

NC-4P Withholding Allowance 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. 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. **Exception:** If the nonperiodic

distribution is an eligible rollover distribution, State tax withhold is not required on a distribution paid in a direct rollover to an eligible retirement plan, including an IRA. Otherwise, the recipient cannot elect not to have State tax withheld from an eligible rollover distribution.

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. If you are a government retiree whose income is exempt from State income tax as a result of the *Bailey Settlement* or if you are a qualifying retiree of the uniformed services of the United States, you should choose no withholding by checking the box on Line 1 of Form NC-4P. (See *Publication NC-30, Income Tax Withholding Tables and instructions for Employers, for more information.*)

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.).....
 Filing status: Single or Married Filing Separately Married Filing Jointly or Surviving Spouse Head of Household (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 ►

NC-4P Allowance Worksheet

Part I

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

Single –

1. Will your N.C. itemized deductions from Page 3, Schedule 1 exceed \$15,249? Yes No
2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or State deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

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 \$27,000? Yes No
2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or State deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No
5. Will your spouse receive combined wages and taxable retirement benefits of less than \$10,250 or only retirement benefits not subject to N.C. income tax? Yes No

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 \$15,249? Yes No
2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or State deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

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 \$21,624? Yes No
2. Will your N.C. Child Deduction Amount from Page 3, Schedule 2 exceed \$2,499? Yes No
3. Will you have federal adjustments or State deductions from income? Yes No
4. Will you be able to claim any N.C. tax credits or tax credit carryovers? Yes No

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 \$27,999? | 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 **Five (5)** 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 **Five (5)** 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. { | \$12,750 if Single
\$25,500 if Married Filing Jointly or Surviving Spouse
\$12,750 if Married Filing Separately
\$19,125 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.....
Ex. $\$3,900 \div \$2,500 = 1.56$ rounds down to 1 | | 11. _____ |
| 12. Enter the amount of your estimated N.C. tax credits..... | 12. \$ _____ | |
| 13. Divide the amount on Line 12 by \$122. Round down to whole number.....
Ex. $\$200 \div \$122 = 1.64$ rounds down to 1 | | 13. _____ |
| 14. If filing as Single, Head of Household, or Married Filing Separately, enter ZERO (0) on this line.
If filing as Surviving Spouse, enter 5.
If filing as Married Filing Jointly, enter the appropriate number from either (a), (b), (c), (d), (e), or (f) below.
(a) Your spouse expects to have zero wages and expects to receive retirement benefits of less than or equal to \$250 for N.C. purposes, enter 5. (Taxable retirement benefits do not include: <i>Bailey, Certain Military Retirement, Social Security, and Railroad retirement</i>)
(b) Your spouse expects to have combined wages and taxable retirement benefits of more than \$250 but less than or equal to \$2,750, enter 4.
(c) Your spouse expects to have combined wages and taxable retirement benefits of more than \$2,750 but less than \$7,750, enter 3.
(d) Your spouse expects to have combined wages and taxable retirement benefits of more than \$5,250 but less than or equal to \$7,750, enter 2.
(e) Your spouse expects to have combined wages and taxable retirement benefits of more than \$7,750 but less than or equal to \$10,250, enter 1.
(f) Your spouse expects to have combined wages and taxable retirement benefits of more than \$10,250, 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)		\$ _____
Repayment of Claim of Right Income		\$ _____
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	_____	\$ 3,000	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 2,000	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,500	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 1,000	_____
	Over \$ 60,000 Up to \$ 70,000	_____	\$ 500	_____
	Over \$ 70,000	_____	\$ -	_____
MFJ or SS	Up to \$ 40,000	_____	\$ 3,000	_____
	Over \$ 40,000 Up to \$ 60,000	_____	\$ 2,500	_____
	Over \$ 60,000 Up to \$ 80,000	_____	\$ 2,000	_____
	Over \$ 80,000 Up to \$ 100,000	_____	\$ 1,500	_____
	Over \$ 100,000 Up to \$ 120,000	_____	\$ 1,000	_____
	Over \$ 120,000 Up to \$ 140,000	_____	\$ 500	_____
	Over \$ 140,000	_____	-	_____
HOH	Up to \$ 30,000	_____	\$ 3,000	_____
	Over \$ 30,000 Up to \$ 45,000	_____	\$ 2,500	_____
	Over \$ 45,000 Up to \$ 60,000	_____	\$ 2,000	_____
	Over \$ 60,000 Up to \$ 75,000	_____	\$ 1,500	_____
	Over \$ 75,000 Up to \$ 90,000	_____	\$ 1,000	_____
	Over \$ 90,000 Up to \$ 105,000	_____	\$ 500	_____
	Over \$ 105,000	_____	\$ -	_____
MFS	Up to \$ 20,000	_____	\$ 3,000	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 2,000	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,500	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 1,000	_____
	Over \$ 60,000 Up to \$ 70,000	_____	\$ 500	_____
	Over \$ 70,000	_____	\$ -	_____

Multiple Jobs Table

Find the amount of your estimated annual wages from your lowest paying 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	0
1000	2000	6	3	3	1
2000	3000	10	5	5	2
3000	4000	14	7	7	3
4000	5000	18	9	8	4
5000	6000	22	11	10	5
6000	7000	26	13	12	6
7000	8000	30	15	14	7
8000	9000	34	17	16	8
9000	10000	38	19	18	9
10000	11000	42	21	20	10
11000	12000	46	23	21	11
12000	12750	50	25	23	12
12750	Unlimited	52	26	24	12

Additional Withholding for Head of Household Filers with Multiple Jobs

Estimated Annual Wages		Payroll Period			
At Least	But Less Than	Monthly	Semimonthly	Biweekly	Weekly
0	1000	2	1	1	0
1000	2000	6	3	3	1
2000	3000	10	5	5	2
3000	4000	14	7	7	3
4000	5000	18	9	8	4
5000	6000	22	11	10	5
6000	7000	26	13	12	6
7000	8000	30	15	14	7
8000	9000	34	17	16	8
9000	10000	38	19	18	9
10000	11000	42	21	20	10
11000	12000	46	23	21	11
12000	13000	51	25	23	12
13000	14000	55	27	25	13
14000	15000	59	29	27	14
15000	16000	63	31	29	14
16000	17000	67	33	31	15
17000	18000	71	35	33	16
18000	19000	75	37	35	17
19000	Unlimited	77	38	35	18