

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 299

Short Title: Merchants' Sales Tax Discount.

(Public)

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Sponsors: Senators Parnell, Blackmon, Kincaid, Albertson, Foxx, Allran, Lucas, Webster, Forrester, Hobbs, Cochrane, Soles, Speed, Carpenter, McKoy, Hoyle, Martin of Pitt, Perdue, Conder, Ballantine, Shaw, Horton, Sawyer, and Plexico.

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Referred to: Finance.

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March 6, 1995

A BILL TO BE ENTITLED

AN ACT TO ALLOW A PERCENTAGE DISCOUNT TO MERCHANTS FOR COLLECTING STATE SALES AND USE TAXES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.21 is reenacted and rewritten to read:

**"§ 105-164.21. Discount for collecting and paying taxes when due.**

(a) Amount. – Except as provided in subsection (b) of this section, a retailer who pays the retail sales or use tax imposed by this Article may deduct from the amount of the tax paid a discount of three percent (3%) of the first one thousand dollars (\$1,000) of tax paid per month and seven-tenths of one percent (7/10 of 1%) of the remaining tax paid per month up to the following maximum discounts:

(1) One hundred dollars (\$100.00) per month for each place of business at a separate location.

(2) For taxpayers who are required to report on a semimonthly basis, ten thousand dollars (\$10,000) for the combined semimonthly periods for each month for each retailer group.

(3) For taxpayers who are not required to report on a semimonthly basis, ten thousand dollars (\$10,000) per month for each retailer group.

1       The discount for each location may be deducted only from the tax paid with regard to  
2 that location. For the purposes of this section, a retailer group includes all retail  
3 establishments that have one of the following relationships with one another: (i) one  
4 corporation owns, directly or indirectly, at least eighty percent (80%) of the voting stock  
5 of the others; (ii) at least eighty percent (80%) of the voting stock of the corporations is  
6 owned, directly or indirectly, by the same interests; or (iii) in the case of establishments  
7 that are not incorporated, the establishments are under the same general management,  
8 supervision, or ownership.

9       (b) Restrictions. – The Secretary may deny a retailer the benefit of this section for  
10 failure to pay the full tax when due as well as in cases of fraud, evasion, or failure to keep  
11 accurate and clear records as required by this Article. In order to receive the discount  
12 provided in this section, a retailer must deduct the discount when it remits the tax to the  
13 Department of Revenue. A utility may not deduct the discount provided in this section  
14 on sales of electricity, piped natural gas, or telecommunications services."

15       Sec. 2. G.S. 105-474 reads as rewritten:

16 ~~"§ 105-474. Definitions; construction of Article; remedies and penalties.~~  
17 ~~Administration and construction of Article.~~

18       This Article shall be harmonized with the North Carolina Sales and Use Tax Act to  
19 the extent practical. The discount provided in G.S. 105-164.21 does not apply to this  
20 Article. The remaining provisions of Articles 5 and 9 of this Chapter apply to this Article  
21 to the extent they are consistent with this Article.

22 ~~The definitions set forth in G.S. 105-164.3 shall apply to this Article insofar as such~~  
23 ~~definitions are not inconsistent with the provisions of this Article, and all other provisions~~  
24 ~~of Article 5 and of Article 9 of Subchapter 1, Chapter 105 of the General Statutes, as the~~  
25 ~~same relate to the North Carolina Sales and Use Tax Act shall be applicable to this~~  
26 ~~Article unless such provisions are inconsistent with the provisions of this Article. The~~  
27 ~~administrative interpretations made by the Secretary of Revenue with respect to the North~~  
28 ~~Carolina Sales and Use Tax Act, to the extent not inconsistent with the provisions of this~~  
29 ~~Article, may be uniformly applied in the construction and interpretation of this Article. It~~  
30 ~~is the intention of this Article that the provisions of this Article and the provisions of the~~  
31 ~~North Carolina Sales and Use Tax Act, insofar as practicable, shall be harmonized.~~

32       ~~The provisions with respect to remedies and penalties applicable to the North Carolina~~  
33 ~~Sales and Use Tax Act, as contained in Article 5 and Article 9, Subchapter 1, Chapter~~  
34 ~~105 of the General Statutes, shall be applicable in like manner to the tax authorized to be~~  
35 ~~levied and collected under this Article, to the extent that the same are not inconsistent~~  
36 ~~with the provisions of this Article."~~

37       Sec. 3. The discount allowed by G.S. 105-164.21, as reenacted by this act,  
38 does not apply to the local sales and use tax levied by Mecklenburg County under  
39 Chapter 1096 of the 1967 Session Laws. Accordingly, the first sentence of Section 10 of  
40 Chapter 1096 of the 1967 Session Laws is amended by adding after the word "Act" the  
41 phrase ", other than G.S. 105-164.21,".

42       Sec. 4. This act becomes effective April 1, 1996, and applies to returns filed  
43 on or after that date.