

Tax Foundation: North Carolina Surges Ahead On List Of Most Competitive State Tax Climates

By Administrator

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RALEIGH, (SGRToday.com) - North Carolina's historic tax reform has propelled the state into the top tier of states when it comes to competitive tax climates, according to rankings from the Tax Foundation, a nonpartisan research think tank based in Washington, D.C.

The report, 2016 State Business Climate Index, ranks North Carolina No. 15 among the 50 states.

The top spot goes to Wyoming, followed by South Dakota, Alaska, Florida, Nevada, Montana, New Hampshire, Indiana, Utah, and Texas.

“After the most dramatic improvement in the Index’s history—from 44th to 15th in one year—North Carolina has continued to improve its tax structure, with additional elements of the historic 2013 reform still phasing in,” the executive summary states.

“The corporate income tax, which was cut from 6.9 percent to 6 percent last year, has continued its scheduled decline, falling to 5 percent in 2015. The corporate income tax is subject to a trigger mechanism that will further reduce the rate in future years when revenues are healthy. The individual income tax, which was converted from a graduated rate tax with a top marginal rate of 7.75 percent to a single-rate tax of 5.8 percent in 2014, saw a further modest cut this year, decreasing to 5.75 percent, with further reductions scheduled through 2017.”

“As a result of these changes, North Carolina improved an additional eleven places on its corporate component rank, moving from 18th to 7th, with further improvement to its rank likely in the coming years as the state completes the phase-in of 2013 reforms.”

The report can be found at taxfoundation.org.