TABLE 23. INDIVIDUAL INCOME TAX COLLECTIONS IS 105 ADTICLE 4 DADT 21

					[]	§ 105 ARTICLE	4, PART 2.]						
			Individual Income Tax Net Collections Before & After Reimbursements, Transfers										
	Total		Net collections										
	gross		before	Reserves/	Reimburse-	Inter-	Collection	OSBM		Year-over-year % change			
	individual		reimburse-	transfers for	ments to	governmental	fees on	Civil Penalty	Collections	Individual	Individual	Net	Amount
	income tax		ments/	adminis-	local	inter-fund	overdue	& Forfeiture	to	income tax	income	collections	to
Fiscal	collections	Refunds	transfers	trative costs	governments	transfers	tax debts	Fund	General Fund	gross	tax	before	General
year	[\$]	[\$]]\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	collections	refunds	transfers	Fund
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	- 1	-	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	- 1	-	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%

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 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	e tax rate by tax	year		Personal Exemption Standard Deduction Amounts			nounts		
Married filing jointly/	Over	Uр То	2008-2010*	2007	2001-2006	1991-2000	1989-1990	Threshold by Filing Status	2004/after	2003	1989-2002	
Qualifying widow(er):	\$0	\$21,250	6%	6%	6%	6%	6%					
*Surtax:	\$21,250	\$100,000	7%	7%	7%	7%	7%	Married filing jointly/				
2% of tax liability	\$100,000	\$200,000	7.75%	7.75%	7.75%	7.75%	7%	Qualifying widow(er):	\$6,000	\$5,500	\$5,000	
2% of tax liability	\$200,000	\$250,000		8%	8.25%	7.75%	7%	Federal AGI	+ \$600	+ \$600	+ \$600	
3% of tax liability	\$250,000							\$100,000				
Head of household:	\$0	\$17,000	6%	6%	6%	6%	6%					
*Surtax:	\$17,000	\$80,000	7%	7%	7%	7%	7%	Head of household:	\$4,400	\$4,400	\$4,400	
2% of tax liability	\$80,000	\$160,000	7.75%	7.75%	7.75%	7.75%	7%	Federal AGI	+\$750	+\$750	+\$750	
2% of tax liability	\$160,000	\$200,000		8%	8.25%	7.75%	7%	\$80,000				
3% of tax liability	\$200,000											
Single:	\$0	\$12,750	6%	6%	6%	6%	6%					
*Surtax:	\$12,750	\$60,000	7%	7%	7%	7%	7%	Single:	\$3,000	\$3,000	\$3,000	
2% of tax liability	\$60,000	\$120,000	7.75%	7.75%	7.75%	7.75%	7%	Federal AGI	+\$750	+\$750	+\$750	
2% of tax liability	\$120,000	\$150,000		8%	8.25%	7.75%	7%	\$60,000				
3% of tax liability	\$150,000											
Married filing separately:	\$0	\$10,625	6%	6%	6%	6%	6%					
*Surtax:	\$10,625	\$50,000	7%	7%	7%	7%	7%	Married filing separately:	\$3,000	\$2,750	\$2,500	
2% of tax liability	\$50,000	\$100,000	7.75%	7.75%	7.75%	7.75%	7%	Federal AGI	+\$600	+\$600	+\$600	
2% of tax liability	\$100,000	\$125,000		8%	8.25%	7.75%	7%	\$50,000				
3% of tax liability	\$125,000											

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:

Filing Status	Federal AGI
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. <u>2004-05</u> 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 <u>January 1, 2003</u>, 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.)