



TAXATION IN NORTH CAROLINA

Corporate Income & Franchise Tax



- Every corporations whether foreign or domestic, that are doing business in North Carolina or have income derived from North Carolina sources are required to file a corporate income and franchise tax return. The franchise tax rate is USD 1.50 per USD 1,000.00 of the corporation's net worth. The minimum franchise tax is USD 200.00 with no maximum except for a qualified holding company. The corporate income tax rate is 2.5% of net income attributed to North Carolina.
- Franchise and income tax returns are due on the 15th day of the fourth month following the close of the income year. The primary form for filing corporate income and franchise tax in North Carolina is the North Carolina Corporate Income and Franchise Tax Return Form CD-405.
- Corporations can request an extension of time to file their North Carolina corporate income tax return by filing Form CD-419. An extension will generally grant an additional six months to file the return.
- Corporations that expect to have an income tax liability to this state of USD 500 or more are required to file Form CD-429, Corporate Estimated Income Tax, and pay estimated income tax.



Pass through Entity Tax (1/2)

Shareholders of S corporations and Partners of partnerships including LLCs and LLPs in North Carolina are required to report their share of the corporation's income, deductions, and credits on their individual tax returns. All individuals (including part-year residents and nonresidents) are required to file a North Carolina individual income tax return in Form D-400, using the same tax year that is used for federal income tax purposes.



S corporations and partnerships & LLCs are required to file their federal tax returns by the 15th day of the fourth month following the close of their taxable year. Shareholders and Partners should file their individual income tax returns using the individual state tax return Form D-400 and include any necessary schedules and forms to report their share of S corporation and Partnership income.

Pass through Entity Tax (2/2)

Extension to file

A taxpayer who receives an automatic extension to file a federal individual income tax return will be granted an automatic state extension to file their North Carolina individual income tax return. If the taxpayer did not receive an automatic state extension to file the N.C. individual income tax return, he/she may still request an extension of time to file the return by filing Form D-410, Application for Extension for Filing Individual Income Tax Return, by the original due date of the N.C. tax return.

Estimated Tax Payment

Shareholders of S corporations and partners of partnerships (LLCs & LLPs) in North Carolina are required to make estimated tax payments if their tax liability exceeds USD 1000 (net of tax withheld). Form NC-40 shall be used to calculate North Carolina estimated tax payment.



Penalty & Interest



Note – *The penalty and interest is same for both C corporation and Pass-through entities.*

Failure to File Penalty - Returns filed after the statutory due date are subject to penalty of 5% of the tax for each month, or part of a month, the return is late (maximum 25% of the additional tax due).

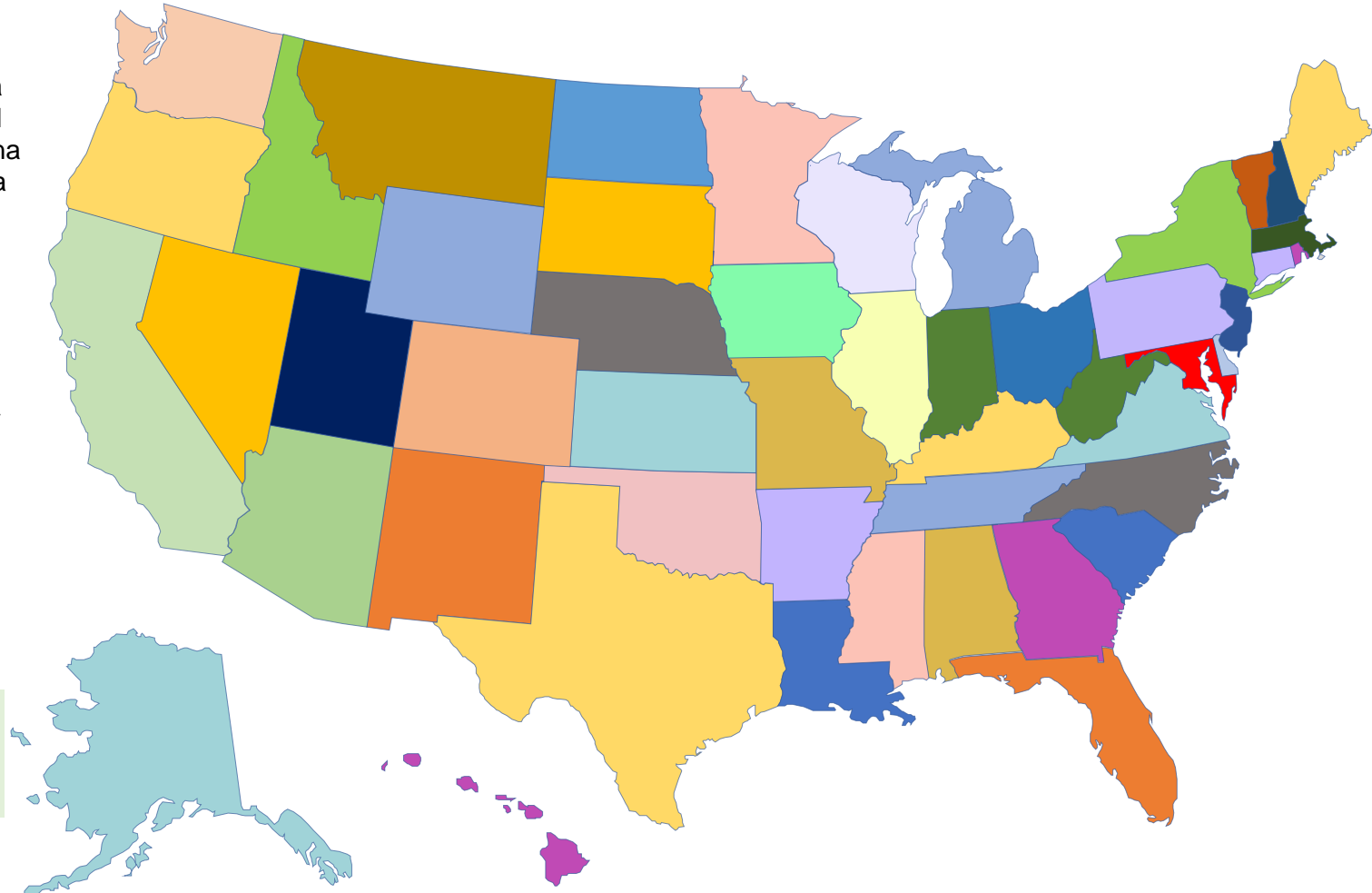
Failure to Pay Penalty - Returns filed after the original due date are subject to a late payment penalty. The applicable rate is 5% regardless of how late the tax is paid.

