

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

2

SENATE BILL 818
Finance Committee Substitute Adopted 5/18/16

Short Title: Increase the Zero Tax Bracket.

(Public)

Sponsors:

Referred to:

May 9, 2016

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE STANDARD DEDUCTION AMOUNTS OVER TWO YEARS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(a)(1) reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$15,500 <u>\$16,500</u>
Head of Household	12,400 <u>13,200</u>
Single	7,750 <u>8,250</u>
Married, filing separately	7,750 <u>8,250.</u> "

SECTION 2. G.S. 105-153.5(a)(1), as amended by Section 1 of this act, reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$16,500 <u>\$17,500</u>
Head of Household	13,200 <u>14,000</u>
Single	8,250 <u>8,750</u>
Married, filing separately	8,250 <u>8,750.</u> "

SECTION 3. Notwithstanding G.S. 105-163.2, the Department of Revenue is not required to adjust the withholding tables applicable for the 2016 taxable year.



1 **SECTION 4.** Section 1 of this act is effective for taxable years beginning on or after
2 January 1, 2016. Section 2 of this act is effective for taxable years beginning on or after January 1,
3 2017. The remainder of this act is effective when it becomes law.