



September 10, 2020

Frequently Asked Questions for the Extra Credit Grant Program

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Section I: Eligibility and Qualification for the Extra Credit Grant Program

1. What is the extra credit grant?

The extra credit grant is a \$335 payment to you from the State of North Carolina. If you qualify, you will receive a \$335 payment.

The payment is to help families with qualifying children in North Carolina by providing economic support to assist with virtual schooling and child-care costs during the COVID-19 pandemic.

2. What are the eligibility requirements for the Extra Credit Grant Program?

If you are required to file a North Carolina individual income tax return, you must meet all of the following eligibility requirements:

- File a 2019 North Carolina individual income tax return, Form D-400, by October 15, 2020; **and**
- Report on the 2019 D-400 that you (or your spouse if married filing jointly) were a North Carolina resident for the entire 2019 calendar year; **and**
- Report at least one qualifying child on line 10a of Form D-400.

If you were not required to file a North Carolina individual income tax return, you must meet all of the following eligibility requirements:

- Complete and submit an application for the Extra Credit Grant Program by October 15, 2020; **and**
- Report on the application that you did not file a 2019 Form D-400 solely because your gross income for 2019 did not exceed the income thresholds shown on the application; **and**

- Report on the application that you were a North Carolina resident for the entire 2019 calendar year; **and**
- Report on the application that you had a qualifying child for whom you would have been allowed a federal child tax credit for calendar year 2019.

3. I was not a North Carolina resident for the entire 2019 calendar year. Do I qualify for the grant?

If you were not a resident of North Carolina for all of calendar year 2019, you do not qualify for the grant unless you are married, and you and your spouse who was a resident of North Carolina for all of calendar year 2019, agree to file a joint 2019 North Carolina individual income tax return.

4. I was granted an extension to file my 2019 North Carolina individual income tax return. I have not yet filed my return. Can I still qualify for the grant?

Yes. You will qualify for the grant if you file your 2019 North Carolina individual income tax return with the Department on or before October 15, 2020, and you meet all of the eligibility requirements.

5. How do I determine if my child is a qualifying child? (Updated on September 16, 2020)

In order to be eligible for the grant, your child had to be a “qualifying child” for purposes of the federal child tax credit for tax year 2019. In general, a child qualifies you for the federal child tax credit if the child meets all of the following conditions:

1. The child is your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half-brother, half-sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
2. The child was under age 17 at the end of 2019.
3. The child did not provide over half of his or her own support for 2019.
4. The child lived with you for more than half of 2019.
5. The child is claimed as a dependent on your 2019 federal tax return.
6. The child does not file a joint 2019 federal tax return.
7. The child was a U.S. citizen, U.S. national, or U.S. resident alien.

For more information, see Internal Revenue Code Section 24 or federal Publication 972, Child tax Credit and Credit for Other Dependent. The Internal Revenue Service also provides an Interactive Tax Assistant tool “[Is My Child a Qualifying Child for the Child Tax Credit?](#)”. This interactive tool may help you determine if your child is a qualifying child for purposes of the federal child tax credit for tax year 2019

6. Does my child have to be a certain age in order for me to be eligible to receive the grant?

Yes. To qualify for the grant, a child must be under the age of 17 at the end of 2019.

7. I am eligible for the grant. How much will I receive?

If you are eligible for the grant, you will receive a one-time payment of \$335.

8. I am eligible for the grant. I have two qualifying children. Will I receive \$335 for each qualifying child? (Updated on October 1, 2020)

No. The grant amount is \$335 per eligible individual, not for each qualifying child. The Department of Revenue does not control the amount of the grants. The law provides the grant amount of \$335 per eligible individual, even if the eligible individual has two or more qualifying children.

9. I did not receive a North Carolina child deduction on my 2019 North Carolina individual income tax return because my 2019 gross income exceeded the State's threshold for my filing status. Do I qualify for the grant?

It depends. You will qualify to receive the grant if you meet all of the eligibility requirements, including the requirement that you must be allowed a federal child tax credit for calendar year 2019. If you did not receive a federal child tax credit for calendar year 2019 because the federal tax credit was eliminated under federal law, you are not eligible for the grant. For federal tax purposes, the 2019 federal child tax credit is reduced when a taxpayer's modified adjusted gross income exceeds \$400,000 for individuals who file a joint tax return with their spouse, and \$200,000 for all other filing statuses.

For more information, see [federal Publication 972, Child Tax Credit and Credit for Other Dependents](#).

