TABLE 2B. TAX YEAR 2012 INDIVIDUAL INCOME TAX CALCULATION BY INCOME LEVEL: CHARACTERISTICS OF RETURNS WITH \$0 TAX LIABILITY BY DEDUCTION TYPI


Source: 2012 individual income tax extract. Statistical summaries are compiled from personal income tax information extracted from tax year 2012 D-400 and D-400TC forms processed within the DOR dynamic integrated
tax system during 2013; the extract is a composite database consisting of both audited and unaudited (edited and unedited) data that is subject to and may include inconsistencies resultant of taxpayer and/or processing error.
This exhibit includes returns with a nonpositive NC taxable income and returns with a positive NC taxable income for which the tax liability is reduced to $\$ 0$ after application of nonrefundable tax credits plus any portion of the refundable EITC used to offset tax liability.
EITC used to offset tax liability. $\quad$ Proration (income apportionment) factors applicable to part-year and nonresident individuals can exceed $\mathbf{1 0 0} \%$ in cases where the portion of income subject to NC income tax exceeds total federal gross income, as adjusted.
*Summary information for this category has been combined with that of a preceding (or subsequent) category to avoid disclosing specific taxpayer details in categories with low participation.
**Tax credits claimed=value of nonrefundable credits reported on the D-400TC form plus the portion of refundable credits (NC-EITC) used to reduce tax liability to $\$ 0$.
Amount claimed (reported) may exceed the value of the tax credit used to reduce tax liability in cases where the tax liability is less than the amount of eligible credit claimed.

+ In calculating NC taxable income, a taxpayer may deduct either the allowable NC standard deduction amount based on filing status or the itemized deductions amount claimed under the Code.
Claiming itemized deductions on the federal return is a prerequisite for claiming itemized deductions on the NC D-400 return. NC does not allow a deduction for state and local taxes and foreign income taxes. $++\$ 2,500$ ( $\$ 2,000$ for higher income levels) per exemption claimed on federal income tax return; allowable amount based on filing status and FAGI

