

TABLE 23. INDIVIDUAL INCOME TAX COLLECTIONS

[§ 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
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%
2009-10...	11,259,839,831	2,108,917,484	9,150,922,346	627,094	-	31,025,218	17,233,725	54,430,901	9,047,605,408	-3.66%	-0.13%	-4.43%	-4.46%
2010-11...	11,902,031,563	2,005,937,056	9,896,094,507	35,639,996	-	41,279,727	26,602,815	57,703,933	9,734,868,036	5.70%	-4.88%	8.14%	7.60%
2011-12...	12,382,572,263	1,973,453,774	10,409,118,489	15,710,176	-	32,891,107	25,322,043	63,058,781	10,272,136,381	4.04%	-1.62%	5.18%	5.52%
2012-13...	13,170,072,709	2,071,058,674	11,099,014,036	16,234,199	-	37,030,045	27,853,934	64,755,037	10,953,140,820	6.36%	4.95%	6.63%	6.63%
2013-14...	12,417,964,513	1,999,852,222	10,418,112,291	9,138,984	-	40,677,208	27,592,165	68,345,106	10,272,358,828	-5.71%	-3.44%	-6.13%	-6.22%

The Tax Simplification and Reduction Act of 2013 [SL 2013-316] substitutes a flat rate structure [5.8% for tax year 2014; 5.75% for tax years thereafter] in replacement of the multi-tiered bracket system (utilized marginal tax rates of 6%, 7%, and 7.75% with breaking points delineated according to filing status and taxable income level). Estimated tax payments and withholding tax payments remitted by employers and pension and annuity payers during fiscal year 2014 for tax year 2014 are affected resultant of the rate reduction coupled with additional changes to the tax structure. The simplified tax structure increases the standard deduction, eliminates the personal exemption, limits itemized deductions, and either eliminates or allows to sunset all tax credits applicable to the individual income tax except for the child tax credit (enhanced for certain taxpayers).

Individual income tax: Effective for tax years 1989 through 2011, the starting point in determining North Carolina taxable income is taxable income for federal income tax purposes (FTI), subject to certain additions, deductions, and transitional adjustments; beginning with tax year 2012, the starting point is federal adjusted gross income (FAGI) subject to certain statutory modifications.

Both the North Carolina standard deduction and personal exemption allowance amounts differ from those for federal purposes. For tax years 2012 and 2013, the personal exemption for North Carolina purposes is \$2,500 for a taxpayer whose FAGI does not exceed the amount shown for the corresponding filing status in the chart below; a taxpayer whose FAGI exceeds the threshold amount is allowed a reduced personal exemption amount of \$2,000.

*Tax years 2009, 2010: Additional temporary surtax (2% or 3% of tax liability) according to taxable income

+additional standard deduction for aged 65 or over or blind

Filing Status	Taxable income		Applicable tax rate by tax year					Personal Exemption Threshold by Filing Status	Standard Deduction Amounts		
	Over:	Up To:	2008-2013	2007	2001-2006	1991-2000	1989-1990		2004-2013	2003	1989-2002
Married filing jointly/ Qualifying widow(er): *Surtax:	\$0	\$21,250	6%	6%	6%	6%	6%	Married filing jointly/ Qualifying widow(er): <u>Federal AGI</u> \$100,000	\$6,000	\$5,500	\$5,000
	\$21,250	\$100,000	7%	7%	7%	7%	7%				
	\$100,000	\$200,000	7.75%	7.75%	7.75%	7.75%	7%				
	\$200,000	\$250,000	7.75%	8%	8.25%	7.75%	7%				
	\$250,000		7.75%	8%	8.25%	7.75%	7%				
Head of household: *Surtax:	\$0	\$17,000	6%	6%	6%	6%	6%	Head of household: <u>Federal AGI</u> \$80,000	\$4,400	\$4,400	\$4,400
	\$17,000	\$80,000	7%	7%	7%	7%	7%				
	\$80,000	\$160,000	7.75%	7.75%	7.75%	7.75%	7%				
	\$160,000	\$200,000	7.75%	8%	8.25%	7.75%	7%				
	\$200,000		7.75%	8%	8.25%	7.75%	7%				
Single: *Surtax:	\$0	\$12,750	6%	6%	6%	6%	6%	Single: <u>Federal AGI</u> \$60,000	\$3,000	\$3,000	\$3,000
	\$12,750	\$60,000	7%	7%	7%	7%	7%				
	\$60,000	\$120,000	7.75%	7.75%	7.75%	7.75%	7%				
	\$120,000	\$150,000	7.75%	8%	8.25%	7.75%	7%				
	\$150,000		7.75%	8%	8.25%	7.75%	7%				
Married filing separately: *Surtax:	\$0	\$10,625	6%	6%	6%	6%	6%	Married filing separately: <u>Federal AGI</u> \$50,000	\$3,000	\$2,750	\$2,500
	\$10,625	\$50,000	7%	7%	7%	7%	7%				
	\$50,000	\$100,000	7.75%	7.75%	7.75%	7.75%	7%				
	\$100,000	\$125,000	7.75%	8%	8.25%	7.75%	7%				
	\$125,000		7.75%	8%	8.25%	7.75%	7%				

TABLE 23.- Continued

Tax credit for dependent children § 105-151.24:

A tax credit is allowed for each dependent child for whom 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 through 2013, the amount is \$100.]
Single	\$60,000
Married filing separately	\$50,000

Earned income tax credit (EITC) § 105-151.31:

Effective for tax years 2008 through 2013, a taxpayer who claims an EITC under section 32 of the IRC is eligible to claim a State EITC equal to a percentage of the amount qualified for on the federal return: 3.5% applies for tax year 2008, 5.0% applies for tax years 2009-2012, 4.5% applies for tax year 2013. If the credit exceeds the tax liability reduced by the sum of all credits allowable, the excess is refundable 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 to not 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.

Amounts shown include transfers during each fiscal year identified as follows:

<u>Fiscal year</u>	<u>N.C. Housing Finance Agency</u> [§ 105-129.42] [\$]	<u>N.C. Political Parties Financing Fund</u> [§ 105-159.1] [\$]	<u>N.C. Public Campaign Fund</u> [§ 105-159.2] [\$]	<u>Special Education Related Services</u> [§ 105-151.33(h)] [\$]
1999-00	-	309,298	-	-
2000-01	-	472,358	-	-
2001-02	-	441,622	-	-
2002-03	-	479,521	-	-
2003-04	-	508,301	448,749	-
2004-05	16,599,074	497,240	1,030,912	-
2005-06	32,475,651	589,253	1,135,207	-
2006-07	31,410,399	516,306	1,565,474	-
2007-08	27,837,817	2,035,382	1,325,199	-
2008-09	31,104,801	1,524,117	1,259,255	-
2009-10	28,508,611	1,391,725	1,124,882	-
2010-11	38,968,004	1,243,139	1,068,584	-
2011-12	30,725,986	1,165,149	999,972	-
2012-13	31,975,556	1,145,467	915,022	2,994,000
2013-14	37,100,867	491,336	67,005	3,018,000

Refer to *Table 26* for details of the North Carolina Political Parties Financing Fund and North Carolina Public Campaign Fund.

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.