



VITA Individual Income Update

December 17, 2022

Jonetta Appling

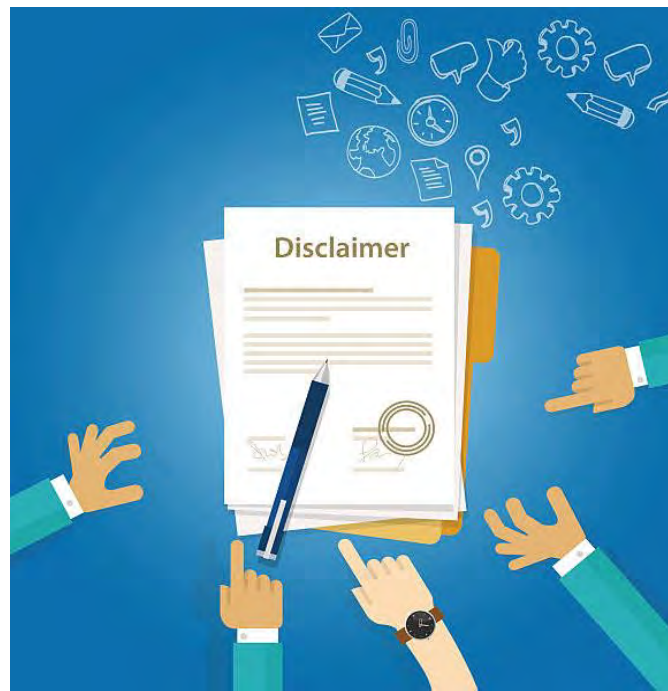
Revenue Administrative Officer I

KEO Division

NCDOR

Disclaimer

- This presentation is for general information only.
- This presentation content can not be interpreted as specific tax advice for a specific tax situation.
- This presentation does not take draft or future legislation into account.



Topics

- Tax Law Updates
- Adjustments to Federal AGI
- 2022 D-400 Forms and Instructions
- Extensions/Amendments/
Payments
- Other Reminders
- Resources



Legislative Update

For tax years 2021 and 2022, the most significant updates to individual income tax were incorporated in the following 3 bills:

- **Session Law 2021-180**, Senate Bill 105 (the 2021 appropriations bill)
- **Session Law 2022-06**, House Bill 243 (various changes to the 2021 appropriations bill)
- **Session Law 2022-13**, House Bill 83 (DOR's recommended changes to State income tax law)



Beginning January 1, 2022, the **individual income tax rate** is **4.99%**.

(For tax year 2021, the individual income tax rate was 5.25%.)



Reference: S.L. 2021-180 (s. 42.1.(c))

Legislative Update

The **individual income tax rate** will continue to decrease annually through tax year 2027.

Taxable Years Beginning on or after January 1	Tax
2023	4.75%
2024	4.6%
2025	4.5%
2026	4.25%
After 2026	3.99%

Reference: S.L. 2021-180 (s. 42.1.(a))



Legislative Update

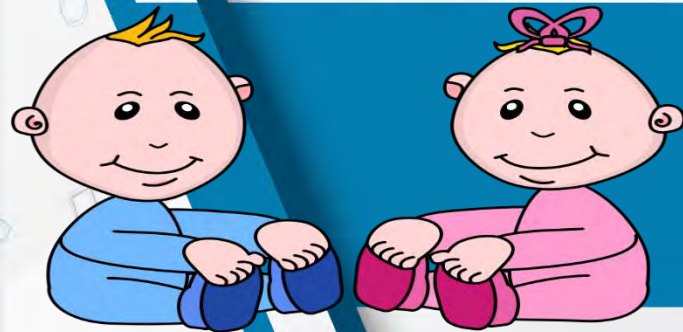
◁ The 2021 General Assembly increased the **North Carolina standard deduction amount** to the following:

Filing Status	Standard Deduction for taxable years beginning on or after January 1, 2022
Married, filing jointly/ surviving spouse	\$25,500
Head of Household	\$19,125
Single	\$12,750
Married, filing separately	\$12,750



Reference: S.L. 2021-180 (s. 42.1.(b))

- Effective for taxable years beginning January 1, 2022, the **child deduction amount** increased to a maximum of \$3,000 per qualifying child.
- The number of taxpayers who can benefit from the child deduction was expanded by increasing the AGI limit for all taxpayers regardless of filing status.



Reference: S.L. 2021-180 (s. 42.1.(c))

Child Deduction Table

Filing Status	AGI	Deduction Amount
Married, filing jointly/ Surviving spouse	Up to \$40,000	\$3,000.00
	Over \$40,000 Up to \$60,000	\$2,500.00
	Over \$60,000 Up to \$80,000	\$2,000.00
	Over \$80,000 Up to \$100,000	\$1,500.00
	Over \$100,000 Up to \$120,000	\$1,000.00
	Over \$120,000 Up to \$140,000	\$500.00
	Over \$140,000	\$0.00

Child Deduction Table

Filing Status	AGI	Deduction Amount
Head of Household	Up to \$30,000	\$3,000.00
	Over \$30,000 Up to \$45,000	\$2,500.00
	Over \$45,000 Up to \$60,000	\$2,000.00
	Over \$60,000 Up to \$75,000	\$1,500.00
	Over \$75,000 Up to \$90,000	\$1,000.00
	Over \$90,000 Up to 105,000	\$500.00
	Over 105,000	\$0.00

Child Deduction Table

Filing Status	AGI	Deduction Amount
Single/Married, filing separately	Up to \$20,000	\$3,000.00
	Over \$20,000 Up to \$30,000	\$2,500.00
	Over \$30,000 Up to \$40,000	\$2,000.00
	Over \$40,000 Up to \$50,000	\$1,500.00
	Over \$50,000 Up to \$60,000	\$1,000.00
	Over \$60,000 Up to \$70,000	\$500.00
	Over \$70,000	\$0.00

Decoupling Adjustments

The 2021 and 2022 sessions of the General Assembly **decoupled from** the following federal provisions:

Federal Tax Provision	State Tax Provision
<p>The exclusion from gross income for cancellation of qualified principal residence debt extended through tax year 2025.</p>	<p>Cancellation of qualified principal residence debt is generally included in the calculation of NC taxable income.</p>
<p>The exclusion from gross income for payment of a qualified education loan by an employer extended through tax year 2025.</p>	<p>Qualified education loans repaid by an employer (whether paid to the taxpayer or to a lender) is included in the calculation of NC taxable income.</p>