10. I am divorced. Am I eligible to receive the grant?

This determination is based on federal law. In addition to meeting other eligibility requirements, generally, your child must be claimed by the "custodial parent" which is the parent with whom the child lived for the longer period of time during the year. However, the custodial parent may execute Federal Form 8332 which states that the custodial parent will not claim such credit and the noncustodial parent can attach the form and claim the child. Whichever parent or guardian has the authority to claim the child on their federal income tax return will have the authority to claim the child on the state income tax return and would be able to receive the grant.

For more information, see [federal Publication 972, Child Tax Credit and Credit for Other Dependents](#).

11. I previously filed my 2019 North Carolina individual income tax return and I reported my filing status as "married filing separately." Do I qualify for the grant?

You will qualify for the grant if you meet all of the eligibility requirements.

12. I filed my 2019 North Carolina individual income tax return and I reported my filing status as "married filing jointly." Will my spouse and I each receive a grant?

No. For purposes of eligibility for the grant, spouses who filed a joint 2019 North Carolina

individual income tax return are treated as one eligible individual.

13. I filed my 2019 North Carolina individual income tax return. The software package I used did not report a qualifying child on Line 10a, even though I had a qualifying children for whom I was allowed a federal child tax credit on my 2019 federal return.

Am I eligible to receive the automatic grant award if I amend my 2019 D-400 on or before October 15, 2020, solely to correct the entry on Line 10a? (Added on September 17, 2020)

Yes. To amend your return to change line 10a, you must follow the steps below:

- Complete an amended [2019 Form D-400](#), along with the required [Form D-400 Schedule AM](#).
- On Form D-400, make the necessary changes to the original Form D-400 by showing the corrected number of qualifying children on Line 10a.
- On Form D-400 Schedule AM, fill in the “**Other**” circle as the reason for amending your tax return and write in “**Extra Credit Grant Program**” as the detailed explanation for the change.
- Provide a copy of your 2019 federal tax return and any accompanying federal form or statement that supports the changes made to Line 10a on Form D-400. The supporting documentation must include the name, age, and social security number of each qualifying child for whom you were allowed a federal child tax credit for tax year 2019.

If you file the amended return by mail, write “Extra Credit Grant Program” at the top, right hand corner of the [2019 Form D-400](#). The amended return and any accompanying documents must be postmarked on or before October 15, 2020.

For detailed information on how to file an amended 2019 Individual Income Tax return, see [Form D-401](#), North Carolina Individual Income Tax Instructions for Tax Year 2019.

14. My spouse is active duty military. Are there special rules for determining if I am a resident of North Carolina? (Added on October 13, 2020)

Yes. The Servicemembers Civil Relief Act provides that a spouse shall neither lose nor acquire domicile or residence in a state when the spouse is present in the state solely to be with the servicemember in compliance with the servicemember’s military orders if the residence or domicile is the same for both the servicemember and the spouse. For additional information see the Department’s website.

15. My spouse is active duty military. I am in North Carolina solely to be with my service member spouse. We have two qualifying children under the age of 17. Although my spouse and I lived in North Carolina for the entire calendar year 2019, neither my spouse nor I were residents of North Carolina. During 2019, I worked in North Carolina, but I did not file a 2019 North Carolina individual income tax return because my income was not subject to North Carolina tax under the Veterans Benefits and Transition Act of 2018. Am I eligible to receive the child grant? (Added on October 13, 2020)

No. In order to be eligible for the child grant, an individual who applies for the child grant must be a resident of North Carolina.

16. My spouse is active duty military. My spouse and I lived in North Carolina for the entire calendar year 2019. We have two qualifying children under the age of 17. Although my spouse was not a resident of North Carolina in 2019, I was a resident of North Carolina for the entire calendar year 2019. I did not file a 2019 North Carolina individual income tax return solely because my gross income for 2019 did not exceed the State's filing requirement for my filing status. Am I eligible to receive the child grant? (Added on October 13, 2020)

Yes.

Section II: Applying for the Extra Credit Grant (Updated on October 20, 2020)

The deadline to complete an application or file a State return was October 15, 2020. The law does not allow exceptions to these deadlines; therefore, we cannot issue grant payments to individuals who did not file by October 15, 2020.

The NCDOR online and paper applications were available September 17 through October 15, 2020.

Requirements for Applications:

- An individual who did not file a 2019 state tax return solely because the individual's gross income for the 2019 taxable year did not exceed the [state filing requirements](#) for the individual's filing status (generally \$10,000 per year if single and \$20,000 per year if married) could apply for a grant.
- An applicant must have met the all requirements [referenced in the law](#), including having at least one qualifying child under age 16 for the 2019 calendar year, to apply for the grant.

Section III: Completing the Application for the Extra Credit Grant (Updated on October 20, 2020)

The deadline to complete an application or file a State return was October 15, 2020. The law does not allow exceptions to these deadlines; therefore, we cannot issue grant payments to individuals who did not file by October 15, 2020.

