

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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HOUSE BILL 46

Short Title: Senior Tax Deduction for Medical Expenses. (Public)

Sponsors: Representative Catlin (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Aging, if favorable, Finance.

February 5, 2015

A BILL TO BE ENTITLED
AN ACT TO ALLOW AN INDIVIDUAL INCOME TAX DEDUCTION FOR MEDICAL
EXPENSES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(a) reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

- (1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$15,000
Head of Household	12,000
Single	7,500
Married, filing separately	7,500.

- (2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

- a. Charitable contribution deduction amount. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.
- b. Mortgages expenses and property taxes. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately or married filing jointly, the total



1 mortgage interest and real estate taxes claimed by both spouses
2 combined may not exceed twenty thousand dollars (\$20,000). For
3 spouses filing as married filing separately with a joint obligation for
4 mortgage interest and real estate taxes, the deduction for these items
5 is allowable to the spouse who actually paid them. If the amount of
6 the mortgage interest and real estate taxes paid by both spouses
7 exceeds twenty thousand dollars (\$20,000), these deductions must be
8 prorated based on the percentage paid by each spouse. For joint
9 obligations paid from joint accounts, the proration is based on the
10 income reported by each spouse for that taxable year.

11 c. Medical expenses. – The amount allowed as a deduction for medical
12 expenses under section 213 of the Code for that taxable year to the
13 extent the medical expenses are incurred for a person who has
14 attained the age of 65 before the close of the taxpayer's taxable year."

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

16 2015.