

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH70064-ME-28 (2/11)

Short Title: Tax Deduction for S Corporations.

(Public)

Sponsors: Representative Holloway.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REDUCE SMALL BUSINESS INCOME TAX LIABILITY BY PROVIDING A
3 TWENTY-FIVE THOUSAND DOLLAR DEDUCTION TO S CORPORATIONS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-131.1 reads as rewritten:

6 "**§ 105-131.1. Taxation of an S Corporation and its shareholders.**

7 (a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3.

8 (a1) Before computing the income attributable to the State, an S Corporation may
9 subtract from income twenty-five thousand dollars (\$25,000).

10 (b) Each shareholder's pro rata share of an S Corporation's income attributable to the
11 State and each resident shareholder's pro rata share of income not attributable to the State, shall
12 be taken into account by the shareholder in the manner and subject to the adjustments provided
13 in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax
14 levied under Parts 2 and 3 of this Article."

15 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
16 2009.