The NCDOR online and paper applications were available September 17 through October 15, 2020.

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- An individual who did not file a 2019 state tax return solely because the individual's gross income for the 2019 taxable year did not exceed the [state filing requirements](#) for the individual's filing status (generally \$10,000 per year if single and \$20,000 per year if married) could apply for a grant.
- An applicant must have met the all requirements [referenced in the law](#), including having at least one qualifying child under age 16 for the 2019 calendar year, to apply for the grant.

Section IV. Receiving your Extra Credit Grant

1. When will the Department issue grants?

The Department will begin issuing grants to qualifying individuals as soon as possible, but no later than December 15, 2020. Payment methods will be posted on the NCDOR.gov website as soon as information is available.

2. Can I check the status of my grant payment? (Added on October 16, 2020)

Applications and State tax returns are still being processed. DOR will send a grant of \$335.00 to all eligible individuals as soon as possible, but no later than December 15, 2020.

3. What should I do if I did not receive the grant by December 15, 2020?

You should verify that you meet all of the eligibility requirements to receive the grant. If you are eligible for the grant **and it is past December 15, 2020**, you should contact the Department immediately at 1-877-252-3052. The Department cannot issue grants after December 31, 2020.

4. Will the grant be direct deposited into my bank account? (Added on September 23, 2020)

The Department is still working through the payment distribution process. The law allows for distribution by checks as well. In the case of checks being issued, we will send them to qualifying individuals at the address provided on their 2019 state return unless an updated address is available. We will post the payment distribution information and timing on our website as soon as it is available.

5. I've changed my banking information since I filed, can I can update my info so I can get the grant via direct deposit? (Added on September 23, 2020)

The Department is unable to change direct deposit information for the Extra Credit grants from the information provided for the 2019 tax return refund. According to the law, if the bank account is no longer valid, we are to issue the payment by check to the address provided on the 2019 return unless an updated address is available. We will post the payment distribution information and timing on our website as soon as it is available.

6. Will I receive the grant if I currently owe money to the Department?

Yes. You will receive the grant if you meet all of the eligibility requirements, regardless if you owe money to the Department. No state tax debt that would normally offset a tax refund will reduce the amount of the grant.

7. I received the grant by paper check. How much time do I have to deposit the check?

You have 90 days from the date the check was written to deposit the check.

8. My address has changed since I filed my last North Carolina individual income tax return. What do I need to do to change or correct it to receive my grant?

You should contact the Department immediately to correct your address. For additional information, see the following page on the Department's website: <https://www.ncdor.gov/address-change>.

9. Are there any guidelines for how I should spend this grant?

The purpose of the grant is to assist eligible individuals with the additional virtual schooling or child care expenses incurred due to COVID-19.

Section V: Miscellaneous

1. Will I owe the Internal Revenue Service tax on the grant?

Whether the grant is included in federal gross income is determined under federal law. Generally, however, all income is taxable for federal tax purposes unless specifically exempted by federal law.

2. Will the grant be included in my North Carolina taxable income?

No. The grant is **not** subject to North Carolina individual income tax. In calculating North Carolina taxable income, you may deduct the amount of the grant if the grant is included in federal adjusted gross income. The Department will issue additional guidance in the instructions for the 2020 Form D-400.

3. What is the difference between the North Carolina grant and the stimulus check I received from a federal government?

The Extra Credit Grant Program is a State program administered by the Department of Revenue. The purpose of the grant is to help families with qualifying children in North Carolina by providing economic support to assist with virtual schooling and child-care costs during the COVID-19 pandemic. The Economic Impact Payment was a federal program administered by the Internal Revenue Service on behalf of the US government.

4. My spouse is deceased. Am I eligible to receive the grant?

If you meet all of the eligibility requirements, you will receive a grant even if your spouse is deceased.

5. Will an individual who is now deceased who had a qualifying child qualify receive the grant?

An individual that meets all of the eligibility requirements will receive a grant even if the individual died prior to the issuance of the grant.

6. I was not able to file a 2019 North Carolina individual income tax return or submit an application for the grant on or before October 15, 2020. Will I be eligible to receive the grant if I file the return or submit an application after October 15, 2020? (Updated on October 16, 2020)

No. Under the law, the deadline to file a 2019 North Carolina individual income tax return or submit an application for the grant was October 15, 2020. All applications and returns must have been submitted or postmarked by October 15, 2020 to be eligible for the grant.

7. I am an enrolled member of a federally recognized Indian tribe. I have a qualifying child. Am I eligible to receive the grant? (Added on September 16, 2020)

It depends. You will qualify to receive the grant if you meet all of the eligibility requirements.