



North Carolina Taxes

Corporate Income Tax: A flat rate of 6.9% of net income is allocable to the state. For years 2009 and 2010, corporations subject to corporate income tax must pay an income tax surcharge of 3 percent on their North Carolina income tax due before deducting any tax credits or payments.

Sales & Use Tax: 4.75% statewide with a local rate of 2.25% (combined 7% tax is not applicable to raw materials, containers, labels, packaging and shipping materials).

Franchise Tax: \$1.50 per \$1,000 and is applied to the greatest base determined as set forth in the law.

Inventory Tax: North Carolina does not impose an inventory tax.

Property Tax: North Carolina does not impose a state property tax. Subject to local rates (Please see local rates on page 62.)

Electricity: Beginning July 1, 2010, there is a full exemption on sales and use tax for fuel and electricity sold to a manufacturer for use in connection with the operation of a manufacturing facility.

Natural Gas: 2.83%

Telephone Service: 3% local; 6% intrastate; \$50,000 cap applies for call center operations

Unemployment Insurance Rate: Average tax rate of \$200.40; Employers rate 0.00% to 6.84%; Taxable base \$19,300

Individual Income Tax Rates:

- NC Personal Income Tax (filing as single)
 - 6% on 1st \$12,750; 7% on next \$47,250; 7.75% on remainder
- Standard Deduction
 - Single \$3,000; Joint \$6,000
- Personal Exemptions
 - Single \$1,500; Dependents \$1,500

Income Tax Surcharge for years 2009 and 2010:

Individuals who meet certain income requirements will pay a surtax on the amount of tax they owe before any withholding, payments or credits, as shown on Line 14 of the D-400 Individual Tax Return.

Surcharge Percentage Table		
Filing Status	NC Taxable Income shown on Line 13	Surtax percentage
Married Filing Jointly/Surviving Spouse	More than \$100,000 up to \$250,000	2%
Married Filing Jointly/Surviving Spouse	More than \$250,000	3%
Head of Household	More than \$80,000 up to \$200,000	2%
Head of Household	More than \$200,000	3%
Single	More than \$60,000 up to \$150,000	2%
Single	More than \$150,000	3%
Married Filing Separately	More than \$50,000 up to \$125,000	2%
Married Filing Separately	More than \$125,000	3%

For example, if your filing status is "married filing jointly" and your North Carolina taxable income shown on Line 13 of Form D-400 is \$150,000, you would compute your "regular" state income tax on Line 14 and then multiply that amount by 2 percent. The result would be added to your "regular" tax on Line 14 to give you your total tax liability. Then you subtract credits, withholding, payments, etc., to find out if you are due a refund or if you have to pay any additional tax.

Note: there is no penalty (interest) for underpayment of estimated tax if the underpayment is because of the surtax

Source: Charlotte Regional Partnership; NC Department of Commerce