Decoupling Adjustments

Federal Tax Provision	State Tax Provision
<p>Treatment of business-related expenses for food and beverages provided by a restaurant for tax years 2021 and 2022.</p>	<p>For tax years 2021 and 2022, the deduction for business-related expenses for food and beverages provided by a restaurant in excess of 50% is included in the calculation of NC taxable income.</p>
<p>Treatment of student loan forgiveness under IRC section 108(f)(5), as amended by ARPA, for tax years 2021 through 2025.</p>	<p>For tax years 2021 through 2025 , the amount of student loan forgiveness not included in gross income is included in the calculation of NC taxable income to the extent the student loan was forgiven under IRC section 108(f)(5) as it was re-written under ARPA.</p>

Decoupling Adjustments

Federal Tax Provision	State Tax Provision
<p>Treatment of certain North Carolina grant payments as taxable income.</p>	<p>For tax years beginning January 1, 2020, the following payments received from North Carolina (included in gross income) are deductible in the calculation of NC taxable income:</p> <ol style="list-style-type: none"> 1. The Extra Credit Child Grant Program. 2. The Business Recovery Grant (“BRG”) Program. 3. The ReTOOLNC grant program. 4. Certain COVID Programs for rent and utilities.
<p>The reduction of qualified wages because taxpayer claimed the Employee Retention Credit (“ERC”).</p>	<p>For tax years beginning January 1, 2020, wage expenses not deductible for federal income tax purposes (because taxpayer claimed a federal ERC) are deductible in the calculation of NC taxable income.</p>

Decoupling Adjustments

Federal Tax Provision	State Tax Provision
Retirement pay received by a member of the US Uniformed Services as gross income for tax year 2022.	For tax year 2022, retirement pay received by a qualified member of the United States Uniformed Services is deductible when calculating NC taxable income.
The deduction of the federal net operating loss (“federal NOL”).	For tax year 2022, the federal NOL must be added to federal AGI. The NC net operating loss (a stand alone State loss) is deductible in the calculation of NC taxable income.

Adjustments to Federal AGI

Retirement Deductions

19. Taxable Portion of Social Security and Railroad Retirement Benefits

▶ 19.

20. Retirement Benefits Received by **Vested** N.C. State Government, N.C. Local Government, or Federal Government Retirees, i.e. *Bailey Settlement*

▶ 20.

- Retirement deductions (Schedule S Part B):
 - Taxable Social Security
 - Retirement benefits received by qualified NC State, NC Local, and Federal government (Bailey settlement) retirees



Military Retirement Deduction

- In 2022, North Carolina enacted new legislation that expanded the eligibility of the military retirement deduction to qualifying members of the uniformed services (“**Uniformed Services**”).

21. Certain Retirement Benefits Received by a Retired Member of the United States Uniformed Services Not Deducted on Line 20 ▶ 21.

- The new law extends the deduction to qualifying retirees of the commissioned corps of the National Oceanic and Atmospheric Administration (“NOAA”) or the United States Public Health Service (“USPHS”) can deduct retirement pay.



Reference: S.L. 2022-74 (s. 42.1.(a))

Military Retirement Deduction

Important Notice: North Carolina Enacts New Deduction for Certain Military Retirement Pay and Survivor Benefit Plan Payments

Dated May 2, 2022 (Updated August 5, 2022)



Important Notice: North Carolina Enacts New Deduction For Certain Military Retirement Pay and Survivor Benefit Plan Payments

The following important information is addressed in this notice:

- A brief introduction of North Carolina's deduction for certain military retirement pay and Survivor Benefit Plan payments.
- A response to several frequently asked questions ("FAQs") related to the new deduction. These FAQs are intended to provide general information to taxpayers and tax professionals. Accordingly, these FAQs may be updated or modified.

<https://www.ncdor.gov/important-notice-north-carolina-enacts-new-deduction-certain-military-retirement-pay-and-survivor-0>

Student Loan Forgiveness

- In August, President Biden announced student loan forgiveness to certain borrowers who have loans held by the U.S. Department of Education.
- The White House indicated that President Biden's student loan forgiveness will be **excluded from federal income tax** due to the student loan forgiveness exemption that is contained in IRC section 108(f)(5).

[Important Notice: State Tax Treatment of Federal Student Loan Forgiveness | NCDOR](#)



**STUDENT
LOAN
FORGIVENESS**

Reference: G.S. 105-153,5(c)(22)

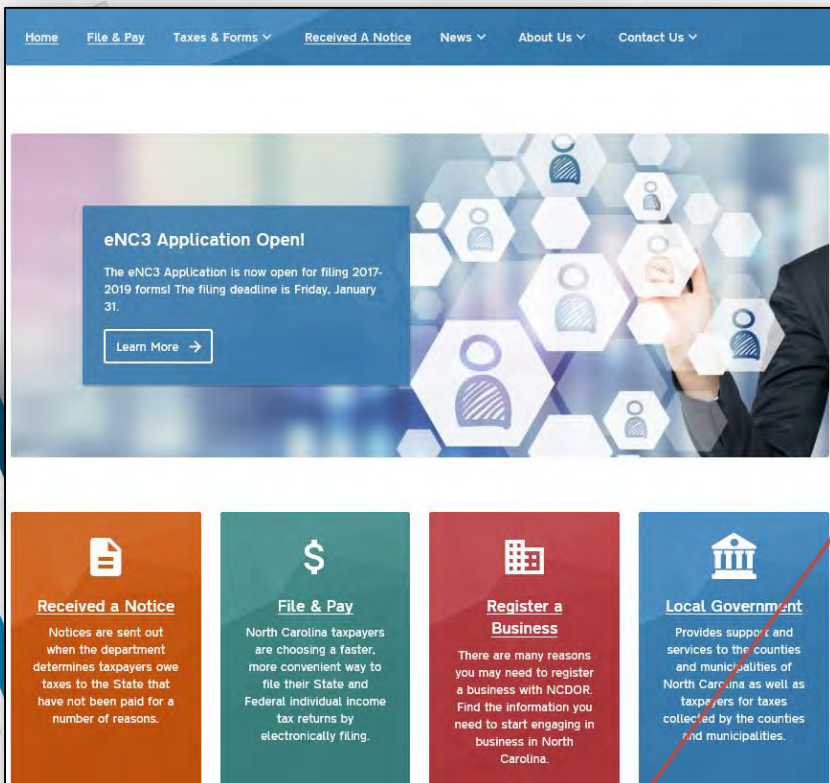
Student Loan Forgiveness

- North Carolina **did not adopt** Section 108(f)(5) of the IRC, as amended by ARPA, for purposes of State income tax.
- Student loan forgiveness excluded from gross income pursuant to IRC 108(f)(5) **is taxable income for North Carolina**, subject to certain exceptions for insolvency and pre-ARPA exclusions.
- A taxpayer required to include student loan forgiveness in State taxable income **may owe interest on the underpayment of estimated tax**. Taxpayers should review their facts and make any necessary payment to avoid an assessment of interest.
- The Department is monitoring any enactments by General Assembly that could change the taxability of student loan forgiveness.



