

# NC-3 Instructions for Form NC-3 Annual Withholding Reconciliation

## General Information

Every employer must file an annual withholding reconciliation with the Department on or before January 31 of the succeeding year. This informational return reconciles the total North Carolina income tax withheld as listed on the W-2 and 1099 statements with the amount of tax reported as withheld for the year.

## Line-by-Line Instructions

**Lines 1-12:** Enter the amounts of North Carolina income tax reported as withheld in the appropriate space. **Monthly filers** enter the amount reported as withheld on each line. **Quarterly filers** enter the amount reported as withheld on Lines 3, 6, 9, and 12. **Semiweekly filers** enter the amount reported as withheld on Forms NC-5Q on Lines 3, 6, 9, and 12.

**Line 13:** Add the amounts listed in Lines 1 through 12.

**Line 14a:** Enter the amount of North Carolina income tax withheld from wages as reported on wage and tax statements (W-2 statements).

**Line 14b:** Enter the amount of North Carolina income tax withheld as reported on 1099 statements. This includes North Carolina tax withheld from (1) personal services compensation paid to nonresidents, (2) compensation paid to contractors identified by an individual taxpayer identification number (ITIN), and (3) pensions, annuities, and deferred compensation.

**Line 15:** Add Lines 14a and 14b. This is the total North Carolina income tax withheld as reported on all W-2 and 1099 statements.

**Line 16-19:** Compare the amounts on Line 16 and Line 17. If the amount on Line 16 and the amount on Line 17 are the same, skip to Line 21. If the amount on Line 16 and the amount on Line 17 are not the same amount, your account is either overpaid or underpaid.

If the amount on Line 16 is more than the amount on Line 17, the account is **overpaid**. Subtract Line 17 from Line 16 and enter the amount of overpayment on Line 18. If the amount of Line 16 is less than the amount of Line 17, the account is **underpaid**. Subtract Line 16 from Line 17 and enter the amount of underpayment on Line 19.

**Line 20:** If additional tax is due, enter the amount of accrued interest. The interest rate is set semiannually by the Secretary of Revenue and is published on the Department's website at [www.dornc.com](http://www.dornc.com).

**Line 21:** If the return is not filed by January 31 following the end of the previous tax year, enter \$50.00. For more information, see G.S. 105-236(a)(10)c.

**Line 22:** If Line 18 is blank or zero, skip to Line 23.

If Line 18 is more than Line 21, subtract Line 21 from Line 18. **This is the amount of refund requested.**

If Line 21 is more than Line 18, subtract Line 18 from Line 21 and enter the total amount due with the return on Line 23.

**Line 23:** Add Lines 19 through 21. **This is the total amount due with the return.**