

TABLE 5. ESTATE TAX AND INHERITANCE TAX COLLECTIONS

[G.S. 105 ARTICLE 1,1A.]

Fiscal year	Estate tax/ Inheritance tax gross collections [\$]	Refunds [\$]	Net collections before transfers [\$]	(-) Collection fees on overdue tax debts [\$]	(-) OSBM Civil Penalty & Forfeiture Fund [\$]	(-) Collections to General Fund [\$]	Year-over-year % change		
							Estate tax/ Inheritance tax gross collections	Estate tax/ Inheritance tax refunds	Estate tax/ Inheritance tax collections to General Fund
1991-92.....	89,713,210	2,036,953	87,676,256	-	-	87,676,256	14.86%	55.11%	14.18%
1992-93.....	91,376,888	1,758,823	89,618,065	-	-	89,618,065	1.85%	-13.65%	2.21%
1993-94.....	108,670,014	2,136,786	106,533,229	-	-	106,533,229	18.93%	21.49%	18.87%
1994-95.....	112,540,810	2,675,363	109,865,447	-	-	109,865,447	3.56%	25.21%	3.13%
1995-96.....	116,769,980	3,857,690	112,912,290	-	-	112,912,290	3.76%	44.19%	2.77%
1996-97.....	134,895,053	2,826,727	132,068,325	-	-	132,068,325	15.52%	-26.72%	16.97%
1997-98.....	141,418,546	3,293,884	138,124,663	-	-	138,124,663	4.84%	16.53%	4.59%
1998-99.....	173,469,645	3,534,424	169,935,220	-	-	169,935,220	22.66%	7.30%	23.03%
1999-00.....	167,729,782	4,402,463	163,327,319	-	-	163,327,319	-3.31%	24.56%	-3.89%
2000-01.....	126,552,430	3,386,988	123,165,443	-	-	123,165,443	-24.55%	-23.07%	-24.59%
2001-02.....	107,906,309	3,125,754	104,780,555	29,670	-	104,750,885	-14.73%	-7.71%	-14.95%
2002-03.....	116,016,859	3,431,610	112,585,249	80,843	-	112,504,407	7.52%	9.79%	7.40%
2003-04.....	131,682,261	3,129,731	128,552,530	73,087	-	128,479,443	13.50%	-8.80%	14.20%
2004-05.....	139,347,961	4,122,908	135,225,053	13,709	-	135,211,344	5.82%	31.73%	5.24%
2005-06.....	137,058,981	3,575,744	133,483,238	43,264	60,500	133,379,473	-1.64%	-13.27%	-1.35%

Detail may not add to totals due to rounding.

The inheritance tax (G.S. 105-2 through 105-32) was repealed effective January 1, 1999, and applied to the estates of decedents dying on or after that date.

The inheritance tax was assessed on property or interest over which the State had jurisdiction when the title passed by will, contract, entirety, or by descent and distribution

The property was taxed based on one of three graduated rate scales determined by the relationship of the beneficiary to the decedent. Certain tax credits applied to property passing to lineal ancestors or descendants. [Property passing to a surviving spouse was exempt, along with other types of property.] When the combined total of inheritance taxes was less than the credit allowed under the basic rates of the federal estate tax, a supplementary estate tax was imposed equal to the difference between the total

North Carolina inheritance tax and the maximum state death tax credit allowed by the Federal Estate Tax Act. When the inheritance tax was repealed, the estate tax was retained

The estate tax is equal to the state death tax credit for federal purposes before applying the percentage reduction to the federal credit. Under the new federal estate tax law effective for estates of decedents dying on or after January 1, 2002, the exclusion amount from federal estate tax is increased and the state death tax credit is phased out over 3 years

beginning in 2002; the 2002 General Assembly conformed North Carolina exclusion amounts to the federal exclusion amounts, but amended G.S. 105-32.2(b), electing not to adopt the phase-out provision. The amendment was scheduled to sunset effective for estates of decedents dying on or after January 1, 2004; a subsequent amendment by the 2003 General

Assembly delayed the sunset to July 1, 2005. [The 2005 General Assembly repealed the sunset.] For decedents dying on or after January 1, 2005, the North Carolina estate tax is limited to the amount of federal estate tax determined without regard to the deduction for state death taxes allowed under section 2058 of the IRC and the tax credits allowed under sections 2011-2015 of the Code 1991-92 through 1998-99

Estate taxes are due to be filed nine months from the date of death, as were inheritance taxes. Since the repeal became effective for estates of decedents dying on or after January 1, 1999, the effect of the law change was first reflected in 1999-00 collections. The 1999-00 collections also include revenue generated from estates subject to the inheritance tax statutes.

Figure 5.1 Estate Tax and Inheritance Tax Net Collections and % Change

