

TABLE 23. INDIVIDUAL INCOME TAX COLLECTIONS

[G.S.105 ARTICLE 4, PART 2.]

Fiscal year	Total gross individual income tax collections [\$]	Refunds [\$]	Individual Income Tax Net Collections Before & After Reimbursements, Transfers							Year-over-year % change			
			Net collections before reimbursements/transfers [\$]	(-) Reserves/transfers for administrative costs [\$]	(-) Reimbursements to local governments [\$]	(-) Inter-governmental inter-fund transfers [\$]	(-) Collection fees on overdue tax debts [\$]	(-) OSBM Civil Penalty & Forfeiture Fund [\$]	(-) Collections to General Fund [\$]	Individual income tax gross collections	Individual income tax refunds	Net collections before transfers	Amount to General Fund
1994-95.....	5,359,677,624	660,235,043	4,699,442,582	-	33,640,575	327,273	-	-	4,665,474,733	8.77%	3.35%	9.58%	9.66%
1995-96.....	5,764,599,183	834,653,369	4,929,945,814	584,383	128,972,502	353,980	-	-	4,800,034,948	7.55%	26.42%	4.90%	2.88%
1996-97.....	6,353,560,136	894,387,246	5,459,172,888	-	128,972,502	210,126	-	-	5,329,990,261	10.22%	7.16%	10.73%	11.04%
1997-98.....	7,126,627,746	968,646,494	6,157,981,252	-	128,972,502	138,533	-	-	6,028,870,217	12.17%	8.30%	12.80%	13.11%
1998-99.....	7,794,920,222	1,059,036,097	6,735,884,126	-	128,972,502	411,344	-	-	6,606,500,278	9.38%	9.33%	9.38%	9.58%
1999-00.....	8,316,517,056	1,106,846,589	7,209,670,466	282,489	128,972,502	309,298	-	-	7,080,106,177	6.69%	4.51%	7.03%	7.17%
2000-01.....	8,885,680,514	1,341,199,373	7,544,481,141	937,057	128,972,502	23,229,059	-	-	7,391,342,524	6.84%	21.17%	4.64%	4.40%
2001-02.....	8,624,387,711	1,372,786,018	7,251,601,693	1,174,706	128,972,502	(17,735,003)	4,559,656	-	7,134,629,832	-2.94%	2.36%	-3.88%	-3.47%
2002-03.....	8,533,920,978	1,436,462,191	7,097,458,787	122,146	-	493,278	8,316,491	-	7,088,526,873	-1.05%	4.64%	-2.13%	-0.65%
2003-04.....	8,984,966,504	1,465,348,511	7,519,617,993	122,628	-	957,050	8,640,230	-	7,509,898,086	5.29%	2.01%	5.95%	5.94%
2004-05.....	9,953,546,252	1,515,212,939	8,438,333,313	137,226	-	18,127,226	10,780,243	-	8,409,288,618	10.78%	3.40%	12.22%	11.98%
2005-06.....	11,061,259,057	1,580,905,583	9,480,353,474	142,322	-	34,200,111	13,075,045	32,768,025	9,400,167,970	11.13%	4.34%	12.35%	11.78%
2006-07.....	12,244,865,726	1,641,132,291	10,603,733,434	334,549	-	33,492,179	14,782,775	47,157,401	10,507,966,531	10.70%	3.81%	11.85%	11.78%
2007-08.....	12,865,534,486	1,855,384,169	11,010,150,317	394,377	-	31,198,398	16,223,018	60,035,333	10,902,299,190	5.07%	13.06%	3.83%	3.75%
2008-09.....	11,687,026,714	2,111,640,441	9,575,386,273	382,330	-	33,888,173	15,033,735	55,909,151	9,470,172,885	-9.16%	13.81%	-13.03%	-13.14%

Detail may not add to totals due to rounding.

Individual income tax: Effective for tax years beginning on or after January 1, 1989, the starting point in determining North Carolina taxable income is taxable income for federal income tax purposes, subject to certain additions, deductions, and transitional adjustments. Both the North Carolina standard deduction and personal exemption allowance amounts differ from those for federal purposes.

Personal exemption amounts: The personal exemption for North Carolina purposes is \$2,500 for a taxpayer whose federal adjusted gross income is less than the amount shown for his filing status in the chart below; a taxpayer with federal adjusted gross income equal to or more than the threshold amount is allowed a personal exemption amount of \$2,000.

[For tax years 1989 through 1994, the personal exemption amount was \$2,000 regardless of AGI amount; for tax year 1995, the amount increased to \$2,250 subject to the AGI amount; and for tax years 1996 forward, the amount increased to \$2,500 subject to the AGI amount.]

Tax rates: * [The 8.25% rate was reduced to 8.0% effective for tax year 2007, and further reduced to 7.75% effective for taxable years beginning on/after January 1, 2008.]

