

§ 105-153.7. Individual income tax imposed.

(a) **(Effective for taxable years beginning before January 1, 2022)** Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is five and one-quarter percent (5.25%) of the taxpayer's North Carolina taxable income.

(a) **(Effective for taxable years beginning on or after January 1, 2022)** Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. Except as otherwise provided in subsection (a1) of this section, the tax is a percentage of the taxpayer's North Carolina taxable income computed as follows:

| Taxable Years Beginning | Tax |
|-------------------------|--------|
| In 2022 | 4.99% |
| In 2023 | 4.75% |
| In 2024 | 4.5% |
| In 2025 | 4.25% |
| After 2025 | 3.99%. |

(a1) **Rate Reduction Trigger.** – Notwithstanding the tax rates set out in subsection (a) of this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of this subsection, total General Fund revenue is the amount stated in the final accounting of total General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the Office of State Controller in August following the end of the fiscal year.

| Fiscal Year | Trigger Amount | Taxable Year Beginning |
|--------------|------------------|------------------------|
| FY 2025-2026 | \$33,042,000,000 | In 2027 |
| FY 2026-2027 | \$34,100,000,000 | In 2028 |
| FY 2027-2028 | \$34,760,000,000 | In 2029 |
| FY 2028-2029 | \$35,750,000,000 | In 2030 |
| FY 2029-2030 | \$36,510,000,000 | In 2031 |
| FY 2030-2031 | \$38,000,000,000 | In 2032 |
| FY 2031-2032 | \$38,500,000,000 | In 2033 |
| FY 2032-2033 | \$39,000,000,000 | In 2034 |

(b) **Withholding Tables.** – The Secretary may provide tables that compute the amount of tax due for a taxable year under this Part. The tables do not apply to an individual who files a return under section 443(a)(1) of the Code for a period of less than 12 months due to a change in the individual's annual accounting period or to an estate or trust. (2013-316, s. 1.1(d); 2013-316, s. 1.2(a); 2015-241, s. 32.16(c); 2017-57, s. 38.1(a); 2021-180, s. 42.1(a); 2023-134, s. 42.1(a).)