

17 NCAC 05C .0403 U.S. OBLIGATIONS

(a) Net interest income earned on bonds, notes, or other obligations of the United States or its possessions is exempt from income taxation in this State so long as interest on obligations of the State of North Carolina and its political subdivisions is exempt from income taxes imposed by the United States. For the interest income to be deductible, the obligation shall be in writing, bear interest, be a binding promise by the United States to pay specific amounts at specific dates, and be specifically authorized by Congress.

(b) Net interest from obligations that are backed, insured, or guaranteed by the United States, but are not direct obligations of the United States Government, shall not be deductible.

*History Note: Authority G.S. 105-130.5; 105-262;
Eff. February 1, 1976;
Amended Eff. January 1, 1995; April 1, 1991; October 23, 1977;
Readopted Eff. May 1, 2018.*