

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS65160-LY-111B (2/15)

Short Title: Income Tax - Military/National Guard Exempt. (Public)

Sponsors: Senator Thomas.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO EXEMPT FROM INCOME TAX CERTAIN COMPENSATION PAID
TO MILITARY PERSONNEL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(b) is amended by adding a new subdivision to read:

"(b) Deductions. – The following deductions from taxable income shall be made in calculating North Carolina taxable income, to the extent each item is included in taxable income:

...

(18) Compensation, up to a maximum of seven thousand five hundred dollars (\$7,500), that is paid by the Armed Forces of the United States, including the reserve components, to an individual for active duty, full-time National Guard duty, or inactive duty training as an officer or enlisted member. In the case of a married couple filing a joint return, each spouse may qualify separately for the deduction allowed under this subdivision."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2005.