000	10750	46	23	21	11
10750	Unlimited	48	24	22	11

Additional Withholding for Head of Household Filers with Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	1000	2	1	1	1
1000	2000	7	3	3	2
2000	3000	11	6	5	3
3000	4000	16	8	7	4
4000	5000	20	10	9	5
5000	6000	25	12	11	6
6000	7000	29	14	13	7
7000	8000	33	17	15	8
8000	9000	38	19	17	9
9000	10000	42	21	20	10
10000	11000	47	23	22	11
11000	12000	51	26	24	12
12000	13000	56	28	26	13
13000	14000	60	30	28	14
14000	15000	65	32	30	15
15000	16000	69	35	32	16
16000	Unlimited	71	36	33	16