

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 787

Short Title: State Tax Assessment Interest.

(Public)

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Sponsors: Senator Smith.

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Referred to: Finance.

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April 5, 1989

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE SECRETARY OF REVENUE TO SET THE INTEREST RATE FOR STATE TAX ASSESSMENTS EVERY SIX MONTHS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-241.1(i) reads as rewritten:

"(i) All assessments of taxes or additional taxes, exclusive of penalties assessed thereon, shall bear interest from the time the taxes or additional taxes were due until paid. ~~The Secretary of Revenue shall set the rate of interest as follows: The Secretary shall, no later than December 1 of any year, set the rate to be in effect for the succeeding calendar year at the rate that will be in effect on January 1 of the succeeding year under the provisions of the Internal Revenue Code, or at a different rate, taking current market conditions into consideration.~~ On or before June 1 and December 1 of each year, the Secretary of Revenue shall establish the interest rate to be in effect during the six-month period beginning on the next succeeding July 1 and January 1, respectively, after giving due consideration to current market conditions and to the rate that will be in effect on that date pursuant to the Internal Revenue Code. If no new rate is established, the rate in effect during the preceding six-month period shall continue in effect. The rate established by the Secretary may not be less than five percent (5%) per year and may not exceed sixteen percent (16%) per year. For refunds and assessments made between July 1, 1982, and December 31, 1982, the rate shall be twelve percent (12%) per year.

From and after January 1, 1978, interest upon assessments and upon additional taxes shall be computed at the rate established by G.S. 105-241.1(i) and shall be computed without regard to any former rate of interest which might have been established by G.S.

- 1 105-241.1 for the taxable period for which said assessment was made, or for the period
- 2 within which said taxes were due to be paid."
- 3           Sec. 2. This act is effective upon ratification.