

TABLE 24 . INDIVIDUAL INCOME TAX GROSS COLLECTIONS BY TYPE OF PAYMENT

Fiscal year	Withholding payments												Estimated			Final [returns & assessments]			Total individual income tax gross collections	
	Quarterly			Monthly			Accelerated			Total			Estimated	%	Annual	Final payments	%	Annual	Total payments	%
	Quarterly payments [S]	% of total	Annual % change	Monthly payments [S]	% of total	Annual % change	Accelerated payments [S]	% of total	Annual % change	All payments [S]	% of total	Annual % change	Estimated payments [S]	% of total	Annual % change	Final payments [S]	% of total	Annual % change	Total payments [S]	% of total
2001-02....	393,555,815	4.6%	-11.6%	666,738,025	7.7%	3.6%	5,762,522,176	66.8%	2.5%	6,822,816,016	79.1%	1.7%	938,690,138	10.9%	-15.0%	862,881,558	10.0%	-19.4%	8,624,387,711	-2.9%
2002-03....	256,463,211	3.0%	-34.8%	634,478,675	7.4%	-4.8%	5,970,051,356	70.0%	3.6%	6,860,993,242	80.4%	0.6%	871,328,434	10.2%	-7.2%	801,599,302	9.4%	-7.1%	8,533,920,978	-1.0%
2003-04....	214,187,783	2.4%	-16.5%	666,744,805	7.4%	5.1%	6,307,899,117	70.2%	5.7%	7,188,831,704	80.0%	4.8%	875,048,942	9.7%	0.4%	921,085,858	10.3%	14.9%	8,984,966,504	5.3%
2004-05....	223,142,639	2.2%	4.2%	723,036,384	7.3%	8.4%	6,666,346,489	67.0%	5.7%	7,612,525,511	76.5%	5.9%	1,036,789,406	10.4%	18.5%	1,304,231,335	13.1%	41.6%	9,953,546,252	10.8%
2005-06....	210,370,359	1.9%	-5.7%	806,143,703	7.3%	11.5%	7,208,345,114	65.2%	8.1%	8,224,859,177	74.4%	8.0%	1,270,892,025	11.5%	22.6%	1,565,507,855	14.2%	20.0%	11,061,259,057	11.1%
2006-07....	214,168,684	1.7%	1.8%	869,063,049	7.1%	7.8%	7,778,483,800	63.5%	7.9%	8,861,715,533	72.4%	7.7%	1,412,771,164	11.5%	11.2%	1,970,379,029	16.1%	25.9%	12,244,865,726	10.7%
2007-08....	195,396,534	1.5%	-8.8%	905,978,434	7.0%	4.2%	8,199,026,462	63.7%	5.4%	9,300,401,430	72.3%	5.0%	1,511,189,973	11.7%	7.0%	2,053,943,083	16.0%	4.2%	12,865,534,486	5.1%
2008-09....	167,302,325	1.4%	-14.4%	824,378,046	7.1%	-9.0%	8,123,792,131	69.5%	-0.9%	9,115,472,501	78.0%	-2.0%	1,155,878,096	9.9%	-23.5%	1,415,676,117	12.1%	-31.1%	11,687,026,714	-9.2%
2009-10....	144,951,084	1.3%	-13.4%	789,600,949	7.0%	-4.2%	8,202,692,984	72.8%	1.0%	9,137,245,017	81.1%	0.2%	918,391,730	8.2%	-20.5%	1,204,203,084	10.7%	-14.9%	11,259,839,831	-3.7%
2010-11....	142,887,277	1.2%	-1.4%	807,908,606	6.8%	2.3%	8,512,575,363	71.5%	3.8%	9,463,371,247	79.5%	3.6%	979,522,030	8.2%	6.7%	1,459,138,287	12.3%	21.2%	11,902,031,563	5.7%
2011-12....	145,428,856	1.2%	1.8%	841,792,323	6.8%	4.2%	8,862,664,860	71.6%	4.1%	9,849,886,039	79.5%	4.1%	1,018,804,363	8.2%	4.0%	1,513,881,862	12.2%	3.8%	12,382,572,263	4.0%
2012-13....	150,954,005	1.1%	3.8%	887,120,841	6.7%	5.4%	9,278,892,526	70.5%	4.7%	10,316,967,372	78.3%	4.7%	1,109,258,207	8.4%	8.9%	1,743,847,130	13.2%	15.2%	13,170,072,709	6.4%
2013-14....	146,148,580	1.2%	-3.2%	809,837,577	6.5%	-8.7%	8,811,629,448	71.0%	-5.0%	9,767,615,605	78.7%	-5.3%	1,068,097,836	8.6%	-3.7%	1,582,251,072	12.7%	-9.3%	12,417,964,513	-5.7%
2014-15....	154,215,263	1.3%	5.5%	800,972,579	6.5%	-1.1%	8,272,084,745	67.2%	-6.1%	9,227,272,587	75.0%	-5.5%	1,176,558,808	9.6%	10.2%	1,898,438,810	15.4%	20.0%	12,302,270,205	-0.9%
2015-16....	168,087,096	1.3%	9.0%	842,258,838	6.4%	5.2%	8,791,949,767	66.9%	6.3%	9,802,295,702	74.6%	6.2%	1,266,115,793	9.6%	7.6%	2,069,645,274	15.8%	9.0%	13,138,056,769	6.8%

