

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

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**HOUSE BILL 1202**

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

Sponsors: Representatives Catlin, Malone, Murry, and Ramsey (Primary Sponsors).

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

Referred to: Finance.

May 23, 2014

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:

"(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~~ sum of the deduction amount amounts provided in subdivision (2) allowed under subdivisions (2) and (3) of this subsection that the taxpayer claimed as itemized deductions under the Code. The amounts allowed under subdivisions (2) and (3) are not subject to the overall limitation on itemized deductions under section 68 of the Code. In the case of a married couple filing separate returns, a taxpayer may not deduct the standard deduction amount if the taxpayer or the taxpayer's spouse claims the itemized deductions amount:

(1) Standard deduction amount. – An amount equal to the amount listed in the table below based on the taxpayer's filing status:

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

(2) ~~Itemized deduction amount.~~ Charitable contribution 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. ~~The~~ The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.

(3) Elective deduction amount. – An amount equal to one of the deductions listed in this subdivision. The amount allowed under this subdivision may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately or married filing jointly, the deduction amount claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000).

a. Medical expenses. – The amount allowed as a deduction for medical expenses under section 213 of the Code for that taxable year to the



1                    extent the medical expenses are incurred for a person who has  
2                    attained the age of 65 before the close of the taxpayer's taxable year.

- 3                    b.    Mortgages expenses and property taxes. – The amount allowed as a  
4                    deduction for interest paid or accrued during the taxable year under  
5                    section 163(h) of the Code with respect to any qualified residence  
6                    plus the amount claimed by the taxpayer as a deduction for property  
7                    taxes paid or accrued on real estate under section 164 of the Code for  
8                    that taxable year. ~~The amount allowed under this sub-subdivision~~  
9                    ~~may not exceed twenty thousand dollars (\$20,000). For spouses~~  
10                    ~~filing as married filing separately with a joint obligation for mortgage~~  
11                    ~~interest and real estate taxes, the deduction for these items is~~  
12                    ~~allowable to the spouse who actually paid them. If the amount of the~~  
13                    ~~mortgage interest and real estate taxes paid by both spouses exceeds~~  
14                    ~~twenty thousand dollars (\$20,000), these deductions must be prorated~~  
15                    ~~based on the percentage paid by each spouse. For joint obligations~~  
16                    ~~paid from joint accounts, the proration is based on the income~~  
17                    ~~reported by each spouse for that taxable year.~~"

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

19                    2014.