Instructions

Purpose of Form. - Use this form to see if you owe interest for underpaying your estimated tax. Complete Part I to determine the required annual payment. Complete either Part II or Part III to determine the interest that you owe. If you were not required to file a 2015 North Carolina income tax return, STOP HERE. You do not owe interest and you do not have to complete this form.

Farmers and Fishermen: If you are a farmer or a fisherman, file your 2016 North Carolina income tax return and pay the tax due by March 1, 2017, you do not owe interest. Enter the letter F in the exception box next to line 26e of Form D-400.

Part I. Required Annual Payment - All filers must complete this part.

1. 2016 tax from Form D-400, line 15. .............................................................. 1.
2. Tax credits from 2016 Form D-400, line 16 .............................................................. 2.
3. Line 1 minus line 2 ........................................................................................................ 3.
4. Multiply line 3 by 90% (.90) or 66 2/3% (.6667) for farmers and commercial fishermen........ 4.
5. Withholding taxes from 2016 Form D-400, line 20a plus line 20b ......................................................... 5.
6. Line 3 minus line 5. If less than $1,000, stop here; do not complete this form. You do not owe interest .................................................. 6.
7. Enter your 2015 tax (amount from line 15 less tax credits claimed on line 16) .............................................................. 7.
8. Required annual payment. Enter the smaller of line 4 or line 7 .............................................................. 8.

Note: If line 5 is equal to or more than line 8, stop here. You do not owe interest.

Part II. Short Method - Read the instructions for the Short Method before you complete this part.

It cannot be used in all circumstances.

9. Enter the amount, if any, from line 5 above .............................................................. 9.
10. Enter the total amount, if any, of estimated tax payments you made .................................................. 10.
11. Add lines 9 and 10 ........................................................................................................ 11.
12. Total underpayment for year. Line 8 minus line 11.
   (If zero or less, stop here; you do not owe interest) .............................................................. 12.
13. Multiply line 12 by .03325 and enter the result .............................................................. 13.
14. • If the amount on line 12 was paid on or after 4/15/17, enter -0-.
    • If paid before 4/15/17, make the following computation to find the amount to enter on line 14.

\[
\text{Amount on line 12} \times \frac{\text{Number of days paid before 4/15/17}}{365} \times 0.0014 = \text{Interest on the underpayment.}
\]

15. Interest on the underpayment. Line 13 minus line 14. Enter the result here and on Form D-400, line 26e ..........
Part III. Regular Method

Section A - Figure Your Underpayment

16. Divide line 8 by 4 and enter the result in each column. **Exception:** If you use the annualized income installment method, complete Form D-422A (Annualized Income Installment Worksheet) and check this box.

<table>
<thead>
<tr>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/15/16</td>
<td>6/15/16</td>
<td>9/15/16</td>
<td>1/15/17</td>
</tr>
</tbody>
</table>

17. Estimated tax paid and tax withheld. For column (a) only, enter the amount from line 17 on line 21. (If line 17 is equal to or more than line 16 for each payment period, stop here; you do not owe interest.) **Complete lines 18 through 24 of one column before going to the next column.**

18. Enter amount, if any, from line 24 of previous column.

19. Add lines 17 and 18.

20. Add amounts on lines 22 and 23 of the previous column and enter the result.

21. Subtract line 20 from line 19 and enter the result. If zero or less, enter zero. (For column (a) only, enter the amount from line 17.)

22. Remaining underpayment from previous period. If the amount on line 21 is -0-, subtract line 19 from line 20 and enter the result. Otherwise, enter -0-.

23. **Underpayment.** If line 16 is larger than or equal to line 21, subtract line 21 from line 16 and enter the result. Enter -0- on line 18 of the next column and go to line 19. Otherwise, go to line 24.

24. **Overpayment.** If line 21 is larger than line 16, subtract line 16 from line 21 and enter the result. Then go to line 18 of next column.

Section B - Figure the Interest on Underpayment

(Complete lines 25 and 26 of one column before going to the next column)

<table>
<thead>
<tr>
<th>April 15, 2016 - April 15, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>25. Number of days after the date shown above line 25 through the date the amount on line 23 was paid or 4/15/16, whichever is earlier.</td>
</tr>
<tr>
<td>26. Underpayment on line 23 \times Number of days on line 25 \times .05</td>
</tr>
<tr>
<td>(see instructions)</td>
</tr>
<tr>
<td>26. $</td>
</tr>
</tbody>
</table>

27. **Interest on the underpayment** (Add amounts on line 26.) Enter here and on Form D-400, line 26e.