FREE REFERENCE

North Carolina business taxes, explained for 2026

Small businesses in North Carolina register with the state revenue agency for income tax withholding and sales tax, and with the North Carolina Division of Employment Security for unemployment tax. North Carolina has a flat 3.99% income tax, a 4.75% state sales tax and a $34,200 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** A flat 3.99% income tax for 2026
- **Sales tax.** 4.75% state rate, about 7.1% combined with local
- **Unemployment.** Employers pay North Carolina unemployment tax on the first $34,200 of each worker's 2026 wages

What taxes does a small business pay in North Carolina?

Most North Carolina businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in North Carolina?

Before your first payroll in North Carolina:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a North Carolina withholding account with the North Carolina revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the North Carolina Division of Employment Security. For 2026, the tax applies to the first $34,200 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to North Carolina's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a North Carolina sales tax permit?

If you sell taxable goods or services in North Carolina, yes. Register with the North Carolina revenue agency before your first taxable sale. Out-of-state sellers need one once they pass North Carolina's economic nexus threshold.

SALES TAX IN NORTH CAROLINA, MIDYEAR 2026	RATE
State rate	4.75%
Average local rate	2.35%
Average combined rate	7.1%
Highest local rate	3.5%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does North Carolina tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay North Carolina income tax on it at the personal rates: a flat 3.99% income tax. North Carolina allows a standard deduction of $12,750 single and $25,500 joint.

Estimate yours with the North Carolina income tax calculator.

Where are North Carolina's tax forms and refund status?

- North Carolina tax forms
- North Carolina revenue agency
- North Carolina refund status
- North Carolina Division of Employment Security

Every state's links are on our state tax forms page.

Which calculators work for North Carolina?

- North Carolina paycheck calculator: take-home pay after every deduction
- North Carolina income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with North Carolina unemployment

Common questions

Do I need a sales tax permit in North Carolina?
Yes, if you sell taxable goods or services there. Register with the North Carolina revenue agency before your first taxable sale.

What is the North Carolina unemployment wage base for 2026?

$34,200. Employers pay North Carolina unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does North Carolina have a state income tax?

Yes. North Carolina has a flat 3.99% income tax for 2026.

Who runs payroll taxes in North Carolina?

The North Carolina revenue agency handles income tax withholding, and the North Carolina Division of Employment Security handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com