**STUDENT
LOAN
FORGIVENESS**

Tax Years 2022 & prior



<https://www.ncdor.gov/>

Individual Income Tax Forms & Instructions

To ensure you are able to view and fill out forms, please save forms to your computer and use the latest version of Adobe Acrobat Reader.

2022	2021	2020	2019	2018	2017	2016	2015	2014
2013	2012	2011	2010					

NCDOR » Taxes & Forms » Tax Rate Schedules

Tax Rate Schedules

For Tax Year 2022, the North Carolina individual income tax rate is 4.99% (0.0499).

Tax rates for previous years are as follows:

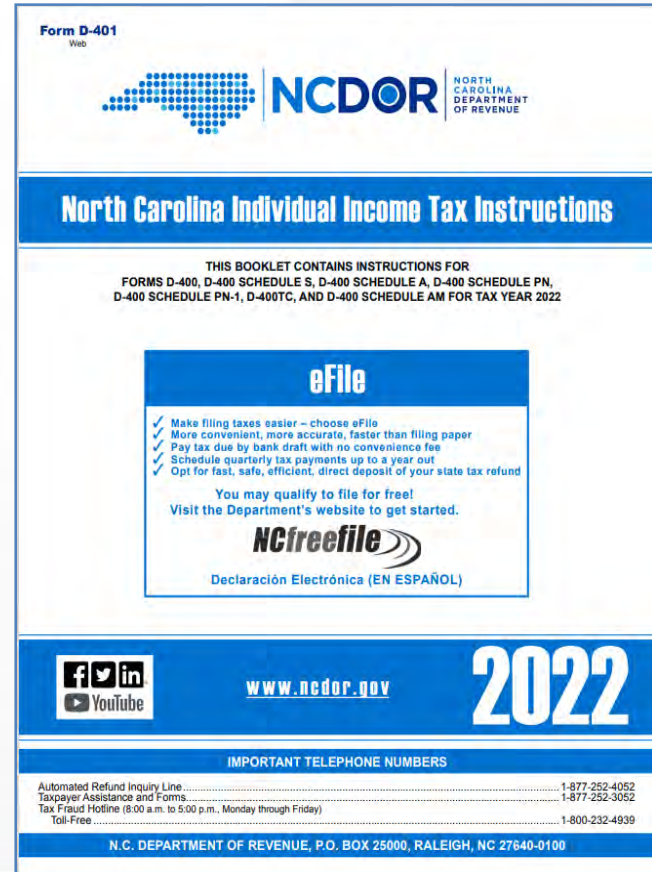
- For Tax Years 2019, 2020, and 2021 the North Carolina individual income tax rate is 5.25% (0.0525).
- For Tax Years 2017 and 2018, the North Carolina individual income tax rate is 5.499% (0.05499).
- For Tax Years 2015 and 2016, the North Carolina individual income tax rate is 5.75% (0.0575).
- For Tax Year 2014.

2022 D-400 Forms and Instructions

Form D-401

Utilize Form D-401, North Carolina Individual Income Tax Instructions to access:

- Line by line instructions for completing Form D-400.
- Current filing requirements based on a specific tax year.
- Will contain any updates relevant to a specific tax year that may affect filing.



Form D-400, Continued

Starting Point of the Form D-400

Attach Sch. B if required.	z	Add lines 1a through 1h			1z			
	2a	Tax-exempt interest	2a		b	Taxable interest	2b	
	3a	Qualified dividends	3a		b	Ordinary dividends	3b	
	4a	IRA distributions	4a		b	Taxable amount	4b	
	5a	Pensions and annuities	5a		b	Taxable amount	5b	
	6a	Social security benefits	6a		b	Taxable amount	6b	
Standard Deduction for— <ul style="list-style-type: none"> • Single or Married filing separately, \$12,950 • Married filing jointly or Qualifying surviving spouse, \$25,900 • Head of household, \$19,400 • If you checked any box under Standard Deduction, see instructions 	c	If you elect to use the lump-sum election method, check here (see instructions)		<input type="checkbox"/>				
	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here		<input type="checkbox"/>		7		
	8	Other income from Schedule 1, line 10				8		
	9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income				9		
	10	Adjustments to income from Schedule 1, line 26				10		
	11	Subtract line 10 from line 9. This is your adjusted gross income				11	60,000	
	12	Standard deduction or itemized deductions (from Schedule A)				12		
	13	Qualified business income deduction from Form 8995 or Form 8995-A				13		
	14	Add lines 12 and 13				14		
	15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income				15		

Filing Status <small>(Fill in one circle only)</small>	<input type="radio"/>	1. Single				
	<input type="radio"/>	2. Married Filing Jointly				
	<input type="radio"/>	3. Married Filing Separately → <small>(Enter your spouse's full name and Social Security Number)</small>	Name: _____ SSN: _____			
	<input type="radio"/>	4. Head of Household				
	<input type="radio"/>	5. Qualifying Widow(er) <small>(Year spouse died: _____)</small>				
Here <input type="checkbox"/>	6.	Federal Adjusted Gross Income	6.	60,000.00		
	7.	Additions to Federal Adjusted Gross Income <small>(From Form D-400 Schedule S, Part A, Line 16)</small>	7.			
	8.	Add Lines 6 and 7	8.			
	9.	Deductions From Federal Adjusted Gross Income <small>(From Form D-400 Schedule S, Part B, Line 41)</small>	9.			
	10.	Child Deduction <small>(On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)</small>	10a.		10b.	
	11.	<input type="checkbox"/> N.C. Standard Deduction OR <input type="checkbox"/> N.C. Itemized Deductions <small>(Fill in one circle only. See Form D-400 Schedule A.)</small>	11.			



