

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 432
HOUSE BILL 720

AN ACT TO INCREASE THE INCOME TAX CREDIT FOR CHILD AND
DEPENDENT CARE EXPENSE FOR FAMILIES WITH INCOME BELOW
FORTY THOUSAND DOLLARS A YEAR.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-151.11 reads as rewritten:

"§ 105-151.11. **Credit for child care and certain employment-related expenses.**

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Division an amount equal to the applicable percentage of the employment-related expenses as defined in section 21(b)(2) of the Code. In order to claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary.

(a1) Applicable Percentage. – For employment-related expenses that are incurred only with respect to one or more dependents who are seven years old or older and are not physically or mentally incapable of caring for themselves, the applicable percentage is ~~seven percent (7%).~~ the appropriate percentage in the column labeled 'Percentage A' in the table below, based on the taxpayer's adjusted gross income determined under the Code. For employment-related expenses with respect to any other qualifying individual, the applicable percentage is ~~ten percent (10%).~~ the appropriate percentage in the column labeled 'Percentage B' in the table below, based on the taxpayer's adjusted gross income determined under the Code.

<u>Filing Status</u>	<u>Adjusted Gross Income</u>	<u>Percentage A</u>	<u>Percentage B</u>
<u>Head of Household</u>	<u>Up to \$20,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$20,000 up to \$32,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$32,000</u>	<u>7%</u>	<u>10%</u>
<u>Surviving Spouse or Joint Return</u>	<u>Up to \$25,000</u>	<u>9%</u>	<u>13%</u>

	<u>Over \$25,000</u> <u>up to \$40,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$40,000</u>	<u>7%</u>	<u>10%</u>
<u>Single</u>	<u>Up to \$15,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$15,000</u> <u>up to \$24,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$24,000</u>	<u>7%</u>	<u>10%</u>
<u>Married</u> <u>Filing</u> <u>Separately</u>	<u>Up to \$12,500</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$12,500</u> <u>up to \$20,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$20,000</u>	<u>7%</u>	<u>10%</u>

(b) Employment Related Expenses. – The amount of employment-related expenses for which a credit may be claimed may not exceed two thousand four hundred dollars (\$2,400) if the taxpayer's household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and may not exceed four thousand eight hundred dollars (\$4,800) if the taxpayer's household includes more than one qualifying individual.

~~(c) No credit shall be allowed under this section unless the taxpayer completes and attaches to the tax return the necessary form or forms as may be required by the Secretary.~~ Limitations. – No credit shall be allowed under this section for amounts deducted from gross income in calculating taxable income under the Code. ~~(d)~~ The credit allowed by this section may not exceed the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable under this Division, except for payments of tax made by or on behalf of the taxpayer. ~~(e)~~ No credit shall be allowed under this section with respect to employment-related expenses paid by a nonresident of this State."

Sec. 2. This act is effective for taxable years beginning on or after January 1, 1994.

In the General Assembly read three times and ratified this the 22nd day of July, 1993.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives