

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 146

Short Title: IRC Update.

(Public)

Sponsors: Senators Kerr, Dalton, Hartsell, Hoyle, and Webster.

Referred to: Finance.

February 16, 2005

A BILL TO BE ENTITLED
AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
USED IN DEFINING AND DETERMINING CERTAIN STATE TAX
PROVISIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-228.90(b)(1b) reads as rewritten:

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

...

(1b) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2004,~~ January 1, 2005, including any provisions enacted as of that date which become effective either before or after that ~~date~~ date, ~~but not including the amendments made to Section 164 of the Code by Section 501 of P.L. 108-357.~~"

SECTION 2. G.S. 105-130.5(a) reads as rewritten:

"(a) The following additions to federal taxable income shall be made in determining State net income:

...

(16) The amount excluded from gross income under Subchapter R of Chapter 1 of the Code."

SECTION 3. Notwithstanding Section 1 of this act, any amendments to the Internal Revenue Code enacted after May 1, 2004, that increase North Carolina taxable income for the 2004 taxable year become effective for taxable years beginning on or after January 1, 2005.

SECTION 4. G.S. 105-228.90(b), as amended by Section 1 of this act, reads as rewritten:

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

...

(1b) Code. – The Internal Revenue Code as enacted as of January 1, 2005, including any provisions enacted as of that date which become

1 effective either before or after that date, ~~but not including the~~
2 ~~amendments made to Section 164 of the Code by Section 501 of P.L.~~
3 ~~108-357.date."~~

4 **SECTION 5.** G.S. 105-134.6(c) reads as rewritten:

5 "(c) Additions. – The following additions to taxable income shall be made in
6 calculating North Carolina taxable income, to the extent each item is not included in
7 taxable income:

8 ...

9 (3) Any amount deducted from gross income under section 164 of the
10 Code as state, local, or foreign income tax or as state or local general
11 sales tax to the extent that the taxpayer's total itemized deductions
12 deducted under the Code for the taxable year exceed the standard
13 deduction allowable to the taxpayer under the Code reduced by the
14 amount the taxpayer is required to add to taxable income under
15 subdivision (4) of this subsection.

16 "

17 **SECTION 6.** Notwithstanding any other provision of law, a taxpayer whose
18 federal taxable income for 2004 is reduced due to a charitable contribution of cash made
19 in January 2005 for Indian Ocean tsunami relief efforts in accordance with P.L. 109-1 is
20 not required to add back the amount of the deduction related to that contribution in
21 determining North Carolina taxable income for 2004.

22 **SECTION 7.** Sections 4 and 5 of this act become effective for taxable years
23 beginning on or after January 1, 2005. The remainder of this act is effective when it
24 becomes law.