

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION

CHAPTER 981  
HOUSE BILL 2067

AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE  
USED TO DETERMINE CERTAIN TAXABLE INCOME AND TAX  
EXEMPTIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-2.1 reads as rewritten:

**"§ 105-2.1. Internal Revenue Code definition.**

As used in this Article, the term 'Code' means the Internal Revenue Code as enacted as of ~~January 1, 1989,~~ January 1, 1990, and includes any provisions enacted as of that date which become effective either before or after that date."

Sec. 2. G.S. 105-114 reads as rewritten:

**"§ 105-114. Nature of taxes; definitions.**

(a) Nature of Taxes. The taxes levied in this Article upon persons and partnerships are for the privilege of engaging in business or doing the act named. The taxes levied in this Article upon corporations are privilege or excise taxes levied upon:

- (1) Corporations organized under the laws of this State for the existence of the corporate rights and privileges granted by their charters, and the enjoyment, under the protection of the laws of this State, of the powers, rights, privileges and immunities derived from the State by the form of such existence; and
- (2) Corporations not organized under the laws of this State for doing business in this State and for the benefit and protection which such corporations receive from the government and laws of this State in doing business in this State.

If the corporation is organized under the laws of this State, the payment of the taxes levied by this Article shall be a condition precedent to the right to continue in such form of organization; and if the corporation is not organized under the laws of this State, payment of these taxes shall be a condition precedent to the right to continue to engage in doing business in this State. The taxes levied in this Article or schedule shall be for the fiscal year of the State in which the taxes become due; except that the taxes levied in G.S. 105-122 and G.S. 105-123 shall be for the income year of the corporation in which the taxes become due.

(b) Definitions. The following definitions apply in this Article:

- (1) ~~As used in this Article, the~~ The term 'Code' means the Internal Revenue Code as enacted as of ~~January 1, 1989,~~ January 1, 1990, and

includes any provisions enacted as of that date which become effective either before or after that date.

- (2) ~~The term 'corporation' as used in this Article~~ shall, unless the context clearly requires another interpretation, mean and include not only corporations but also associations or joint-stock companies and every other form of organization for pecuniary gain, having capital stock represented by shares, whether with or without par value, and having privileges not possessed by individuals or partnerships; and whether organized under, or without, statutory authority. The term 'corporation' ~~as used in this Article~~ shall also mean and include any electric membership corporation organized under Chapter 117, and any electric membership corporation, whether or not organized under the laws of this State, doing business within the State.
- (3) ~~The~~ ~~When the~~ term 'doing business' ~~is used in this Article, it~~ shall mean and include each and every act, power or privilege exercised or enjoyed in this State, as an incident to, or by virtue of the powers and privileges acquired by the nature of such organizations whether the form of existence be corporate, associate, joint-stock company or common-law trust.

~~If the corporation is organized under the laws of this State, the payment of the taxes levied by this Article shall be a condition precedent to the right to continue in such form of organization; and if the corporation is not organized under the laws of this State, payment of said taxes shall be a condition precedent to the right to continue to engage in doing business in this State. The taxes levied in this Article or schedule shall be for the fiscal year of the State in which said taxes become due; except, that the taxes levied in G.S. 105-122 and G.S. 105-123 shall be for the income year of the corporation in which such taxes become due. For purposes of this Article, the words~~

- (4) The term 'income year' shall mean an income year as defined in G.S. 105-130.2(5)."

Sec. 3. G.S. 105-130.2(1) reads as rewritten:

- "(1) 'Code' means the Internal Revenue Code as enacted as of ~~January 1, 1989,~~ January 1, 1990, and includes any provisions enacted as of that date which become effective either before or after that date."

Sec. 4. G.S. 105-131(b)(1) reads as rewritten:

- "(1) 'Code' means the Internal Revenue Code ~~of 1986,~~ as enacted as of ~~January 1, 1989,~~ January 1, 1990, and includes any provisions enacted as of that date which become effective either before or after that date."

Sec. 5. G.S. 105-134.1(1) reads as rewritten:

- "(1) Code. The Internal Revenue Code as enacted as of January 1, ~~1989,~~ 1990, including any provisions enacted as of that date which become effective either before or after that date, but not including sections 63(c)(4) and 151(d)(3)."

Sec. 6. G.S. 105-163.1(11) reads as rewritten:

"(11) 'Code' means the Internal Revenue Code as enacted as of ~~January 1, 1989~~, January 1, 1990, and includes any provisions enacted as of that date which become effective either before or after that date."

Sec. 7. G.S. 105-212(f) reads as rewritten:

"(f) As used in this section, the term 'Code' means the Internal Revenue Code as enacted as of ~~January 1, 1989~~, January 1, 1990, and includes any provisions enacted as of that date which become effective either before or after that date."

Sec. 8. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 19th day of July, 1990.