Filing Status	Federal AGI	Filing Status	Taxable income	Applicable tax rate by tax year			
				2001-2006	1991-2000	1989-1990	
Married filing jointly/qualifying widow(er)	\$100,000	Married filing jointly/ Qualifying widow(er)	Over	Up To			
Head of household	\$80,000		\$0	\$21,250	6%	6%	6%
Single	\$60,000	Head of household	\$21,250	\$100,000	7%	7%	7%
Married filing separately	\$50,000		\$100,000	\$200,000	7.75%	7.75%	7%
			\$200,000		8.25% *	7.75%	7%
		Single	\$0	\$17,000	6%	6%	6%
			\$17,000	\$80,000	7%	7%	7%
		Married filing jointly	\$80,000	\$160,000	7.75%	7.75%	7%
			\$160,000		8.25% *	7.75%	7%
		Married filing separately	\$0	\$12,750	6%	6%	6%
			\$12,750	\$60,000	7%	7%	7%
		Married filing jointly	\$60,000	\$120,000	7.75%	7.75%	7%
			\$120,000		8.25% *	7.75%	7%
		Married filing separately	\$0	\$10,625	6%	6%	6%
			\$10,625	\$50,000	7%	7%	7%
		Qualifying widow(er)	\$50,000	\$100,000	7.75%	7.75%	7%
			\$100,000		8.25% *	7.75%	7%

Standard deduction amounts:

[For most taxpayers]

Applicable amount by tax year

Filing Status	2004 & after	2003	1989-2002
Married filing jointly	\$6,000	\$5,500	\$5,000
Qualifying widow(er)	\$6,000	\$5,500	\$5,000
Head of household	\$4,400	\$4,400	\$4,400
Single	\$3,000	\$3,000	\$3,000
Married filing separately	\$3,000	\$2,750	\$2,500

[Additional standard deduction amounts for each taxpayer aged 65 or older or blind]

Filing Status **\$ Value**

Married filing jointly	\$600
Qualifying widow(er)	\$600
Head of household	\$750
Single	\$750
Married filing separately	\$600

TABLE 23.- Continued

Tax credit for dependent children:

A tax credit is allowed for each dependent child for which the taxpayer is allowed to claim a child tax credit on the federal return provided the taxpayer's federal adjusted gross income is less than the threshold amount for the taxpayer's filing status, as reflected below:

<u>Filing Status</u>	<u>Federal AGI</u>	[For tax years 1995 through 2002, the tax credit amount for each dependent child was \$60; for tax year 2003, the amount increased to \$75; for tax years 2004 and after, the amount is \$100.]
Married filing jointly/qualifying widow(er)	\$100,000	
Head of household	\$80,000	
Single	\$60,000	
Married filing separately	\$50,000	

Earned income tax credit (EITC) G.S. 105-151.31:

Effective for the tax years beginning on/after January 1, 2008 and prior to January 1, 2013, a taxpayer who claims an EITC under section 32 of the IRC is eligible to claim a State EITC equal to a percentage (3.5% for tax year 2008) of the amount qualified for on the federal return. If the credit exceeds the tax liability reduced by the sum of all credits allowable, the excess is refunded to the taxpayer. A part-year or nonresident taxpayer is allowed the tax credit in the proportion that federal taxable income (as adjusted) is taxable to North Carolina. The EITC is not allowable to an estate or trust.

Reimbursements to local governments:

Amounts shown were payments made to local governments as reimbursement for taxes lost due to intangibles tax exemptions.

Intergovernmental, inter-fund transfers:

In fiscal year 2000-01, funds were transferred from the individual income tax account to the privilege tax account to make payment of a court-ordered refund; in fiscal year 2001-02, a transfer of \$18.2 million from the privilege tax account reimbursed the individual income tax account. *Gross individual income tax collections* and *Net collections before transfers* columns do not reflect the transfer of funds so as not to alter the reporting of taxpayer remittance levels. The *Intergovernmental inter-fund transfers* and *Collections to General Fund* columns reflect the actual handling of the transfers, reporting the \$18.2 million as an individual income tax account transfer payable to the privilege tax account in 2000-01 and as a transfer receivable from the privilege tax account in 2001-02.

2004-05 Amount shown includes \$16,599,074 transferred to the North Carolina Housing Finance Agency for the State low-income housing credits earned for federal low-income housing tax credits (G.S. 105-129.31).

2004-05 Voluntary Compliance Program

Limited amnesty was granted as result of a court case to corporate and individual taxpayers who had engaged either in tax strategies causing income that would otherwise be taxable in North Carolina to be shifted out-of-state, or in other tax shelters eliminating or minimizing their tax burden. Individual income tax collections include \$51,229,050 attributable to this program.

2006-07 Collections include \$9,333,335 attributable to a Settlement Initiative launched during 2006 focused on corporate and individual taxpayers who had improperly utilized certain tax strategies which minimized the taxpayer's North Carolina tax burden.

North Carolina Public Campaign Fund designation (G.S. 105-159.2):

Effective for taxable years beginning on or after January 1, 2003, an individual is provided the opportunity to agree to allocate \$3 of the individual's tax liability to the North Carolina Public Campaign Fund if the individual has an income tax liability of at least \$3. On a joint return, each individual may agree to allocate \$3 to the Fund; agreeing to allocate \$3 to the Fund neither increases the tax nor reduces a refund. (The N.C. Public Campaign Fund was established to provide an alternative means of financing candidates for the N.C. Supreme Court of Appeals who accept fundraising and spending limits.)