GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

S SENATE DRS35539-SVxz-18B* (03/05)

(Public)

D

Sponsors: Senators Kerr, Brunstetter, Clodfelter, Dalton, Hartsell, and Hoyle.

Referred to:

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Short Title:

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:

IRC Update.

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

"(1b) Code. – The Internal Revenue Code as enacted as of January 1, 2007, May 1, 2008, including any provisions enacted as of that date which become effective either before or after that date."

SECTION 2. Notwithstanding Section 1 of this act, any amendments to the Internal Revenue Code enacted after January 1, 2007, that increase North Carolina taxable income for the 2007 taxable year become effective for taxable years beginning on or after January 1, 2008.

SECTION 3. 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:

...

(15) The For taxable years 2002-2005, the applicable percentage of the amount allowed as a special accelerated depreciation deduction under section 168(k) or section 1400L of the Code, as set out in the table below. In addition, a taxpayer who was allowed a special accelerated depreciation deduction under section 168(k) or section 1400L of the Code in a taxable year beginning before January 1, 2002, and whose North Carolina taxable income in that earlier year reflected that accelerated depreciation deduction must add to federal taxable income in the taxpayer's first taxable year beginning on or after January 1, 2002, an amount equal to the amount of the deduction allowed in the

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1 2 3	earlier taxable year. These adjustments do not result in a difference in basis of the affected assets for State and federal income tax purposes. The applicable percentage is as follows:						
			The applicable percentage	15 d5 10110 W5.			
4 5			Taxable Year	Percentage			
6			2002	100%			
7			2003	70%			
8			2004	70%			
9			2005 and thereafter	0%			
10		"	- 000 m 0 m 0 0 0 0 0 0 0 0 0 0	3,0			
11		SEC	FION 4. G.S. 105-130 5(a)	is amended by adding a new subdivision to			
12	read:	DLC.	11011 11 0.5. 105 150.5(u)	is unicided by adding a new subdivision to			
13	"(a)	The	following additions to fe	ederal taxable income shall be made in			
14	"(a) The following additions to federal taxable income shall be made in determining State net income:						
15	determin	ing Sta	tte net meome.				
16		(15a)	The applicable percents	ge of the amount allowed as a special			
17		<u>(13a)</u>		leduction under section 168(k) of the Code			
18			_				
				ervice after December 31, 2007, but before			
19				tion, a taxpayer who was allowed a special			
20			<u>-</u>	deduction in taxable year 2007 for property			
21				nat period, and whose North Carolina taxable			
22			-	ected that accelerated depreciation deduction			
23				e income in the taxpayer's 2008 taxable year			
24				plicable percentage of the deduction amount			
25				le year. These adjustments do not result in a			
26				affected assets for State and federal income			
27				cable percentage under this subdivision is			
28		"	eighty-five percent (85%).	:			
29		• • • •	PION 5 . C.C. 105 124 (/)	1			
30	W. ()		FION 5. G.S. 105-134.6(c)				
31	"(c)		_	litions to taxable income shall be made in			
32	calculating North Carolina taxable income, to the extent each item is not included in						
33	taxable in	ncome:					
34		• • •					
35		(8)	•	002-2005, the applicable percentage of the			
36			_	ial accelerated depreciation deduction under			
37				1400L of the Code, as set out in the table			
38			_	ayer who was allowed a special accelerated			
39			depreciation deduction ur	nder section 168(k) or section 1400L of the			
40			Code in a taxable year be	eginning before January 1, 2002, and whose			

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North Carolina taxable income in that earlier year reflected that

accelerated depreciation deduction must add to federal taxable income

in the taxpayer's first taxable year beginning on or after January 1, 2002, an amount equal to the amount of the deduction allowed in the

1 2 3			•	stments do not result in a difference in State and federal income tax purposes. follows:			
4			Taxable Year	Percentage			
5			2002	100%			
6			2003	70%			
7			2004	70%			
8			2005-and thereafter	0%			
9		"					
10		SECT	TION 6. G.S. 105-134.6(c) is an	nended by adding a new subdivision to			
11	read:						
12	"(c) Additions. – The following additions to taxable income shall be made in						
13	calculating North Carolina taxable income, to the extent each item is not included in						
14	taxable income:						
15							
16		(8a)	The applicable percentage of	f the amount allowed as a special			
17				tion under section 168(k) of the Code			
18			for property placed in service	after December 31, 2007, but before			
19			January 1, 2009. In addition, a	a taxpayer who was allowed a special			
20			accelerated depreciation deduct	tion in taxable year 2007 for property			
21			placed in service for that period	od, and whose North Carolina taxable			
22			income for that year reflected t	that accelerated depreciation deduction			
23			must add to federal taxable inco	ome in the taxpayer's 2008 taxable year			
24			an amount equal to the applicab	ole percentage of the deduction amount			
25				ar. These adjustments do not result in a			
26			•	ted assets for State and federal income			
27				percentage under this subdivision is			
28			eighty-five percent (85%).				
29		"					
30		SECT	TION 7. G.S. 105-130.5(b) is an	nended by adding a new subdivision to			
31	read:						
32	"(b)	The f	following deductions from feder	ral taxable income shall be made in			
33	determining State net income:						
34		•••					
35		(21a)	In each of the taxpayer's first fi	ive taxable years beginning on or after			
36			January 1, 2009, an amount e	equal to twenty percent (20%) of the			
37			amount added to taxable incom	ne in taxable year 2008 as accelerated			
38			depreciation under subdivision ((a)(15a) of this section.			
39		"					
40		SECT	TION 8. G.S. 105-134.6(b) is an	nended by adding a new subdivision to			
41	read:			-			
42	"(b) Deductions. – The following deductions from taxable income shall be made						
43	in calculating North Carolina taxable income, to the extent each item is included in						
1.1	Associate the services						

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taxable income:

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Session 2007

General Assembly of North Carolina

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SECTION 9. This act is effective for taxable years beginning on or after January 1, 2008.

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