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North Carolina

Sales Tax

- Statewide: 4.75%
- Counties can levy an additional sales tax of no more than 2.75%.
- Current average sales tax (with local taxes included): 6.938%
- Common Exceptions at State Level:
 - Prescription Medicine: Exempt
 - Unprepared Foods: Exempt at the state level, but most counties levy a tax of 2%
 - Prepared Foods: 9%
- Gasoline Tax: 54.75 cents/gallon (Includes all state, local and federal taxes)
- Diesel Fuel Tax: 60.75 cents/gallon (Includes all state, local and federal taxes)
- Cigarette Tax: 45 cents/pack of 20
- Some counties level an additional .5% transit tax. Motor vehicles are exempt from sales tax but pay a 3% highway use tax at time of purchase.

Personal Income Tax

- Personal Income Tax Rate Range: 5.25%
- Standard deduction: Single Filing Status: \$10,750. Married Filing Jointly: \$21,500
- Personal Exemption Allowance: None
- Itemized Deductions Allowed?: Yes, if itemized on federal return. Differ from federal itemized deductions and subject to limitations.
- Retirement Income
 - Social Security: Exempt
 - IRAs: Taxable at ordinary income tax rates*
 - 401ks/Defined contribution employer retirement plans: Taxable at ordinary income tax rates
 - Private pensions: Taxable at ordinary income tax rates
 - Public Pensions: Taxable at ordinary income tax rates*
- Military Pay
 - Active Duty Pay: Taxable to the extent include in federal Adjusted Gross Income

- Military Retirement Pay: Taxable at ordinary income tax rates (exemption of up to \$4,000 may apply)*
- Military Disability Pay: Exempt
- VA Disability Dependency & Indemnity Compensation Benefits: Taxable at ordinary income tax rates
- SBP/SSBP/RCSBP/RSFPP: Taxable to the extent include in federal AGI

Income tax comments: *May be excluded from taxation if had five years active duty before Aug. 12, 1989. (Bailey settlement agreement)

Property Tax

- Local municipalities average .85% of the property's assessed value.
- Calculation of assessed value: 100% of fair market value; reappraised at least every eight years.
- Relief programs for:
 - Over 65 or Disabled: Excludes greater of first \$25,000 or 50% of appraised value. Income cannot exceed \$30,000.
 - Disabled or Surviving Spouse (if not remarried): Excludes up to \$45,000 of appraised value if 100% service-connected disability; no income requirements.
 - Circuit Break Property Tax Deferment: If 65 or disabled and low income, annual tax is limited to 4% or 5% of certain income, though taxes over limit are only deferred.
- Personal Property Tax: Yes. Rates and exemptions vary.

Inheritance & Estate Taxes: None

Department of Revenue website: www.dor.state.nc.us

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