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Instructions for Handwritten Forms

Guidelines

Do not use red ink.
Use blue or black ink.

Do not use dollar signs, commas, or other punction marks.

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Printing

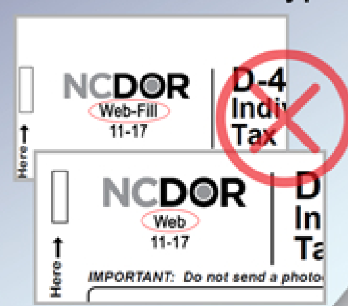
Set page scaling to "none." The Auto-Rotate and Center checkbox should be unchecked.

Do not select "print on both sides of paper."

Before Sending

Do not submit photocopies of returns. Submit originals only.

Do not mix form types.



NCDOR

Web
7-23

NC-429B PTE
Underpayment of Estimated Tax by Taxed Pass-Through Entities

DOR Use Only

For calendar year **2023,** or other tax year beginning ________ **2023**, and ending ________

Legal Name	Federal Employer ID Number

Part 1. Computation of Underpayment

1. **2023 net income tax** *(From 2023 Form CD-401S, Schedule B, Line 19 or From 2023 Form D-403, Part 1, line 11)*	1.	
2. **2023 tax credits** *(From 2023 Form CD-401S, Schedule B, Line 20e or From 2023 Form D-403, Part 1, line 12)*	2.	
3. **2023 net tax due.** Line 1 minus Line 2	3.	
4. Multiply Line 3 by 90%. If less than $500, **do not** complete this form; the Taxed S Corporation or Taxed Partnership does not owe interest on the underpayment of estimated tax.	4.	
5. **2022 net tax due** *(From 2022 Form CD-401S, Schedule B, Line 19 minus Line 20e or From 2022 Form D-403, Part 1, line 13)*	5.	
6. Enter the **smaller** of Line 4 or Line 5	6.	

		(a)	(b)	(c)	(d)
7. **Installment due dates** Enter in columns (a) through (d) the 15th day of the 4th, 6th, 9th, and 12th months of the Taxed S Corporation or Taxed Partnership's tax year. *(If any date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.)*	7.				
8. **Required installments** Enter 25% of Line 6 above in each column. If Taxed S Corporation or Taxed Partnership is using the annualized income installment method, enter the computed installment amounts on Line 8, Columns (a) - (d) and attach schedule showing computations	8.				
9. **Estimated tax paid or credited for each period**	9.				
10. **Overpayment of previous installment** Enter amount from Line 13 of the preceding column. For Lines 10-13, complete one column before going to the next	10.				
11. Add Lines 9 and 10	11.				
12. **Underpayment** If Line 11 is less than or equal to Line 8, subtract Line 11 from Line 8; otherwise, go to Line 13	12.				
13. **Overpayment** If Line 8 is less than Line 11, subtract Line 8 from Line 11	13.				

Part 2. Computation of Underpayment of Estimated Tax *(See instructions for interest rate)*

14. Enter the installment dates from Line 7	14.				
15. Enter the amount of underpayment from Line 12	15.				
16. Enter the date of payment or the 15th day of the 4th month after the close of the tax year, whichever is earlier	16.				
17. Number of days from due date of installment to the date shown on Line 16	17.				
18. Days on Line 17(a) / Days in the tax year x interest rate x amount on Line 15(a)	18.	$			
19. Days on Line 17(b) / Days in the tax year x interest rate x amount on Line 15(b)	19.		$		
20. Days on Line 17(c) / Days in the tax year x interest rate x amount on Line 15(c)	20.			$	
21. Days on Line 17(d) / Days in the tax year x interest rate x amount on Line 15(d)	21.				$

22. **Underpayment of Estimated Tax.** Add Lines 18-21. Enter amount here and on Form CD-401S, Schedule B, Line 27 or Form D-403, Part 1, Line 21c	22.	$

General Instructions

Purpose of Form NC-429B PTE

Taxed S Corporations and Taxed Partnerships (collectively, "Taxed PTEs") use Form NC-429B PTE to determine whether the Taxed PTE owes interest on the underpayment of estimated tax and, if so, the amount of interest.

Taxed PTEs Required to Pay Estimated Tax

A Taxed PTE that reasonably expects to incur an income tax liability to North Carolina of $500 or more during the taxable year must make estimated tax payments. If the Taxed PTE's tax year is less than four months, estimated tax payments are not required. Estimated tax is the amount of income tax a Taxed PTE expects to owe for the tax year after subtracting the amount of any tax credits claimed for the tax year.

Who Must Pay Interest on the Underpayment of Estimated Tax

Generally, a Taxed PTE is subject to interest on the underpayment of estimated tax if the income tax due on its Taxed PTE tax return is $500 or more and the Taxed PTE did not timely pay at least the smaller of either of the following:

- 90% of the income tax due on the 2023 Taxed PTE tax return.
- 100% of the income tax due on the 2022 Taxed PTE tax return.

Important: If the Taxed PTE did not make the election to be a Taxed PTE in North Carolina during the preceding tax year, the Taxed PTE is not subject to interest on underpayment of estimated tax.

Annualized Income Installment Method

A Taxed PTE may be able to reduce or eliminate the interest on the underpayment of estimated tax by using the annualized income installment method. A Taxed PTE may annualize income for any of the following:

- For the first 3 months if the installment was required to be paid in the 4th month.
- For the first 3 months or for the first 5 months if the installment was required to be paid in the 6th month.
- For the first 6 months or for the first 8 months if the installment was required to be paid in the 9th month.
- For the first 9 months or for the first 11 months if the installment was required to be paid in the 12th month.

To annualize income, multiply taxable income for the period by 12 and divide the result by the number of months in the period (3, 5, 6, 8, 9, or 11). **Retain your computations for future reference.**

Specific Line-By-Line Instructions

Part 1. Computation of Underpayment

Complete Part 1 of Form NC-429B PTE to determine if there is an underpayment for any of the four payment periods. If there is an underpayment on Line 12, Columns (a) - (d), go to Part 2, Computation of Underpayment of Estimated Tax. The interest is calculated separately for each installment due date. Therefore, the Taxed PTE may owe interest for an earlier due date, even if it paid enough tax later to make up the underpayment. This is true even if the Taxed PTE is due a refund when the return is filed.

Part 2. Computation of Underpayment of Estimated Tax

Complete Lines 14 through 22 to determine the amount of interest on the underpayment of estimated tax. The interest is figured for the period of underpayment using the rate determined under G.S. 105-241.21(a). The rate is set semiannually by the Secretary of Revenue. For more information, visit www.ncdor.gov and search for interest rate.

A payment of estimated tax is applied first to any previous underpayment of a required installment, regardless of the installment to which the payment pertains. If the Taxed PTE makes more than one payment for a required installment, make separate computations for each payment.

Example. A Taxed PTE underpaid the April 15 installment by $1000. The June 15 installment required a payment of $2500. The Taxed PTE timely paid $2500 to cover the June 15 installment. However, $1000 of the June 15 payment is applied to the underpayment of the April 15 installment. The interest on the underpayment of estimated tax for the April 15 installment is calculated based on the period from April 16 through June 15. The remaining $1500 will be applied to the June 15 installment as if it were made on June 15.

Do not attach Form NC-429B PTE to the Taxed PTE's tax return. Retain for your records.