

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 83
Committee Substitute Favorable 3/9/21
Committee Substitute #2 Favorable 4/1/21

Short Title: Eliminate Income Tax for Military Retirees.

(Public)

Sponsors:

Referred to:

February 16, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO EXCLUDE MILITARY RETIREMENT PAY FROM TAXATION FOR
3 CERTAIN RETIRED MEMBERS OF THE ARMED FORCES OF THE UNITED STATES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-153.5(b) reads as rewritten:

6 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
7 deduct from the taxpayer's adjusted gross income any of the following items that are included in
8 the taxpayer's adjusted gross income:

9 ...

10 (5a) The amount received during the taxable year from the United States
11 government for the payments listed in this subdivision. Amounts deducted
12 under this subdivision may not also be deducted under subdivision (5) of this
13 subsection. The payments are:

14 a. Retirement pay for service in the Armed Forces of the United States
15 to a retired member that meets either of the following:

16 1. Served at least 20 years.

17 2. Medically retired under 10 U.S.C. Chapter 61. This deduction
18 does not apply to severance pay received by a member due to
19 separation from the member's armed forces.

20 b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a
21 retired member eligible to deduct retirement pay under
22 sub-subdivision a. of this subdivision.

23"

24 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
25 2021.