Interest - Interest at the rate of 7% (w.e.f. Jan 1, 2023) is charged on taxes paid late even if an extension of time to file is granted.

Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink [USA PUBLICATIONS](#) for the completed alerts.

- | | | |
|----------------|--------------------|--------------------|
| 1. Delaware | 19. Louisiana | 37. Oregon |
| 2. New Jersey | 20. Maine | 38. Pennsylvania |
| 3. California | 21. Maryland | 39. Rhode Island |
| 4. Alabama | 22. Massachusetts | 40. South Carolina |
| 5. Alaska | 23. Michigan | 41. South Dakota |
| 6. Arizona | 24. Minnesota | 42. Tennessee |
| 7. Arkansas | 25. Mississippi | 43. Texas |
| 8. Colorado | 26. Missouri | 44. Utah |
| 9. Connecticut | 27. Montana | 45. Vermont |
| 10. Columbia | 28. Nebraska | 46. Virginia |
| 11. Florida | 29. Nevada | 47. Washington |
| 12. Georgia | 30. New Hampshire | 48. West Virginia |
| 13. Hawaii | 31. New Mexico | 49. Wisconsin |
| 14. Idaho | 32. New York | 50. Wyoming |
| 15. Illinois | 33. North Carolina | 51. Kentucky |
| 16. Indiana | 34. North Dakota | |
| 17. Iowa | 35. Ohio | |
| 18. Kansas | 36. Oklahoma | |



In case you have downloaded the alert via LinkedIn, the links might not work, refer our website for the same - <https://www.m2kadvisors.com/>

THANK YOU

USA

M2K Advisors Inc

16192 Coastal Highway,
Lewes, County of Sussex,
Delaware - 19958

Singapore

M2K Advisors Pte Ltd

The Octagon,
105 Cecil Street, #13-02
Singapore 069534

India

M2K Advisors LLP

7th Floor, Briley One,
No. 30/ 64 Ethiraj Salai,
Egmore, Chennai – 600 008,
Tamil Nadu, India

UAE - Dubai

M2K Advisors

701 C Aspin Commercial
Tower, Sheikh Zayed Road,
Trade Center First, Dubai
PO Box - 50810

Australia

M2K Advisors Pty Ltd

Unit 605E, 888 Collins St,
Docklands VIC 3008,
Australia

For any queries, reach us at:

support@m2kadvisors.com;

+1 (707) 800-8229



This deck has been prepared for informational purposes only and nothing contained in this deck constitutes any legal or any other form of advice from M2K Advisors. Although reasonable care has been taken to ensure that the information in this deck is true, such information is provided “as is”, without any warranty, express or implied as to the accuracy or completeness of any such information. M2K Advisors do not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this deck. This document should not be considered as an offer or solicitation of any of the services rendered by M2K Advisors.