Form D-400, Continued

Showing a Negative Federal Adjusted Gross Income

<p>Attach Sch. B if required.</p> <p>Standard Deduction for—</p> <ul style="list-style-type: none"> • Single or Married filing separately, \$12,950 • Married filing jointly or Qualifying surviving spouse, \$25,900 • Head of household, \$19,400 • If you checked any box under <i>Standard Deduction</i>, see instructions. 	z Add lines 1a through 1h	1z		
	2a Tax-exempt interest	2a	b Taxable interest	2b
	3a Qualified dividends	3a	b Ordinary dividends	3b
	4a IRA distributions	4a	b Taxable amount	4b
	5a Pensions and annuities	5a	b Taxable amount	5b
	6a Social security benefits	6a	b Taxable amount	6b
	c If you elect to use the lump-sum election method, check here (see instructions)	<input type="checkbox"/>		
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	<input type="checkbox"/>		7
	8 Other income from Schedule 1, line 10			8
	9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income			9
	10 Adjustments to income from Schedule 1, line 26			10
	11 Subtract line 10 from line 9. This is your adjusted gross income			11 -1955
	12 Standard deduction or itemized deductions (from Schedule A)			12
	13 Qualified business income deduction from Form 8995 or Form 8995-A			13
	14 Add lines 12 and 13			14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income			15	

<p>Filing Status (Fill in one circle only)</p> <p>1. <input type="radio"/> Single</p> <p>2. <input type="radio"/> Married Filing Jointly</p> <p>3. <input type="radio"/> Married Filing Separately → (Enter your spouse's full name and Social Security Number) Name: _____ SSN: _____</p> <p>4. <input type="radio"/> Head of Household</p> <p>5. <input type="radio"/> Qualifying Widow(er) (Year spouse died: _____)</p>	6. Federal Adjusted Gross Income	6.	-1955.00	
	7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 16)	7.		
	8. Add Lines 6 and 7	8.		
	9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 41)	9.		
	10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.)	10a.	10b.	

Enter Whole U.S. Dollars Only

7020

Consumer Use Tax

Consumer Use Tax for Taxpayers Who Do Not Have Complete Records of Out-Of-State Purchases

Taxpayers who owe consumer use tax and who do not have any records of out-of-state purchases for tax year 2021 may use the table below to estimate the amount of consumer use tax due for tax year 2021.

If Line 18, D-400 is:			If Line 18, D-400 is:			If Line 18, D-400 is:		
At Least	But Less Than	Use Tax Amount	At Least	But Less Than	Use Tax Amount	At Least	But Less Than	Use Tax Amount
\$ 0	- 2,200	\$ 1	\$ 15,600	- 17,000	\$ 11	\$ 30,400	- 31,900	\$ 21
2,200	- 3,700	2	17,000	- 18,500	12	31,900	- 33,300	22
3,700	- 5,200	3	18,500	- 20,000	13	33,300	- 34,800	23
5,200	- 6,700	4	20,000	- 21,500	14	34,800	- 36,300	24
6,700	- 8,100	5	21,500	- 23,000	15	36,300	- 37,800	25
8,100	- 9,600	6	23,000	- 24,400	16	37,800	- 39,300	26
9,600	- 11,100	7	24,400	- 25,900	17	39,300	- 40,700	27
11,100	- 12,600	8	25,900	- 27,400	18	40,700	- 42,200	28
12,600	- 14,100	9	27,400	- 28,900	19	42,200	- 43,700	29
14,100	- 15,600	10	28,900	- 30,400	20	43,700	- 45,200	30
						45,200 and over	Line 18 x .000675	

Consumer Use Worksheet for Taxpayers Who Have Records of Out-of-State Purchases

Taxpayers who owe consumer use tax and who have records of out-of-state purchases for tax year 2021 may use the worksheet below to determine the amount of consumer use tax due for tax year 2021.

- Enter the total amount of out-of-state purchases, including delivery charges, for 1/1/21 through 12/31/21..... 1. _____
- Multiply Line 1 by 7.5% (.075) in Durham and Orange Counties; 7.25% (.0725) in Mecklenburg and Wake Counties; 7% (.07) in Alexander, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, and Wilkes Counties; and 6.75% (.0675) in all other North Carolina counties, and enter the amount 2. _____
- Enter the amount of sales tax legally and properly paid to another state or North Carolina on the purchases. The amount may not exceed line 2 3. _____
- Subtract Line 2 from Line 3 and enter the result, rounded to the nearest whole dollar; here and on Form D-400, Line 18..... 4. _____

Mailing Address

For Original Returns Only:
 If you are due a refund: ⇒ N.C. Department of Revenue
 P.O. Box R
 Raleigh, NC 27634-0001

If you are not due a refund: ⇒ N.C. Department of Revenue
 P.O. Box 25000
 Raleigh, NC 27640-0640

For Amended Returns Only:
 N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0640

Property for Sale

Looking for a bargain on good used vehicles, furniture, appliances, tools, and jewelry? Visit www.ncdor.gov/seized-property-auctions-collection-division and click on **Vehicles and Property Available for Auction**.

Page 2 Last Name (First 10 Characters) **TAXPAYER** Tax Year **2022** Your Social Security Number **000-00-0000**

D-400 Web-Fill 8-22

16. Tax Credits (From Form D-400TC, Part 3, Line 20)	▶ 16.	0
17. Subtract Line 16 from Line 15	▶ 17.	28,900
18. Consumer Use Tax (See instructions)	▶ 18.	20
19. Add Lines 17 and 18	▶ 19.	

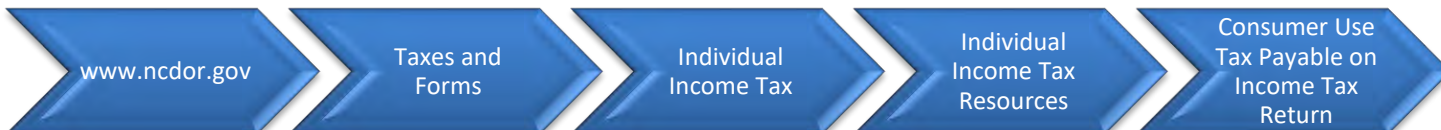
If you certify that no Consumer Use Tax is due, fill in circle.

Page 2 Last Name (First 10 Characters) **TAXPAYER** Tax Year **2022** Your Social Security Number **000-00-0000**

D-400 Web-Fill 8-22

16. Tax Credits (From Form D-400TC, Part 3, Line 20)	▶ 16.	0
17. Subtract Line 16 from Line 15	▶ 17.	28,900
18. Consumer Use Tax (See instructions)	▶ 18.	0
19. Add Lines 17 and 18	▶ 19.	

If you certify that no Consumer Use Tax is due, fill in circle.



Form D-400, Continued

NCDOR D-400 2022 Individual Income Tax Return
 Web-Fill 8-22

PRINT CLEAR

DOR Use Only

AMENDED RETURN
 Fill in circle (See Instructions)

IMPORTANT: Do not send a photocopy of this form.

