

Income Tax Withholding

Wages: North Carolina law requires withholding of income tax from salaries and wages of all residents regardless of where earned and from wages of nonresidents for personal services performed in this State. The tax must be withheld from each payment of wages, and is considered to be held in trust until it is paid to the Department of Revenue. Due date requirements for reporting and paying the tax depend on the amount of tax withheld each month. Employers withholding less than \$250 per month report and pay quarterly. Employers who, on average, withhold at least \$250 but less than \$2,000 per month report and pay monthly. Employers who, on average, withhold \$2,000 or more per month make payments on the dates federal deposits are required and file quarterly reports.

Pension Payments: If you are required to withhold federal tax under section 3405 of the Internal Revenue Code on a pension payment to a N.C. resident, you must also withhold State income tax unless the recipient elects no withholding. You must withhold on periodic payments as if the recipient is a married person with three allowances unless the recipient provides an exemption certificate (Form NC-4P) reflecting a different filing status or number of allowances. For nonperiodic distributions, 4% of the tax must be withheld. **Reporting and Paying Pension Withholding:** If you already have a wage withholding identification number, you can report and pay the pension withholding with your wage withholding or you may choose to report and pay the withholding tax separately. If you choose to pay pension withholding with wage withholding, you do not have to complete this form. However, if you choose separate reporting of wage and pension withholding, or if you report only pension withholding, you must complete and file this form to obtain a new identification number.

Compensation Paid to a Nonresident Individual or Nonresident Entity for Personal Services Performed in North Carolina: If you pay non-wage compensation of more than \$1,500 during the calendar year to a nonresident contractor for personal services performed in N.C. in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program, you must withhold N.C. income tax at the rate of 4% from this non-wage compensation.

Compensation Paid to an ITIN Contractor: If you pay non-wage compensation of more than \$1,500 during the calendar year to an ITIN contractor, you must withhold North Carolina income tax at the rate of 4% from the non-wage compensation. An ITIN contractor is a contractor who performs services in North Carolina for compensation other than wages and whose taxpayer identification number is an ITIN number instead of a social security number. An ITIN is issued by the Internal Revenue Services to a person who is required to have a taxpayer identification number but does not have and is not eligible to obtain a social security number.

Reporting and Paying Withholding from Non-wage Compensation: If you already have a wage withholding identification number, you should report and pay the non-wage withholding with your wage withholding. If you report only non-wage withholding, you must complete and file this form to obtain a withholding identification number. **For detailed instructions on reporting and paying tax withheld from wages, pensions, and other non-wage compensation, see Form NC-30, Income Tax Withholding Tables and Instructions for Employers. Form NC-30 is available on the Department's website at www.dornc.com.**

Sales and Use Tax

Every person who engages as a retailer or wholesale merchant in the business of selling, renting, or leasing taxable tangible personal property, services, and digital property in this State or who operates a laundry, dry cleaning plant, or similar business in this State, or a hotel, motel, or similar business in this State must obtain a Certificate of Registration. A Certificate of Registration allows the merchant to issue a Certificate of Exemption to obtain property for resale without paying the sales tax. A purchaser is liable for a \$250 penalty for misuse of a Certificate of Exemption. See the certificate for instructions on its proper use.

Every business that buys taxable tangible personal property, services, and digital property from out-of-state vendors for storage, use, or consumption in North Carolina is required to obtain a Users or Consumers Use Tax Registration unless the business is registered for sales and use tax or has paid all taxes due on their purchases. Individuals making non-business purchases should remit the use tax due on their North Carolina Individual Income Tax Return and are not required to register.

Machinery, Equipment, and Manufacturing Fuel Tax

Every manufacturing industry or plant (including a contractor or subcontractor that performs contracts with a manufacturing industry or plant), major recycling facility, research development company, software publishing company, eligible datacenter, and industrial machinery refurbishing company is required to register and remit the 1% tax with an \$80 maximum per article when purchasing mill machinery, mill machinery parts or accessories, or equipment for storage, use, or consumption in this State. Every manufacturing industry or plant that purchases fuel to operate that industry or plant is also required to register and remit the applicable tax on the sales price of fuel.

Business Registration Application Instructions

Step 1 - Complete Section I, Identifying Information. Use your computer to complete this Web-Fill form in its entirety, print the completed form, and mail to the Department.

- Line 1 Enter your Federal Employer's Identification Number. If you have applied for the number, but have not yet received it, enter "applied for" and furnish the number as soon as it is available. **Important:** Federal employer identification numbers are required of all partnerships. If the business is a proprietorship, enter the Social Security Number of the owner.
- Line 3 If the business is a sole proprietorship, enter the name of the owner. If the business is a corporation or a LLC, enter the legal name. The legal name of the N.C. corporation or LLC is the name shown on the Articles of Incorporation or Articles of Organization filed with the Secretary of State. The legal name of an out-of-state corporation or LLC is the name shown on the Certificate of Authority issued by the Secretary of State. If the business is a partnership, enter the legal name of the partnership and list the partners' names in Item 11.
- Line 4 Enter the trade name by which your business is known to the public.
- Line 7 Enter the address of the actual business location, **not the home address of an individual owner or a representative in N.C.**

Step 2 - Complete Section II if you are applying for an Income Tax Withholding Number.

Step 3 - Complete Section III if you are applying for a Certificate of Registration, also known as a Sales and Use Tax Number, or for a Users or Consumers Use Tax Registration.

Step 4 - Complete Section IV if you are applying for a number to remit the machinery, equipment, and manufacturing fuel tax.

Step 5 - Sign the application and mail it to P.O. Box 25000, Raleigh, NC 27640-0100. The application must be signed by the owner, a partner, a corporate officer, or another authorized individual. Questions can be directed to 1-877-252-3052 (toll-free).

NOTE - The Department will assign you a withholding, sales and use tax, and machinery, equipment, and manufacturing fuel tax account number as appropriate, after this application is processed. Use the assigned number to make your tax payments. The amount of tax withheld or any sales tax collected is deemed by law to be held in trust by you for the State of N.C. Failure to remit or any misapplication of these funds to the Department of Revenue could result in criminal action.