

# NC-4 NRA Nonresident Alien Employee's Withholding Allowance Certificate

**PURPOSE** - If you are a nonresident alien, you must complete Form NC-4 NRA so that your employer can withhold the correct amount of State income tax from your pay. In general, a nonresident alien is an alien (not a U.S. citizen) who has not passed the green card test or the substantial presence test. (See Publication 519, U.S. Tax Guide for Aliens, for more information on the green card test and the substantial presence test.) Regardless of your actual filing status, the State income tax to be withheld will be determined as if your filing status is "Single" along with the number of allowances you claim on this form. If you do not provide a new Form NC-4 NRA to your employer before the first day of the first payroll period that ends on or after January 1, your employer is required to withhold as "Single" with zero allowances.

**GENERAL INSTRUCTIONS** - Complete the **NC-4 NRA Allowance Worksheet** on page 2. The worksheet will help you determine the number of withholding allowances you are entitled to claim based on federal and State adjustments to gross income, including the N.C. Child Deduction Amount, N.C. itemized deduction for charitable contributions, and N.C. tax credits. However, you may claim fewer allowances than you are entitled to if you wish to increase the State income tax withheld during the tax year. If your withholding allowances decrease, you must file a new NC-4 NRA with your employer within 10 days after the change occurs.

Generally, a nonresident alien is not eligible for the standard deduction. Line 2 of this form requires the nonresident alien employee to enter an additional amount of State income tax to be withheld for each pay period to account for the inclusion of the standard deduction in the wage bracket tables, percentage, and annualized methods of computing State income tax withheld. The additional tax to withhold per pay period is identified in a chart on page 2 of Form NC-4 NRA and represents the income tax on the standard deduction for the single filing status (\$12,750) divided by

the number of payroll periods during the year. For example, an employee paid monthly is required to enter \$52 ( $\$12,750 \times 4.85\% \div 12$ ). The additional withholding properly addresses the tax impact of the ineligibility for the standard deduction for most nonresident alien employees. However, the additional withholding results in overwithholding on nonresident alien employees who are either students or business apprentices from India. These individuals should report \$0 on Line 2.

**WAGES EXEMPT FROM WITHHOLDING** - Wages that are exempt from U.S. income tax under an income tax treaty are generally exempt from withholding. Residents of Canada and Mexico who enter or leave the United States at frequent intervals are not subject to withholding on their wages if these persons either (1) perform duties in transportation service between the United States and Canada or Mexico, or (2) perform duties connected to the construction, maintenance, or operation of a water-way, viaduct, dam, or bridge crossed by, or crossing, the boundary between the United States and Canada or the boundary between the United States and Mexico. Nonresident aliens who are bona fide residents of the U.S. Virgin Islands are not subject to withholding of tax on income earned while temporarily employed in the United States.

**TWO JOBS** - If you have more than one job, determine the total number of allowances you are entitled to claim on all jobs using one Form NC-4 NRA. Your withholding will usually be most accurate when all allowances are claimed on the NC-4 NRA filed for the higher paying job and zero allowances are claimed for the other.

**NONWAGE INCOME** - If you receive a large amount of nonwage income, such as interest or dividends, you should consider making estimated income tax payments using Form NC-40 to avoid interest on the underpayment of estimated income tax. Form NC-40 is available on the Department's website at: [www.ncdor.gov](http://www.ncdor.gov).

**CAUTION:** All NC-4 NRA forms are subject to review by the North Carolina Department of Revenue. Your employer may be required to send this form to the Department. If you furnish an employer with a Nonresident Alien Employee's Withholding Allowance Certificate that contains information which has no reasonable basis and results in a lesser amount of tax being withheld than would have been withheld had you furnished reasonable information, you are subject to a penalty of 50% of the amount not properly withheld.

Cut here and give this certificate to your employer. Keep the top portion for your records.

## Nonresident Alien Employee's Withholding Allowance Certificate

I certify that I am exempt from North Carolina withholding because I am a resident of Canada or Mexico and my duties are in transportation services.

- |  |           |
|--|-----------|
| <b>1. Total number of allowances you are claiming</b> (Enter zero (0), or the number of allowances from Page 2, Line 12 of the NC-4 NRA Allowance Worksheet) | _____     |
| <b>2. Additional amount to withhold from each pay period, see chart on Page 2, Part II, Line 13</b>  | _____ .00 |
| <b>3. Employee elected additional withholding</b><br>(Enter whole dollars)   | _____ .00 |
| <b>4. Total additional withholding from each pay period.</b><br>(Add Lines 2 and 3)  | _____ .00 |

Social Security Number \_\_\_\_\_

First Name (USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS) \_\_\_\_\_

M.I. \_\_\_\_\_

Last Name \_\_\_\_\_

Address \_\_\_\_\_

County (Enter first five letters) \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code (5 Digit) \_\_\_\_\_

Country (If not U.S.) \_\_\_\_\_

Employee's Signature \_\_\_\_\_

Date \_\_\_\_\_

I certify under penalties provided by law, that I am entitled to the number of withholding allowances claimed above, or if claiming exemption from withholding, that I am entitled to claim the exempt status.

