

17 NCAC 06D .0209 DETERMINING AN UNDERPAYMENT

(a) No interest attributable to the underpayment of estimated tax will be due if the estimated tax payments were made on time and the payment for each period was at least as much as either the required installment or the annualized income installment for the period. Form D-422, Underpayment of Estimated Income Tax, shall be used to determine any underpayment.

(b) The required installment for any payment period is the lesser of 22.5 percent of the tax shown on the current-year return or 25 percent of the tax shown on the prior-year return (if the prior-year return covered all 12 months of the year). However, if the annualized income installment for any period is less than the required installment for the same period and the annualized income installment is used in determining the underpayment, the difference between the annualized income installment and the required installment shall be added to the required installment for the next period. If the annualized income installment for the next payment period is used, the difference between the annualized income installment for that period and the required installment (as increased) for that period shall be added to the required income installment for the following payment period.

(c) There will be no underpayment for any payment period in which the estimated tax payments, reduced by any amounts applied to underpayments in earlier periods, were paid by the due date for the period and were at least as much as the annualized income installment for the period.

*History Note: Authority G.S. 105-163.15; 105-262;
Eff. June 1, 1990;
Amended Eff. September 1, 2008; June 1, 1993; October 1, 1991;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 26, 2015.*