GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

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HOUSE DRH30647-SVxz-18* (03/05)

Short Title:	IRC Update. (Public)
Sponsors:	Representatives Luebke, Wainwright, Weiss, Gibson (Primary Sponsors); Brubaker, Hill, McComas, and McGee.
Referred to:	

1	A BILL TO BE ENTITLED
2	AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
3	USED IN DEFINING AND DETERMINING CERTAIN STATE TAX
4	PROVISIONS.
5	The General Assembly of North Carolina enacts:
6	SECTION 1. G.S. 105-228.90(b)(1b) reads as rewritten:
7	"(1b) Code. – The Internal Revenue Code as enacted as of January 1, 2007,
8	May 1, 2008, including any provisions enacted as of that date which
9	become effective either before or after that date."
10	SECTION 2. Notwithstanding Section 1 of this act, any amendments to the
11	Internal Revenue Code enacted after January 1, 2007, that increase North Carolina
12	taxable income for the 2007 taxable year become effective for taxable years beginning
13	on or after January 1, 2008.
14	SECTION 3. G.S. 105-130.5(a) reads as rewritten:
15	"(a) The following additions to federal taxable income shall be made in
16	determining State net income:
17	
18	(15) The For taxable years 2002-2005, the applicable percentage of the
19	amount allowed as a special accelerated depreciation deduction under
20	section 168(k) or section 1400L of the Code, as set out in the table
21	below. In addition, a taxpayer who was allowed a special accelerated
22	depreciation deduction under section 168(k) or section 1400L of the
23	Code in a taxable year beginning before January 1, 2002, and whose
24	North Carolina taxable income in that earlier year reflected that
25	accelerated depreciation deduction must add to federal taxable income
26	in the taxpayer's first taxable year beginning on or after January 1,

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1 2 3 4		earlier taxable year. These	the amount of the deduction adjustments do not result in a s for State and federal income is as follows:	a difference in
5		Tanahla Vaar	Democratore	
6 7		Taxable Year	Percentage	
		2002	100%	
8		2003	70%	
9		2004	70%	
10	"	2005-and thereafter	0%	
11	"			1 1· · ·
12		TION 4. G.S. $105-130.5(a)$	is amended by adding a new	subdivision to
13	read:			
14		-	deral taxable income shall	be made in
15	determining Sta	te net income:		
16				• 1
17	<u>(15a)</u>		ge of the amount allowed	-
18		-	eduction under section 168(k	
19			rvice after December 31, 200	
20		-	ion, a taxpayer who was allo	-
21		-	eduction in taxable year 200	
22			at period, and whose North Ca	
23		-	cted that accelerated deprecia	
24			e income in the taxpayer's 200	•
25			plicable percentage of the ded	
26			le year. These adjustments do	
27			affected assets for State and f	
28			able percentage under this	subdivision is
29	"	eighty-five percent (85%).		
30	••••		1	
31		FION 5. G.S. 105-134.6(c)		11 1
32		-	itions to taxable income shall	
33	-		, to the extent each item is n	ot included in
34	taxable income:			
35	···· (9)	The For touchle wears 20	02 2005 the applicable par	antona of the
36	(8)	•	<u>02-2005, the applicable perc</u>	•
37		-	ial accelerated depreciation de	
38 39			1400L of the Code, as set or	
		-	ayer who was allowed a spect	
40 41		—	der section 168(k) or section	
41 42			ginning before January 1, 200	
42 43			ncome in that earlier year	
43 44		-	eduction must add to federal ta	
44		in the taxpayer's first tax	able year beginning on or af	iei January 1,

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1		*	ount of the deduction allowed in the
2			ments do not result in a difference in
3			ate and federal income tax purposes.
4		The applicable percentage is as for	
5		Taxable Year	Percentage
6		2002	100%
7		2003	70%
8		2004	70%
9		2005-and thereafter	0%
10			
11		ECTION 6. G.S. 105-134.6(c) is amen	nded by adding a new subdivision to
12	read:		
13		dditions. – The following additions t	
14	-	North Carolina taxable income, to the	extent each item is not included in
15	taxable inco	me:	
16		·	41
17	<u>()</u>		the amount allowed as a special
18		—	n under section 168(k) of the Code
19 20			fter December 31, 2007, but before
20 21		-	axpayer who was allowed a special
21 22		-	n in taxable year 2007 for property
22			, and whose North Carolina taxable
23 24			at accelerated depreciation deduction the in the taxpayer's 2008 taxable year
24 25			· · · ·
23 26			<u>percentage of the deduction amount</u> These adjustments do not result in a
20 27		•	l assets for State and federal income
28			ercentage under this subdivision is
28 29		eighty-five percent (85%).	creentage under uns subdrvision is
30		"	
31	 S	 ECTION 7. G.S. 105-130.5(b) is ame	nded by adding a new subdivision to
32	read:		nded by adding a new subarvision to
33		he following deductions from federal	l taxable income shall be made in
34		State net income:	
35			
36	(2	21a) In each of the taxpayer's first five	e taxable years beginning on or after
37	<u></u>		al to twenty percent (20%) of the
38		•	in taxable year 2008 as accelerated
39		depreciation under subdivision (a)	-
40		" 	·
41	S	ECTION 8. G.S. 105-134.6(b) is ame	nded by adding a new subdivision to
42	read:		

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1	"(b) Deductions. – The following deductions from taxable income shall be made
2	in calculating North Carolina taxable income, to the extent each item is included in
3	taxable income:
4	
5	(17a) In each of the taxpayer's first five taxable years beginning on or after
6	January 1, 2009, an amount equal to twenty percent (20%) of the
7	amount added to taxable income in taxable year 2008 as accelerated
8	depreciation under subdivision (c)(8a) of this section.
9	"
10	SECTION 9. This act is effective for taxable years beginning on or after
11	January 1, 2008.