

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE DRS85034-MC~~x~~-71 (02/17)

Short Title: Eliminate EITC Refundability Provision.

(Public)

Sponsors: Senator Clary.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE REFUNDABILITY PROVISION OF THE EARNED INCOME  
3 TAX CREDIT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-151.31 reads as rewritten:

6 "**§ 105-151.31. Earned income tax credit.**

7 (a) Credit. – An individual who claims for the taxable year an earned income tax credit  
8 under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to  
9 five percent (5%) of the amount of credit the individual qualified for under section 32 of the  
10 Code. A nonresident or part-year resident who claims the credit allowed by this section must  
11 reduce the amount of the credit by multiplying it by the fraction calculated under  
12 G.S. 105-134.5(b) or (c), as appropriate.

13 (b) ~~Credit Refundable. – If the credit allowed by this section exceeds the amount of tax~~  
14 ~~imposed by this Part for the taxable year reduced by the sum of all credits allowable, the~~  
15 ~~Secretary must refund the excess to the taxpayer. The refundable excess is governed by the~~  
16 ~~provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this~~  
17 ~~Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to~~  
18 ~~the credit allowed by this section. In computing the amount of tax against which multiple~~  
19 ~~credits are allowed, nonrefundable credits are subtracted before refundable credits.~~  
20 Limitation. –  
21 The credit allowed under this section may not exceed the amount of tax imposed by this Part  
22 for the taxable year reduced by the sum of all credits allowable, except tax payments made by  
23 or on behalf of the taxpayer.

24 (c) Sunset. – This section is repealed effective for taxable years beginning on or after  
25 January 1, 2013."

26 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,  
2011.

