

February 7, 2007

H 132. CONFORM PERSONAL TAX DEDUCT AND EXEMPT TO IRC. Filed 2/7/07. *TO CONFORM THE STATE INCOME TAX PERSONAL EXEMPTION AND STANDARD DEDUCTION AMOUNTS TO THE FEDERAL AMOUNTS.* North Carolina personal income tax uses federal taxable income as the starting point for calculating NC taxable income. Because the federal personal exemptions and standard deductions have already been subtracted and the federal amounts are larger than the NC amounts, taxpayers must add back the difference in order to calculate NC taxable income. Act repeals the add-back requirement [GS 105-134.6(c)(4) and (4a)] so that NC will allow the more generous federal amounts for personal exemptions and standard deductions. Makes conforming changes. Effective beginning with 2007 tax year.
Intro. by Blust. GS 105