For calendar year **2022**, or fiscal year beginning (MM-DD) **22** and ending (MM-DD-YY)

Your Social Security Number _____ Spouse's Social Security Number _____

You **must** enter your social security number(s)

Your First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) M.I. Your Last Name
 If a Joint Return, Spouse's First Name M.I. Spouse's Last Name

Mailing Address _____ Apartment Number _____
 City _____ State _____ Zip Code _____ Country (if not U.S.) _____ County (where tax is levied) _____

N.C. Education Endowment Fund: You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. To make a contribution, enclose Form NC-EDU and your payment of \$

Page 2 D-400 Web-Fill 8-22 Last Name (First 10 Characters) _____ Tax Year **2022** Your Social Security Number _____

16. Tax Credits (From Form D-400TC, Part 3, Line 20) ▶ 16. _____

17. Subtract Line 16 from Line 15 ▶ 17. _____

18. Consumer Use Tax (See instructions) If you certify that no Consumer Use Tax is due, fill in circle. ▶ 18. _____

19. Add Lines 17 and 18 ▶ 19. _____

20. North Carolina Income Tax Withheld ▶ a. Your tax withheld _____ b. Spouse's tax withheld _____

21. Other Tax Payments ▶ a. 2022 estimated tax _____ b. Paid with extension _____
 ▶ c. Partnership _____ d. S Corporation _____

22. Additional Payments (Amended Returns Only: See instructions) ▶ 22. _____

23. Add Lines 20a through 22 ▶ 23. _____

If you claim a partnership payment on Line 21c or S corporation payment on Line 21d, you must attach a copy of the NC-R-1.

When filing an amended return, see instructions

29. Amount of Line 28 to be applied to 2023 Estimated Income Tax

30. Contribution to the N.C. Nongame and Endangered Wildlife Fund

31. Contribution to the N.C. Education Endowment Fund

32. Contribution to the N.C. Breast and Cervical Cancer Control Program

29. _____

30. _____

31. _____

32. _____

7. Additions to Federal Adjusted Gross Income (From Form D-400 Schedule S, Part A, Line 16) ▶ 7. _____

8. Add Lines 6 and 7 ▶ 8. _____

9. Deductions From Federal Adjusted Gross Income (From Form D-400 Schedule S, Part B, Line 41) ▶ 9. _____

10. Child Deduction (On Line 10a, enter the number of qualifying children for whom you were allowed a federal child tax credit. On Line 10b, enter the amount of the child deduction. See instructions.) ▶ 10a. _____ ▶ 10b. _____

11. N.C. Standard Deduction OR N.C. Itemized Deductions (Fill in one circle only. See Form D-400 Schedule A.) ▶ 11. _____

12. a. Add Lines 9, 10b, and 11. _____ 12b. Subtract Line 12a from Line 8. _____

13. Part-year Residents and Nonresidents Taxable Percentage (From Form D-400 Schedule PN, Line 24. Enter amount as decimal.) ▶ 13. _____

14. North Carolina Taxable Income Full-year residents enter the amount from Line 12b. Part-year residents and nonresidents multiply amount on Line 12b by the decimal amount on Line 13. ▶ 14. _____

15. North Carolina Income Tax Multiply Line 14 by 4.99% (0.0499). If zero or less, enter a zero. ▶ 15. _____

31. Contribution to the N.C. Education Endowment Fund ▶ 31. _____

32. Contribution to the N.C. Breast and Cervical Cancer Control Program ▶ 32. _____

33. Add Lines 29 through 32 ▶ 33. _____

34. Subtract Line 33 from Line 28. This is the Amount To Be Refunded For direct deposit, file electronically ▶ 34. _____

I declare and certify that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Your Signature _____ Date _____ Spouse's Signature (if filing joint return, both must sign) _____ Date _____

Contact Phone Number (include area code) _____ Check here if you authorize the North Carolina Department of Revenue to discuss this return and attachments with the paid preparer below.

PAID PREPARER USE ONLY If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge. Preparer's FEIN, SSN, or PTIN _____ Preparer's Contact Phone Number (include area code) _____

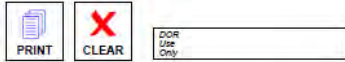
Paid Preparer's Signature _____ Date _____

If REFUND, mail return to: N.C. DEPT. OF REVENUE, P.O. BOX R, RALEIGH, NC 27634-0001
 If you ARE NOT due a refund, mail return, any payment, and D-400V to: N.C. DEPT. OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0540

Form D-400 Schedule S

NCDOR
Web-Fill
8-22

D-400 Schedule S 2022 N.C. Adjustments for Individuals



If you are required to add certain items to federal adjusted gross income on Form D-400, Line 7, or if you are entitled to take deductions from federal adjusted gross income on Form D-400, Line 9, you must complete and attach this schedule to Form D-400. Importantly, you must attach both pages of this schedule to Form D-400, even if you are only required to complete one part of the schedule. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) Do not send a photocopy of this form. Your Social Security Number

Part A. Additions to Federal Adjusted Gross Income (Only add items that are not included in federal adjusted gross income)

- 1. Interest Income From Obligations of States Other Than N.C. ▶ 1.
- 2. Deferred Gains Reinvested Into an Opportunity Fund ▶ 2.
- 3. Bonus Depreciation ▶ 3.
- 4. IRC Section 179 Expense ▶ 4.
- 5. S-Corporation Shareholder Built-in Gains Tax ▶ 5.
- 6. Amount by Which Federal Basis Exceeds State Basis for Property Disposed of in 2022 ▶ 6.
- 7. Federal Net Operating Loss Deduction ▶ 7.
- 8. State, Local, or Foreign Income Tax Deducted by an S Corporation, Partnership, or Estate and Trust ▶ 8.
- 9. Withdrawal of 529 Plan Contributions Not Used for Permissible Purpose ▶ 9.
- 10. Discharge of Qualified Principal Residence Indebtedness ▶ 10.
- 11. Qualified Education Loan Payments Paid by Employer ▶ 11.
- 12. Business Meal Deduction in Excess of 50% ▶ 12.
- 13. Discharge of Certain Student Loan Debt ▶ 13.
- 14. Taxed Pass-Through Entity Loss (New for 2022) ▶ 14.
- 15. Reserved for Future Use ▶ 15.
- 16. Total Additions - Add Lines 1 through 15 (Enter the total here and on Form D-400, Line 7) ▶ 16.