Detail may not add to totals due to rounding.

The Tax Simplification and Reduction Act of 2013 replaces the multitiered bracket system (utilizes marginal tax rates of 6%, 7%, and 7.75% with breaking points delineated according to filing status and taxable income level) with a flat rate structure (5.8% for tax year 2014; 5.75% for tax years thereafter). 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 collections reflect the rate reduction coupled with additional changes to the tax structure beginning with estimated tax payments and withholding tax payments remitted by employers and pension and annuity payers during fiscal year 2014 for tax year 2014.

The 2015 Appropriations Act [SL 2015-241] increases the withholding tax rate on or after January 1, 2016 to equal the statutory rate plus 0.1% to reduce the incidence of deficient withholding [withholding tax rate for taxable year 2016=5.85% (5.75%+0.1%)].

The legislation also increases the standard deduction allowances effective for taxable years beginning on or after January 1, 2016; however, SL 2016-94 amends SL 2015-241, supplanting alternative increased standard deduction allowances effective for taxable years beginning on or after January 1, 2016. Withholding tax tables for tax year 2016 reflect the standard deduction allowances enacted by the 2015 Appropriations Act. The 2015 Appropriations Act provides for an itemized deduction allowing a taxpayer to claim the amount allowed as a deduction for medical and dental expenses under section 213 of the Code effective for taxable years beginning on or after January 1, 2015.

The 1990 General Assembly rewrote § 105-163.1 to adopt the federal definition of wages subject to income tax withholding and to require employers who average withholding income tax of \$2,000 or more per month (accelerated filers) to file withholding tax reports and remit the tax in accordance with federal guidelines. (Effective January 1, 1991) In an attempt to simplify the payment of withheld taxes, the Internal Revenue Service adopted new regulations effective January 1, 1993, requiring accelerated filers to pay the withheld taxes semi-weekly instead of every three banking days. (Employers were not required to adopt the new system until January 1, 1994.)

Effective January 1, 2002, § 105-163.6(b) was amended to require an employer who withholds an average of less than \$250 of State income taxes from wages each month to file a return and pay the taxes on a quarterly basis; § 105-163.6(c) was amended to require an employer who withholds an average of at least \$250 but less than \$2,000 from wages each month to file a return and pay the taxes on a monthly basis. The amendments lowered the threshold for distinguishing quarterly filers from monthly filers from \$500 to \$250; approximately 70,000 taxpayers were converted from quarterly filers to monthly filers.

**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.