

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

H.B. 1202  
May 22, 2014  
HOUSE PRINCIPAL CLERK

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HOUSE DRH20162-RB-58 (05/15)

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

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

Referred to:

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

4 The General Assembly of North Carolina enacts:

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

6 "(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may  
7 deduct from adjusted gross income either the standard deduction amount provided in  
8 subdivision (1) of this subsection or the ~~itemized sum of the deduction amount amounts~~  
9 ~~provided in subdivision (2) allowed under subdivisions (2) and (3) of this subsection that the~~  
10 ~~taxpayer claimed as itemized deductions under the Code. The amounts allowed under~~  
11 ~~subdivisions (2) and (3) are not subject to the overall limitation on itemized deductions under~~  
12 ~~section 68 of the Code.~~ In the case of a married couple filing separate returns, a taxpayer may  
13 not deduct the standard deduction amount if the taxpayer or the taxpayer's spouse claims the  
14 itemized deductions amount:

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

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

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

26 a. ~~The~~ The amount allowed as a deduction for charitable contributions  
27 under section 170 of the Code for that taxable year.

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

33 a. Medical expenses. – The amount allowed as a deduction for medical  
34 expenses under section 213 of the Code for that taxable year to the  
35 extent the medical expenses are incurred for a person who has  
36 attained the age of 65 before the close of the taxpayer's taxable year.



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

16                            **SECTION 2.** This act is effective for taxable years beginning on or after January 1,  
17                            2014.