
Employees Must Complete New NC Withholding Allowance Certificate Prior to January 1, 2014

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The North Carolina Department of Revenue has issued a new Form NC-4, *Employee's Withholding Allowance Certificate*. All North Carolina employees subject to withholding must complete and provide the new Form NC-4 to their employers. If an employee fails to do so, the employer is required to withhold based on single with zero allowances. This means that employees must complete the new NC-4 to avoid unnecessary withholdings from their paychecks.

Employers should also be careful to comply with the law. If an employer relies on an employee's previously provided NC-4, it may result in incorrect withholdings that could lead to penalties for the employer.

The new NC-4 is necessitated by the Tax Simplification and Reduction Act passed by the North Carolina General Assembly earlier this year and becomes effective for tax years beginning on or after January 1, 2014. All taxpayers will reportedly pay a lower rate and be granted a higher standard deduction. However, taxpayers may no longer claim personal exemption for themselves, their spouse, children, or other qualifying dependents. Also, the Department of Revenue indicates that "many deductions and tax credits that impact North Carolina withholding tax or no longer available for tax years beginning on or after January 1."

Employees and employers alike should carefully review the new requirements and complete necessary documentation to ensure compliance.

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