Page 2
D-400 Sch. S
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Last Name (First 10 Characters)

Tax Year
2022

Your Social Security Number

Part B. Deductions From Federal Adjusted Gross Income (Only deduct items that are included in federal adjusted gross income)

- 17. State or Local Income Tax Refund ▶ 17.
- 18. Interest Income From Obligations of the United States or United States' Possessions ▶ 18.
- 19. Taxable Portion of Social Security and Railroad Retirement Benefits ▶ 19.
- 20. Retirement Benefits Received by Vested N.C. State Government, N.C. Local Government, or Federal Government Retirees, i.e. Bailey Settlement ▶ 20.
- 21. Certain Retirement Benefits Received by a Retired Member of the United States Uniformed Services Not Deducted on Line 20 ▶ 21.
- 22. Bonus Asset Basis ▶ 22.
- 23. Bonus Depreciation
 - ▶ 23a. 2017 ▶ 23b. 2018 ▶ 23c. 2019
 - ▶ 23d. 2020 ▶ 23e. 2021
 - Total 23f. (Add Lines 23a-23e)
- 24. IRC Section 179 Expense
 - ▶ 24a. 2017 ▶ 24b. 2018 ▶ 24c. 2019
 - ▶ 24d. 2020 ▶ 24e. 2021
 - Total 24f. (Add Lines 24a-24e)
- 25. Recognized IRC Section 1400Z-2 Gain ▶ 25.
- 26. Gain From the Disposition of Exempt N.C. Obligations Issued Before July 1, 1995 ▶ 26.
- 27. Exempt Income Earned or Received by a Member of a Federally Recognized Indian Tribe ▶ 27.
- 28. Amount by Which State Basis Exceeds Federal Basis for Property Disposed of in 2022 ▶ 28.
- 29. Ordinary and Necessary Business Expense Reduced or not Allowed Due to Claiming a Federal Tax Credit in Lieu of a Deduction ▶ 29.
- 30. Personal Education Student Account Deposits ▶ 30.
- 31. Certain State Emergency Response and Disaster Relief Reserve Fund Payments ▶ 31.
- 32. Certain Economic Incentive Payments ▶ 32.
- 33. Certain N.C. Grant Payments ▶ 33.
- 34. Certain Net Operating Loss Carrybacks (Limited to 20% of amount added to AGI in tax years 2013 through 2019) ▶ 34.
- 35. Excess Net Operating Loss Carryforward (Limited to 20% of amount added to AGI in 2019 and 2020) ▶ 35.
- 36. Excess Business Loss (Limited to 20% of amount added to AGI in 2018, 2019, and 2020) ▶ 36.
- 37. Business Interest Limitation (Limited to 20% of amount added to AGI in 2019 and 2020) ▶ 37.
- 38. Taxed Pass-Through Entity Income (New for 2022) ▶ 38.
- 39. N.C. Net Operating Loss (New for 2022) ▶ 39.
- 40. Reserved for Future Use ▶ 40.
- 41. Total Deductions - Add Lines 17 through 22, 23f, 24f, and 25 through 40 (Enter the total here and on Form D-400, Line 9) ▶ 41.



Form D-400 Schedule A

**Standard/
Itemized
Deductions**

NCDOR
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8-22

D-400 Schedule A
2022 N.C. Itemized Deductions

PRINT CLEAR

DOR Use Only

If you choose to itemize North Carolina deductions on Form D-400, Line 11, you must attach this schedule to Form D-400. If you do not, the Department may be unable to process your return.

Last Name (First 10 Characters) _____ Your Social Security Number _____

Do not send a photocopy of this form.

N.C. Standard Deduction or N.C. Itemized Deductions

You may deduct from federal adjusted gross income either the N.C. standard deduction or N.C. itemized deductions. You can determine the amount of your N.C. standard deduction by looking at the chart below. If you claim the N.C. standard deduction, do not complete Lines 1 through 10. Instead, enter the amount of your N.C. standard deduction on Form D-400, Line 11.

N.C. Standard Deduction

(In general, the N.C. standard deduction is equal to the amount listed below based on your filing status. However, if you are not eligible for a standard deduction on the federal income tax return, your N.C. standard deduction amount is zero. For more information on eligibility, see the instructions.)

If your filing status is:	Your N.C. standard deduction is:
• Single	\$ 12,750
• Head of household	\$ 19,125
• Married filing jointly	\$ 25,500
• Qualifying widow(er)/Surviving Spouse	\$ 25,500
• Married filing separately:	
If your spouse <u>does not</u> claim itemized deductions	\$ 12,750
If your spouse claims itemized deductions	\$ 0
If you are not eligible for a standard deduction on your federal tax return	\$ 0

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1. Home Mortgage Interest (See instructions)	▶	1.		
2. Real Estate Property Taxes	▶	2.		
3. Home Mortgage Interest and Real Estate Property Taxes Before Limitation <i>(Add Lines 1 and 2)</i>		3.		
4. Home Mortgage Interest and Real Estate Property Taxes Limitation		4.		20000
5. Home Mortgage Interest and Real Estate Property Taxes After Limitation <i>(Compare Line 3 to Line 4; enter whichever is less.)</i>	▶	5.		
6. Charitable Contributions (See instructions)	▶	6.		
7. a. Medical and Dental Expenses Before Limitation (See instructions)	▶	7a.		
b. Enter the amount from Form D-400, Line 6.		7b.		
c. Multiply Line 7b by 7.5% (0.075). If zero or less, enter a zero.		7c.		
d. Medical and Dental Expenses After Limitation <i>(Subtract Line 7c from Line 7a. If Line 7c is more than Line 7a, enter a zero.)</i>	▶	7d.		
8. Repayment of Claim of Right Income	▶	8.		
9. Reserved for Future Use	▶	9.		
10. Total N.C. Itemized Deductions <i>(Add Lines 5, 6, 7d, 8, and 9. Enter the total here and on Form D-400, Line 11.)</i>		10.		

NC Itemized Deductions

- Itemized deductions include:



- A taxpayer is allowed to claim North Carolina itemized deductions even if the taxpayer did not claim federal itemized deductions

Form D-400 Signature Line

I declare and certify that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Your Signature _____		Date _____		Spouse's Signature (if filing joint return, both must sign.) _____		Date _____	
Contact Phone Number (include area code) ▶ _____				<input type="checkbox"/> Check here if you authorize the North Carolina Department of Revenue to discuss this return and attachments with the paid preparer below.			
PAID PREPARER USE ONLY	If prepared by a person other than taxpayer, this certification is based on all information of which the preparer has any knowledge.			Preparer's FEIN, SSN, or PTIN _____		Preparer's Contact Phone Number (include area code) _____	
	Paid Preparer's Signature _____		Date _____				

If REFUND, mail return to: N.C. DEPT. OF REVENUE, P.O. BOX R, RALEIGH, NC 27634-0001
If you ARE NOT due a refund, mail return, any payment, and D-400V to: N.C. DEPT. OF REVENUE, P.O. BOX 25000, RALEIGH, NC 27640-0540

**Paid Preparer
Check Box**

Note: The taxpayer must check this box to authorize the preparer to discuss the return and attachments.

