

**INDIVIDUAL INCOME TAX FILERS AND LIABILITY - TAX YEARS 2011 AND 2020**  
**INDIVIDUAL INCOME TAX RATES - TAX YEARS 2012-2021**

North Carolina Taxable Income	Individual Income Tax Filers and Liability by Income Level							
	Tax Year 2020				Tax Year 2011			
	Number of Returns	% of Total	Tax Liability	% of Total	Number of Returns	% of Total	Tax Liability	% of Total
0 to \$15,000.....	2,362,173	46.3%	\$ 417,165,439	3.2%	2,139,069	50.6%	\$ 408,300,395	4.3%
\$15,001 to \$25,000.....	565,002	11.1%	579,862,316	4.4%	540,317	12.8%	601,431,214	6.3%
\$25,001 to \$50,000.....	870,701	17.1%	1,617,650,725	12.3%	740,936	17.5%	1,647,776,670	17.3%
\$50,001 to \$75,000.....	449,861	8.8%	1,417,324,676	10.7%	352,066	8.3%	1,383,551,209	14.6%
\$75,001 to \$100,000.....	266,210	5.2%	1,180,445,922	9.0%	178,126	4.2%	1,015,516,744	10.7%
\$100,001 to \$200,000.....	390,272	7.7%	2,725,923,880	20.7%	200,816	4.8%	1,845,734,172	19.4%
\$200,001 and up.....	195,381	3.8%	5,233,837,941	39.7%	74,992	1.8%	2,607,256,061	27.4%
	<u>5,099,600</u>	<u>100.0%</u>	<u>\$ 13,172,210,899</u>	<u>100.0%</u>	<u>4,226,322</u>	<u>100.0%</u>	<u>\$ 9,509,566,465</u>	<u>100.0%</u>

**Note:** Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. Tax year 2020 is the most recent year for which data is available.

**Individual Income Tax Rates - Last 10 Years**

Tax Years 2012-2013				
Tax Year	Bracket 1	Bracket 2	Bracket 3	
Married - Joint:				
Taxable income	\$1-\$21,250	\$21,251-\$100,000	> \$100,000	
Tax rate	6%	7%	7.75%	
Married - Separate:				
Taxable income	\$1-\$10,625	\$10,626-\$50,000	> \$50,000	
Tax rate	6%	7%	7.75%	
Head of Household:				
Taxable income	\$1-\$17,000	\$17,001-\$80,000	> \$80,000	
Tax rate	6%	7%	7.75%	
Single:				
Taxable income	\$1-\$12,750	\$12,751-\$60,000	> \$60,000	
Tax rate	6%	7%	7.75%	

**Income Tax Rate Restrictions**

- The State Constitution (Article V, section 2(6)) places the following limitation on the income tax: "The rate of tax on incomes shall not in any case exceed ten percent, and there shall be allowed personal exemptions and deductions so that only net incomes are taxed."

**Federal Adjusted Gross Income Starting Point**

- Effective with tax year 2012 the starting point in determining North Carolina taxable income is federal adjusted gross income (FAGI) subject to some modifications.

Source: North Carolina Department of Revenue

Table 7

**Individual Income Tax Rates - Last 10 Years**

Tax Year 2014				
Married - Joint, Married - Separate, Head of Household, and Single:				
Taxable income	>\$0			
Tax rate	5.8%			
Tax Years 2015-2016				
Married - Joint, Married - Separate, Head of Household, and Single:				
Taxable income	>\$0			
Tax rate	5.75%			
Tax Years 2017-2018				
Married - Joint, Married - Separate, Head of Household, and Single:				
Taxable income	>\$0			
Tax rate	5.499%			
Tax Years 2019-2021				
Married - Joint, Married - Separate, Head of Household, and Single:				
Taxable income	>\$0			
Tax rate	5.250%			

**Income Tax Rate and Base Structure Changes** - Effective for tax years beginning on or after January 1, 2014, SL 2013- 316 (HB998), *An Act to Simplify the NC Tax Structure and to Reduce Individual and Business Tax Rates* (enacted July 23, 2013) replaces the multi- tiered bracket system with a flat rate structure.

**Income Tax Rate and Base Structure Changes** - The 2015 Appropriations Act reduces the personal income tax rate to 5.499% effective with taxable year 2017 and increases the withholding tax rate on or after January 1, 2016 to equal the statutory personal income tax rate plus 0.1% to reduce the incidence of deficient withholding.

**Income Tax Rate Restrictions** - The State Constitution (Article V, section 2(6)) places the following limitation on the income tax: "The rate of tax on incomes shall not in any case exceed seven percent, and there shall be allowed personal exemptions and deductions so that only net incomes are taxed." [Applicable to taxable years beginning on or after January 1, 2019]

**Income Tax Rate and Base Structure Changes** - The 2017 Appropriations Act reduces the personal income tax rate to the 5.25% effective for taxable year 2019.