



SENATE BILL 105: 2021 Appropriations Act, Sec. 42.2: Phase Out Corporate Income Tax

2021-2022 General Assembly

Committee:		Date:	January 26, 2022
Introduced by:		Prepared by:	Finance Team
Analysis of:	Sec. 42.2 of S.L. 2021-180		

OVERVIEW: Section 42.2 of S.L. 2021-180 eliminates the corporate income tax over a period of six years, beginning with the 2025 tax year.

This section is effective for taxable years beginning on or after January 1, 2025.

CURRENT LAW: The current corporate income tax rate is 2.5%. North Carolina began reducing the corporate income tax rate in 2014 when it decreased the rate from 6.9% to 6%. The rate was last reduced from 3% to 2.5% in 2019.

BILL ANALYSIS: Section 42.2 of S.L. 2021-180 eliminates the corporate income tax over six years, beginning with the 2025 tax year. For taxable years beginning on or after 2025, the rate will be 2.25%; 2% in 2026; 1% in 2028; and 0%, beginning with the 2030 tax year.

EFFECTIVE DATE: This section is effective for taxable years beginning on or after January 1, 2025.

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Legislative Analysis
Division
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