Failure to Pay Penalty

- In general, the Department is required to assess a penalty for failure to pay a tax when due.
- The 2022 General Assembly amended the law to **decrease the rate** of penalty from 10% **to 5%**.
- Rate reduction is effective January 1, 2023, and applies to tax assessed on or after that date.

TAX PENALTY FOR FILING LATE



Reference: S.L. 2022-13, s. 5.6.(b)

Interest Rate

- In general, the Department is required to assess Interest to overpayments of tax and assessments of tax.
- The Secretary of Revenue **increased the interest rate** from 5% **to 7%**.
- Rate increase is effective January 1, 2023.

www.ncdor.gov

Taxes and Forms

Interest Rate



Reference: G.S. 105-241.21(a)

Hurricane Ian

- An Affected Taxpayer erroneously assessed a penalty should request penalty be removed by mailing Form NC-5500 to the Department.
- The Department issued an Important Notice regarding Hurricane Ian on October 7, 2022.
- The Department issued frequently asked questions on October 28, 2022 to assist with additional guidance. Check the DOR website!



Extensions/Amendments/ Payments

Form D-400 Federal Extension Line

Residency Status	Were you a resident of N.C. for the entire year?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If No, complete and attach Form D-400 Schedule PN.
	Was your spouse a resident for the entire year?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Veteran Information	Are you a veteran?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is your spouse a veteran? <input type="checkbox"/> Yes <input type="checkbox"/> No
Federal Extension	Were you granted an automatic extension to file your 2022 federal income tax return, e.g., Form 1040?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Filing Status <small>(Fill in one circle only)</small>	1. <input type="checkbox"/> Single		
	2. <input type="checkbox"/> Married Filing Jointly		
	3. <input type="checkbox"/> Married Filing Separately	→ (Enter your spouse's full name and Social Security Number)	Name <input type="text"/>
	4. <input type="checkbox"/> Head of Household		SSN <input type="text"/>
	5. <input type="checkbox"/> Qualifying Widow(er) (Year spouse died: <input type="text"/>)		Enter Whole U.S. Dollars Only

Note: The taxpayer must certify an automatic extension was granted for the federal income tax return (form 1040).

NCDOR Extension

D-410 Application for Extension for Filing Individual Income Tax Return
North Carolina Department of Revenue

For calendar year or other tax year beginning and ending

Your Social Security Number You must enter your social security numbers Your Spouse's Social Security Number

Your First Name (USE CAPITAL LETTERS) M.I. Your Last Name

If a Joint Return, Spouse's First Name M.I. Spouse's Last Name

Address

City State Zip Code Country (if not U.S.)

1. Tax Liability for Year .00


2. Payments for Year .00

3. Balance Due (Line 1 minus Line 2) \$.00

Apartment Number

Fill in this circle if you were out of the country on the date that this application was due.

Mail to: N.C. Department of Revenue
P.O. Box 25000, Raleigh, N.C. 27640-0835



7130108005

NCDOR D-410

Filing & Contact

Form Details

Calendar Year 2019 [What's This?](#)

Fiscal Year

Out of Country [What's This?](#)

Filing Status: [What's This?](#)

Primary Taxpayer's Information

Primary Taxpayer's First Name

Middle Initial

Primary Taxpayer's Last Name

Social Security Number

www.ncdor.gov

File & Pay

Individual Income Tax File Extension

Amended Returns

NCDOR
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8-22

D-400 Schedule AM North Carolina Amended Schedule



DOR Use Only

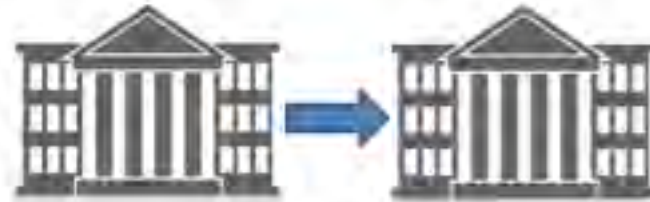
Important: When filing an amended North Carolina individual income tax return, you must complete Form D-400 for the taxable year you are amending and fill in the "Amended Return" circle located at the top right of the form. In addition, you must attach this schedule, along with all supporting forms and schedules, to the front page of the amended Form D-400. If you do not, your refund may be delayed.

For calendar year or other tax year beginning (MM-DD-YY) and ending (MM-DD-YY)

Your Social Security Number ← **You must enter your social security number(s)** → Spouse's Social Security Number

Online Payment Options

- Online payments are fast, easy, and convenient.
- Always pay by the due date to avoid penalties and fees.



[How to pay your Individual Income Taxes - YouTube](#)

www.ncdor.gov

File & Pay

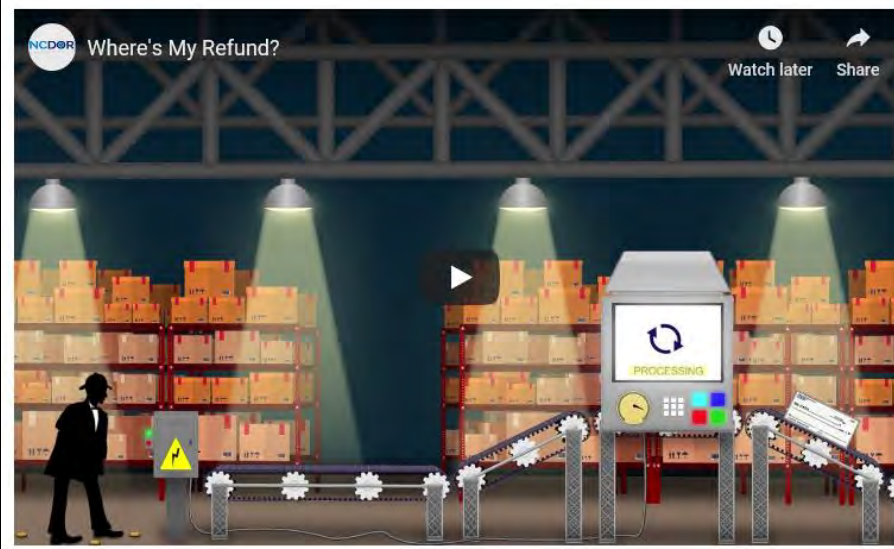
Individual Income Tax –
Form D400-V

Reminders

Where's My Refund Assistance

Where's my refund →

- Use the Where's My Refund application for an up-to-date report on the status of your refund. The information shown in the application is the same information our phone representatives have.
- Still have questions? [Read our FAQs.](#)



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File & Pay

The Refund Process

Common Mistakes To Avoid



Wrong or Missing Social Security Numbers



Wrong Names



Wrong bank account numbers



Wrong Filing Status



Missing Income

www.ncdor.gov

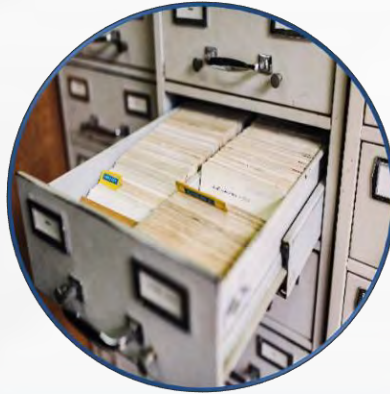
Contact Us

Customer Education

Tax Resource Library

Personal Taxes

Important Reminders





The North Carolina Department of Revenue uses the same advice as the Internal Revenue Service for retaining tax records.

