

# Employee's Withholding Allowance Certificate

North Carolina Department of Revenue

**PURPOSE.** Complete Form NC-4 so that your employer can withhold the correct amount of State income tax from your pay. **EXEMPTION FROM WITHHOLDING.** Read line 6 of the certificate below to see if you can claim exempt status. If exempt, only complete the certificate; but do not complete lines 4 and 5. No State income tax will be withheld from your pay.

**BASIC INSTRUCTIONS.** If you are not exempt, complete the Personal Allowances Worksheet. An additional worksheet is provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or tax credits. The worksheets will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances if you wish to increase the tax withheld during the year. If your withholding allowances decrease, you must file a new NC-4 with your employer within 10 days after the change occurs except that a new NC-4 is not required until the next year in the following cases:

1. When a dependent dies during the year.
2. When an individual ceases to be a dependent during the year and the support furnished will be

- the chief support for the year.
3. When an individual ceases to be head of household after maintaining the household for the major portion of the year.

**HEAD OF HOUSEHOLD.** Generally you may claim head of household status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. Note: "Head of Household" for State tax purposes is the same as for federal tax purposes.

**QUALIFYING WIDOW(ER).** You may claim qualifying widow(er) status only if your spouse died in either of the two preceding tax years and you meet the following requirements:

1. Your home is maintained as the main household of a child or stepchild for whom you can claim an exemption; and
2. You were entitled to file a joint return with your spouse in the year of your spouse's death.

**Note:** "Qualifying Widow(er)" for State tax purposes is the same as for federal tax purposes. Because the

standard deduction used in the tax tables for married and qualifying widow(er) is \$2,750 and you are entitled to a standard deduction of \$5,500, you may elect to claim an additional personal withholding allowance on line C below to avoid having too much tax withheld.

**MARRIED AND SPOUSE DOES NOT WORK OR HAS WAGE INCOME OF LESS THAN \$3,500.** The withholding tax tables are based on both spouses earning wages during the year. If your spouse does not work or will earn wages of less than \$3,500 during the year, you may elect to complete line B below to avoid having too much tax withheld.

**TWO JOBS.** If you have more than one job, figure the total number of allowances you are entitled to claim on all jobs using only one form NC-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 filed for the higher paying job and zero allowances are claimed for the other.

**NONWAGE INCOME.** If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40.

## Personal Allowances Worksheet

A. Enter "1" for yourself if no one else can claim you as a dependent ..... A. \_\_\_\_\_

**IN ADDITION TO A. ABOVE:**

B. Enter "1" if you are married and you expect your spouse's wages to be from \$1,000 to \$3,500. Enter "2" if you are married and your spouse has no income or expects to earn less than \$1,000 .... B. \_\_\_\_\_

C. Enter "1" if you are a qualifying widow(er) ..... C. \_\_\_\_\_

D. Enter the number of dependents (other than your spouse or yourself) whom you will claim on your tax return ..... D. \_\_\_\_\_

E. If you plan to itemize, claim adjustments to income, or have allowable tax credits and want to reduce your withholding, complete the Deductions, Adjustments, and Tax Credits Worksheet on page 2 and enter number from line 14 ..... E. \_\_\_\_\_

F. Add lines A through E and enter total here and on line 4 of your Employee's Withholding Allowance Certificate ..... F. \_\_\_\_\_

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

North Carolina Department of Revenue

# Employee's Withholding Allowance Certificate

1 Type or print your first name and middle initial \_\_\_\_\_ Last name \_\_\_\_\_ 2 Your social security number \_\_\_\_\_

Home address (number and street or rural route) \_\_\_\_\_  
City or town, state, and ZIP code \_\_\_\_\_

3 Marital Status {  Single  
 Married or Qualifying Widow(er)  
 Head of Household

4 Total number of allowances you are claiming (from line F above) ..... 4 \_\_\_\_\_

5 Additional amount, if any, you want deducted from each pay period (Enter whole dollars only) ..... 5 \$ \_\_\_\_\_

6 I claim exemption from withholding and I certify that I meet ALL of the following conditions for exemption:

- Last year I was entitled to a refund of ALL State income tax withheld because I had NO tax liability; AND
- This year I expect a refund of ALL State income tax withheld because I expect to have NO tax liability.

If claiming exempt, the statement is effective for one calendar year only and a new statement must be completed and given to your employer by next February 15.

If you meet all of the above conditions, enter the year effective and write "Exempt" here ..... 6 20 \_\_\_\_\_

7 Are you a full-time student? (Note: Full-time students are not automatically exempt) ..... 7  Yes  No

I certify, under penalties provided by law, that the withholding allowances claimed on this certificate do not exceed the amount to which I am entitled.

Employee's signature \_\_\_\_\_ Date \_\_\_\_\_, 20 \_\_\_\_\_

8 Employer's name and address (Employer: Complete 8 and 9 only if sending to NCDR) \_\_\_\_\_ 9 FEIN \_\_\_\_\_

**Deductions, Adjustments, and Tax Credits Worksheet**

1. Additional withholding allowances may be claimed if you expect to have allowable itemized deductions exceeding the standard deduction. Enter an estimate of the total itemized deductions to be claimed on your federal tax return less the amount of any State income tax included in your federal deductions ..... 1. \_\_\_\_\_
2. Enter 

}	\$4,400 if head of household
	\$3,000 if single
	\$2,750 if married filing separately
	\$5,500 if married filing jointly or qualifying widow(er)

 ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1, enter the result here ..... 3. \_\_\_\_\_
4. Enter an estimate of your federal adjustments to income and your State deductions from federal taxable income ..... 4. \_\_\_\_\_
5. Add lines 3 and 4 ..... 5. \_\_\_\_\_
6. Enter an estimate of your nonwage income (such as dividends or interest) ..... 6. \_\_\_\_\_
7. Enter an estimate of your State additions to federal taxable income (do not enter the addition for state income tax or the additions for the standard deduction and personal exemption inflation adjustment) ..... 7. \_\_\_\_\_
8. Add lines 6 and 7 ..... 8. \_\_\_\_\_
9. Subtract line 8 from line 5 ..... 9. \_\_\_\_\_
10. Divide the amount on line 9 by \$2,500 (\$2,000 if you expect your income from all sources for the year to equal or exceed the following amounts for your filing status: \$60,000 - single; \$80,000 - head of household; \$50,000 - married or qualifying widow(er)) and enter the result here. Drop any fraction ..... 10. \_\_\_\_\_
11. If you are entitled to tax credits, for each \$175 (\$140 if you expect your income from all sources for the year to equal or exceed the following amounts for your filing status: \$60,000 - single; \$80,000 - head of household; \$50,000 - married or qualifying widow(er)) of tax credit, enter "1" additional allowance ..... 11. \_\_\_\_\_
12. Add lines 10 and 11 and enter total here ..... 12. \_\_\_\_\_
13. If you completed this worksheet on the basis of married filing jointly, enter the number from line 12 that your spouse will claim ..... 13. \_\_\_\_\_
14. Subtract line 13 from line 12 and enter the total here and on line E of the Personal Allowances Worksheet ..... 14. \_\_\_\_\_

If you furnish an employer with an **Employee's Withholding Allowance Certificate** 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.