

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. Under the law, the tax must be withheld from each payment of wages, and the amount 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. Effective for wages paid on or after January 1, 2002, employers withholding less than \$250 per month report and pay the tax 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: Effective January 1, 2001, if you are required to withhold federal tax under section 3405 of the Internal Revenue Code on a pension payment to a North Carolina 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.

Other Compensation: 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.

Reporting and Paying Withholding from Non-wage Compensation: If you already have a wage withholding identification number, you can report and pay the non-wage withholding with your wage withholding **or** you may choose to report and pay the withholding tax separately. If you choose to pay non-wage withholding with wage withholding, you do not have to complete this form. However, if you choose separate reporting of wage and non-wage compensation, or if you report only non-wage withholding, you must complete and file this form to obtain a new identification number.

For detailed instructions on reporting and paying tax withheld from wages, pensions, and other compensation, see Form NC-30, Income Tax Withholding Tables and Instructions for Employers. Form NC-30 can be obtained by calling the Department at (919) 715-0397. The form is also available on the Department's website at www.dor.state.nc.us.

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 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 Merchants Certificate of Registration. A Merchants Certificate of Registration allows the merchant to issue a Certificate of Resale to obtain property for resale without paying the sales tax. A purchaser is liable for a \$250 penalty for misuse of a Certificate of Resale. See the certificate for instructions on its proper use.

Every business that buys taxable tangible personal 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.

Registration Application Instructions

Step 1 - Complete Section I, Identifying Information. Use blue or black ink.

- Item 2 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 North Carolina corporation is the name shown on the Articles of Incorporation filed with the Secretary of State. The legal name of a North Carolina LLC is the name shown on the 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 12.
- Item 3 Enter the trade name by which your business is known to the public.
- Item 6 Enter the address of the actual business location. Do not enter the home address of an individual owner or a representative in North Carolina.
- Item 10 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.
- Item 11 If the business is a proprietorship, enter the Social Security Number of the owner.

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 Merchants Certificate of Registration, also known as a Sales and Use Tax Number, or for a Users or Consumers Use Tax Registration.

Step 4 - 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.