# NC-4 NRA Allowance Worksheet

## Part I

Answer **all** of the following questions:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| 1. Will your charitable contributions exceed \$2,499?                            | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. Will your N.C. Child Deduction Amount from Page 3, Schedule 1 exceed \$2,499? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. Will you have federal adjustments or State deductions from income?            | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Will you be able to claim any N.C. tax credits or tax credit carryovers?      | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If you answered "No" to all of the above, STOP HERE and enter ZERO (0) as total allowances on Form NC-4 NRA, Line 1. On Line 2, enter \$12 if you are paid weekly; enter \$24 if you are paid biweekly; enter \$26 if you are paid semimonthly; or enter \$52 if you are paid monthly. If you answered "Yes" to any of the above, you may choose to go to Part II to determine if you qualify for additional allowances.

## NC-4 NRA

## Part II

- |   |        |        |
|---|--------|--------|
| 1. Enter your total estimated charitable contributions .....  | 1. \$  | _____. |
| 2. Enter an estimate of your total N.C. Child Deduction Amount from Page 3, Schedule 1 .....                                  | 2. \$  | _____. |
| 3. Enter an estimate of your total federal adjustments to income and N.C. deductions from federal adjusted gross income ..... | 3. \$  | _____. |
| 4. Add Lines 1, 2, and 3 .....  | 4. \$  | _____. |
| 5. Enter an estimate of your nonwage income (such as dividends or interest) .....   | 5. \$  | _____. |
| 6. Enter an estimate of your N.C. additions to federal adjusted gross income .....  | 6. \$  | _____. |
| 7. Add Lines 5 and 6 .....  | 7. \$  | _____. |
| 8. Subtract Line 7 from Line 4 ( <i>Do not enter less than zero</i> ) .....   | 8. \$  | _____. |
| 9. Divide the amount on Line 8 by \$2,500 . Round down to whole number .....  | 9.     | _____. |
| Ex. $\$3,900 \div \$2,500 = 1.56$ rounds down to 1  |        |        |
| 10. Enter the amount of your estimated N.C. tax credits .....   | 10. \$ | _____. |
| 11. Divide the amount on Line 10 by \$122. Round down to whole number .....   | 11.    | _____. |
| Ex. $\$200 \div \$122 = 1.64$ rounds down to 1  |        |        |
| 12. Total number of allowances (Add Lines 9 and 11) Enter on Line 1 of Form NC-4 NRA .....                                    | 12.    | _____. |

13. Enter on Line 2 of Form NC-4 NRA the appropriate amount from the chart based on your payroll period

Payroll Period	Weekly	Biweekly	Semimonthly	Monthly
Additional Withholding	\$12	\$24	\$26	\$52

# NC-4 NRA Allowance Worksheet Schedule

**Schedule 1**

**Estimated N.C. Child Deduction Amount**

A taxpayer who is allowed a federal child tax credit under section 24 of the Internal Revenue Code is allowed a deduction for each qualifying child unless adjusted gross income exceeds the threshold amount shown below.

The N.C. Child Deduction Amount can be claimed only for a child who is under 17 years of age on the last day of the year.

Filing Status	Adjusted Gross Income	No. of Children	Deduction Amount per Qualifying Child	Estimated Deduction
Single	Up to \$ 20,000	_____	\$ 3,000	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 2,000	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,500	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 1,000	_____
	Over \$ 60,000 Up to \$ 70,000	_____	\$ 500	_____
	Over \$ 70,000	_____	\$ -	_____
MFJ or SS	Up to \$ 40,000	_____	\$ 3,000	_____
	Over \$ 40,000 Up to \$ 60,000	_____	\$ 2,500	_____
	Over \$ 60,000 Up to \$ 80,000	_____	\$ 2,000	_____
	Over \$ 80,000 Up to \$ 100,000	_____	\$ 1,500	_____
	Over \$ 100,000 Up to \$ 120,000	_____	\$ 1,000	_____
	Over \$ 120,000 Up to \$ 140,000	_____	\$ 500	_____
	Over \$ 140,000	_____	\$ -	_____
HOH	Up to \$ 30,000	_____	\$ 3,000	_____
	Over \$ 30,000 Up to \$ 45,000	_____	\$ 2,500	_____
	Over \$ 45,000 Up to \$ 60,000	_____	\$ 2,000	_____
	Over \$ 60,000 Up to \$ 75,000	_____	\$ 1,500	_____
	Over \$ 75,000 Up to \$ 90,000	_____	\$ 1,000	_____
	Over \$ 90,000 Up to \$ 105,000	_____	\$ 500	_____
	Over \$ 105,000	_____	\$ -	_____
MFS	Up to \$ 20,000	_____	\$ 3,000	_____
	Over \$ 20,000 Up to \$ 30,000	_____	\$ 2,500	_____
	Over \$ 30,000 Up to \$ 40,000	_____	\$ 2,000	_____
	Over \$ 40,000 Up to \$ 50,000	_____	\$ 1,500	_____
	Over \$ 50,000 Up to \$ 60,000	_____	\$ 1,000	_____
	Over \$ 60,000 Up to \$ 70,000	_____	\$ 500	_____
	Over \$ 70,000	_____	\$ -	_____