

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

Earned income tax credit (EITC) § 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, 5.0% thereafter) 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 (§ 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 (§ 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.)