- The general rule is **three years after the return is filed**.
- **There are** tax situations in which an individual or business would be advised to **keep records longer**.
- In cases where **no required return has been filed**, for instance, the records should be kept **indefinitely**.

Penalty for ID Theft



Effective June 21, 2017; HB 59, s. 1, S.L. 17-39

Resources

2021 Volunteer's Guide To Preparing North Carolina Income Tax Returns



North Carolina
Department of Revenue

2021 Test Booklet



North Carolina
Department of Revenue

Important: Page numbers referenced on the attached forms are not for the Volunteer's Guide to Preparing North Carolina Individual Income Tax Returns. The page numbers reference the North Carolina Individual Income Tax Instruction Booklet, Form D-401.

2021 Answer Booklet



North Carolina
Department of Revenue

Tax Practitioner Priority Service (TPPS)

- Phone: 919-754-2500
- E-File and Development Unit: 1-877-308-9103

Personal Tax Bulletin

The Personal Tax Bulletin is updated annually and published online. The Personal Taxes Bulletin includes information with respect to individual income tax, withholding tax, pass-through entities, estates, and trust.



PERSONAL TAXES BULLETIN
Individual Income Tax
Pass-Through Entities
Withholding Tax

Reflecting Changes Made in the 2021 Regular Session
of the North Carolina General Assembly

Personal Taxes Division
March 2022

The screenshot shows the NCDOR website navigation bar with links for Home, File & Pay, Taxes & Forms, Received A Notice, News, About Us, and Contact Us. The 'Contact Us' dropdown menu is open, displaying a 'Subscription Topics' section with a list of checkboxes for selecting email alerts. The background shows a 'Contact Us' page with links for E-Alerts, Office Locations, Request A Speaker For Your Group, Media Requests, Report Tax Fraud, and Customer Education.

Subscription Topics

- News and updates
 - News and announcements
 - Sales and Use Tax
 - Excise Tax
 - Withholding Tax
 - Individual Income Tax
 - All Tax Topics
 - Set Off Agencies
 - MVP Tax

Please

Subscribe

Contact Information



Important Toll Free Telephone Numbers:

- Automated Refund Inquiry Line.....1-877-252-4052
- Taxpayer Assistance Forms.....1-877-252-3052
- Tax Fraud Hotline1-800-232-4939

Mailing Addresses:

If you **are** due a refund:
NC Department of Revenue
PO Box R
Raleigh, NC 27634-0001

If you **are not** due a refund:
NC Department of Revenue
PO Box 25000
Raleigh, NC 27640-0640



- **What NCDOR offers:**
 - Business Tax Essentials
 - Sales & Use Seminar
 - Withholding Seminar
 - Non-profit Claim for Refund Seminar
- **Who Can Register:**
 - Anyone!
 - Select seminars that would be beneficial to you and your business
- **Cost to Attend:**
 - Attending is Free!
- **Where to Register:**
 - NCDOR Website>Contact Us>Customer Education

NCDOR » Taxes & Forms » Business & Income Tax Seminars

Customer Education

NCDOR is here to help!

Customer Education's goal is to help you better understand NC taxes! Check out our on-demand resources or attend a tax seminar or webinar*.
*Available in Spanish

Seminar/Webinar Schedule & Registration

Sign up for one of our seminars or webinars. We have a variety of tax topics!

Seminar/Webinar Descriptions

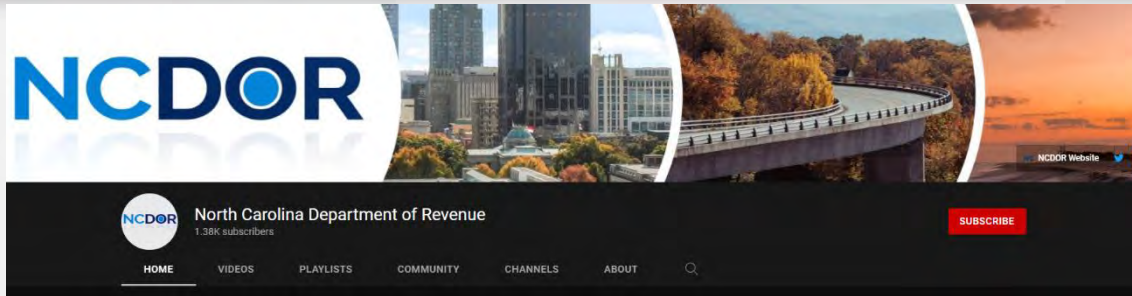
Find detailed information about all of the seminars and webinars we offer currently.

Seminarios en Español

Algunos de nuestros seminarios gratuitos ahora están disponibles en español. Encuentre más información aquí.

Tax Resource Library

Can't attend a seminar/webinar? Our library contains tax videos and eModules you can watch anytime!



Tax Resource Library

Available eModules

eModule	Description
Personal Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Individual Income and Withholding taxes, along with changes to the relevant NC forms.
Sales & Use Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Sales & Use taxes, along with changes to the relevant NC forms.
Corporate & Franchise Tax Law Update eModule	This eModule summarizes recent legislative changes, to the State's Revenue laws, effective for tax year 2020, regarding Corporate & Franchise taxes, along with changes to the relevant NC forms.

Business Related Videos Available:

- SALES & USE TAX BASICS eMODULE
- ONLINE FILING AND PAYING SALES & USE TAX
- ENC3 TUTORIALS
- UNDERSTANDING YOUR PRIVILEGE LICENSE
- BUSINESS eFILE
- HOW TO COMPLETE A NC-4 EZ FORM
- HOW TO PAY A BILL OR NOTICE

Questions?

Jonetta Appling
Revenue Administrative Officer I
KEO Division
jonetta.appling@ncdor.gov



Remember: The answer to most general tax questions can be found on the DOR website, <https://www.ncdor.gov/>

You may also call **1-877-252-3052**