

The effective tax rate derived from NC Taxable Income (NCTI) is the tax rate (percentage) as applied to NCTI that generates the amount of net tax liability as current tax provisions. The effective tax rate metric basically averages the effect of tax credits and may approach but will not exceed the highest marginal 7.75% tax rate because the uppermost income levels have portions of income subject to the lower 6 and 7 percent rates. The effective tax rates derived from NCTI for standard deduction and itemized deduction returns converge in relation to the portion of gross tax reduced by tax credits.

