

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1575

Short Title: Income Tax Surtax.

(Public)

Sponsors: Senators Martin of Guilford; and Marvin.

Referred to: Finance.

June 6, 1990

A BILL TO BE ENTITLED

1 AN ACT TO LEVY AN INDIVIDUAL INCOME TAX SURTAX OF FOUR-TENTHS
2 OF ONE PERCENT IN ORDER TO GENERATE FUNDS FOR EDUCATIONAL
3 EQUITY GRANTS AND FOR STATE PROGRAMS RELATING TO HEALTH,
4 SOCIAL SERVICES, NEED-BASED SCHOLARSHIPS, AND INDIGENT
5 COUNSEL FEES.
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7 The General Assembly of North Carolina enacts:

8 Section 1. Division II of Article 4 of Chapter 105 of the General Statutes is
9 amended by adding a new section to read:

10 "**§ 105-134.2A. Income tax surtax.**

11 In addition to the income tax imposed by G.S. 105-134.2, every taxpayer required to
12 file a return under this Division shall pay an income tax surtax equal to four-tenths of
13 one percent (0.4%) of the tax payable by the taxpayer under G.S. 105-134.2 for the
14 taxable year. This surtax is due at the time prescribed for filing income tax returns in
15 G.S. 105-155."

16 Sec. 2. G.S. 105-160.2 reads as rewritten:

17 "**§ 105-160.2. Imposition of tax.**

18 (a) The tax imposed by this Division shall apply to the taxable income of estates
19 and trusts as determined under the provisions of the Code except as otherwise provided
20 in this Division. The taxable income of an estate or trust shall be the same as taxable
21 income for such an estate or trust under the provisions of the Code, adjusted as provided
22 in G.S. 105-134.6 and G.S. 105-134.7, except that the adjustments provided in G.S.
23 105-134.6 and G.S. 105-134.7 shall be apportioned between the estate or trust and the
24 beneficiaries based on the distributions made during the taxable year. The tax shall be

1 computed at the following percentages of an amount equal to the taxable income
2 multiplied by a fraction, the numerator of which is the estate or trust's gross income
3 from North Carolina sources, plus the gross income from sources outside of the State
4 and from intangible sources which is for the benefit of a resident of this State, and the
5 denominator of which is the estate or trust's gross income as calculated under the Code.
6 For purposes of the preceding sentence, taxable income and gross income shall be
7 computed subject to the adjustments provided in G.S. 105-134.6 and G.S. 105-134.7.
8 The tax shall be at six percent (6%) on the first twelve thousand seven hundred fifty
9 dollars (\$12,750) of the amount computed above; and at seven percent (7%) of the
10 excess of the amount computed above over twelve thousand seven hundred fifty dollars
11 (\$12,750). The tax computed under the provisions of this Division shall be paid by the
12 fiduciary responsible for administering the estate or trust.

13 (b) In addition to the income tax due under subsection (a), every estate and trust
14 required to file a return under this Division shall pay an income tax surtax equal to four-
15 tenths of one percent (0.4%) of the amount of income tax payable by the estate or trust
16 to the State for the taxable year. This surtax is due at the time prescribed for filing
17 income tax returns in this section."

18 Sec. 3. Notwithstanding G.S. 105-163.15, no addition to tax may be made
19 under that statute for a taxable year beginning on or after January 1, 1990, and before
20 January 1, 1991, with respect to an underpayment of individual income tax to the extent
21 the underpayment was created or increased by this act.

22 Sec. 4. This act is effective for taxable years beginning on or after January 1,
23 1990.