

These tables were created by the Fiscal Research Division, a nonpartisan central staff division serving all members of the North Carolina House of Representatives and State Senate.

North Carolina Major Tax Rates

Corporate Income Tax	Rate	Individual Income Tax	Rate	Standard Deduction (MFJ)
2012	6.9%	2012	6% - 7.75%	\$ 6,000
2013	6.9%	2013	6% - 7.75%	6,000
2014	6.0%	2014	5.800%	15,000
2015	5.0%	2015	5.750%	15,000
2016	4.0%	2016	5.750%	16,500
2017	3.0%	2017	5.499%	17,500
2018	3.0%	2018	5.499%	17,500
2019	2.5%	2019	5.250%	20,000
2020	2.5%	2020	5.250%	21,500
2021	2.5%	2021	5.250%	25,500
2022	2.5%	2022	4.990%	25,500
2023	2.5%	2023	4.750%	25,500
2024	2.5%	2024	4.500%	25,500
2025	2.3%	2025	4.250%	25,500
2026	2.0%	2026	3.990%	25,500
2027	2.0%	2027	3.990%	25,500
2028	1.0%	2028	3.990%	25,500
2029	1.0%	2029	3.990%	25,500
2030	0%	2030	3.990%	25,500

S.L. 2023-134 authorizes up to three additional individual income tax rate reductions between 2027 and 2034, provided that total General Fund (GF) tax and nontax revenue in the preceding fiscal year reaches certain thresholds. Whenever GF revenue in a given fiscal year exceeds the threshold (“trigger”) amount specified for that fiscal year, the tax rate drops by one-half percentage point (0.50%) beginning January 1st of the following tax year. The table below provides the trigger amounts for FY 2025-26 through 2032-33.

Fiscal Year	Trigger Amount (millions)	Tax Year	Previously Enacted Tax Rate	Tax Rate under S.L. 2023-134
FY 2025-26	\$33,042	2027	3.99%	Up to 3 rate reductions of 0.5% each, contingent on triggers: 1st Reduction: 3.99% to 3.49% 2nd Reduction: 3.49% to 2.99% 3rd Reduction: 2.99% to 2.49% (minimum rate = 2.49%)
FY 2026-27	\$34,100	2028		
FY 2027-28	\$34,760	2029		
FY 2028-29	\$35,750	2030		
FY 2029-30	\$36,510	2031		
FY 2030-31	\$38,000	2032		
FY 2031-32	\$38,500	2033		
FY 2032-33	\$39,000	2034		

For example, if actual GF revenue in FY 2025-26 exceeds the trigger amount of \$33.042 billion, this would trigger a rate reduction from 3.99% in 2026 to 3.49% in 2027. The tax rate would then remain at 3.49% unless actual GF revenue in a subsequent fiscal year exceeds the corresponding trigger amount. If actual GF revenue does not exceed the trigger amount again until FY 2029-30, then the tax rate would remain at 3.49% until tax year 2030 and then drop by half a percentage point in 2031 and after (from 3.49% to 2.99%). If revenue exceeds the trigger amount a third time, the rate will drop from 2.99% to 2.49%.

Sales & Use Taxes	State Rate	Notes
1991	4%	S.L. 1991-689, Sec. 311-321, increased the rate from 3%.
2001	4.5%	S.L. 2001-424 increased the rate to 4.5%, with the additional 0.5% scheduled to sunset July 1, 2003. S.L. 2003-284 extended the sunset until July 1, 2005, and S.L. 2005-276 extended it until 7/1/2007.
2006	4.25%	S.L. 2006-66, Sec. 24.1, reduced the temporary increase from 0.5% to 0.25%. S.L. 2007-145, Sec. 9, delayed the sunset of the remaining 0.25% until 8/1/2007; S.L. 2007-323, Sec. 31.2, repealed the sunset entirely.
2009	5.75%	S.L. 2009-451, Sec. 27A.2 increased the State rate by 1.5% through two actions: 1) The State took over 0.5% of local sales tax in exchange for eliminating the requirement that counties share the cost of Medicaid. 2) The legislation enacted a temporary 1% increase to expire 7/1/2011.
2011	4.75%	Temporary 1% increase from S.L. 2009-451 expired.
2024	4.75%	[Rate has remained at 4.75% since 2011.]

These tables show the recent history of North Carolina’s primary tax rates. After 2013, North Carolina tax reform significantly reduced individual and corporate income tax rates while eliminating nearly all tax credits and many deductions.

