

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION

CHAPTER 531
SENATE BILL 893

AN ACT TO CONFORM THE NORTH CAROLINA GENERATION SKIPPING
TRANSFER TAX TO THE INTERNAL REVENUE CODE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-7.1 reads as rewritten:

"§ 105-7.1. Generation skipping transfer tax.

(a) A tax in addition to any other taxes imposed by this Article or by Article 6 of this Subchapter is hereby imposed upon every generation skipping transfer subject to the tax imposed by Chapter 13 of Subtitle B of the Code where the original transferor is a resident of this State at the date of ~~said~~the original transfer, in an amount equal to the amount allowable as credit for State ~~inheritance~~generation skipping transfer taxes under section ~~2602-2604~~ of the Code, to the extent ~~such~~the credit exceeds the aggregate amount of all taxes on the same transfer actually paid to the several states of the United States, other than this State.

(b) A tax, in addition to all other taxes imposed by this Article and by Article 6 of this Subchapter, is hereby imposed upon every generation skipping transfer subject to the tax imposed by Chapter 13 of Subtitle B of the Code where the original transferor is not a resident of this State but the transfer includes real or personal property with a situs in this State, in an amount equal to the amount allowable as a credit for ~~state inheritance~~State generation skipping transfer taxes under section ~~2602-2604~~ of the Code, reduced by an amount which bears the ratio to the total ~~state inheritance~~State generation skipping transfer tax credit allowable for federal generation skipping transfer tax purposes as the value of the transferred property taxable by all other states bears to the value of the gross generation skipping transfer for federal generation skipping transfer tax purposes.

(c) Every person required by the Code to file a return reporting a generation skipping transfer shall file a duplicate copy of ~~said~~that return with the Secretary of Revenue on or before the last day prescribed for filing the federal return.

(d) The tax herein imposed shall be due upon a taxable ~~distribution or~~distribution, a taxable termination-termination, or a direct skip as determined under the provisions of the federal generation skipping transfer tax. The person liable for payment of the aforesaid federal tax shall also be liable for the tax imposed herein, and ~~same~~the tax shall be paid to the Secretary of Revenue on or before the last day allowed for filing the return required hereunder.

(e) If after the filing of the duplicate federal return with the Secretary of Revenue as required by subsection (c) ~~herein~~, the federal government shall ~~thereafter~~ increase or

decrease the amount of the federal generation skipping transfer tax actually due, within 30 days ~~of said~~ after the increase or decrease, an amended return shall be filed with the Secretary of Revenue reflecting all changes made in the original return, and the amount of increase or decrease in the federal generation skipping transfer tax. Based thereon, and upon such evidence as he may otherwise acquire, the Secretary of Revenue shall reassess the tax imposed herein, and if he shall determine that there remains due additional tax, he shall ~~thereafter~~ issue a notice of proposed assessment ~~in respect thereof~~ of the tax pursuant to G.S. 105-241.1. If the notice required herein of the federal change in tax due is not so furnished, any additional tax which may be owing may be assessed at any time.

(f) The administrative provisions of Article 1 and Article 6, wherever applicable, shall apply to the collection of the tax imposed by this section. To the extent that the same are not in conflict with the provisions of this section, the Secretary of Revenue may adopt such rules and regulations as are or may be promulgated with respect to the estate tax, gift tax, or generation skipping transfer tax provisions of the Code."

Sec. 2. This act is effective upon ratification and applies to decedents dying on or after the date of ratification.

In the General Assembly read three times and ratified this the 30th day of June, 1989.