

Instructions for Form NC-3 Annual Withholding Reconciliation

North Carolina Department of Revenue

Monthly, Quarterly, and Semiweekly Filers

General Information

- 1. Purpose:** This report serves two purposes - to balance the total North Carolina income tax withheld as listed on the W-2 and 1099 statements with the amount required to be withheld for the year, and to act as a transmittal form for the N.C. copies of the W-2 and 1099 statements.
- 2. Due Date:** This report with the copies of the W-2 and 1099 statements for the preceding calendar year must be filed on or before January 31st. If your business terminates during the year, the report should be filed within thirty days of the last payment of compensation.

Line-by-Line Instructions

- Lines 1-12: Monthly Filers** - Enter on these lines the total tax withheld as reported for each month.
Lines 3, 6, 9, and 12: Quarterly and Semiweekly Filers – Enter on these lines the total tax withheld as reported for each quarter.
- Line 13:** Total tax withheld as reported.
- Line 14a:** Enter on this line the N.C. income tax withheld from wages as reported on W-2 statements.
- Line 14b:** Enter on this line the N.C. income tax withheld as reported on 1099 statements. This includes amounts withheld from personal services compensation paid to nonresidents, amounts withheld from compensation paid to contractors identified by an individual taxpayer identification number (ITIN), and amounts withheld from pensions, annuities, and deferred compensation.
- Line 15:** Enter the total North Carolina income tax withheld as reported on all W-2 and 1099 statements.
- Line 16:** Enter on this line total tax withheld as reported from line 13.
- Line 17:** Enter on this line tax withheld per statements from line 15.
- Line 18:** If Line 16 is more than Line 17 subtract and enter the refund due.
- Line 19:** If Line 17 is more than Line 16 subtract and enter tax due.
- Line 20:** If additional tax is due, enter the accrued interest. The interest rate is set semiannually by the Secretary of Revenue and is published on the Department's website at www.dornrc.com.
- Line 21:** Enter the total amount due and payable. (Add Lines 19 and 20)