

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

PURPOSE - Complete Form NC-4 NRA, Nonresident Alien Employee's Withholding Allowance Certificate, so that your employer can withhold the correct amount of State income tax from your pay. Regardless of your actual marital status, the State income tax to be withheld will be determined as if your filing status is single along with the number of allowances claimed on this form. If you do not provide a new 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 **Allowance Worksheet** on page 2. The worksheet is provided for employees to adjust their withholding allowances based on charitable contributions, federal adjustments to income, N.C. additions to federal adjusted gross income, N.C. deductions from federal adjusted gross income, or N.C. tax credits. The worksheet will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances if you wish to increase the tax withheld during the 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, nonresident aliens are not eligible for the standard deduction. Line 2 of this form requires the nonresident alien employee to enter an additional amount of 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 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 (\$8,750) divided by the number of payroll periods during the year. For example, an

employee paid monthly is required to enter **\$41** (\$8,750 X 5.599% ÷ 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, figure 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 have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form NC-40. Form NC-40 is available on our website at: www.dornc.com under individual income tax forms.

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.

NC-4 NRA

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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.

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.)

1. Total number of allowances you are claiming (Enter zero (0), or the number of allowances from Page 2, line 11 of the NC-4 NRA Allowance Worksheet)

2. Additional amount to withhold from each pay period, see chart on Page 2, Part II, Line 12

_____ **41** .00

3. Employee elected additional withholding (Enter whole dollars)

_____ .00

4. Total additional withholding from each pay period. (Add Lines 2 and 3)

_____ .00

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.