

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1559

Short Title: Conform with Federal Law.

(Public)

Sponsors: Representatives Luebke, Allen, Gray, Hill, Jarrell, Miller, Pope, and Tucker.

Referred to: Finance.

May 17, 2000

A BILL TO BE ENTITLED

1 AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
2 USED IN DEFINING AND DETERMINING CERTAIN STATE TAX
3 PROVISIONS, TO CONFORM TO FEDERAL LAW REGARDING DEADLINES
4 FOR PAYMENTS OF CERTAIN ESTIMATED INCOME TAXES, AND TO
5 CLARIFY THE SALES FACTOR FOR DETERMINATION OF STATE
6 CORPORATE INCOME AND FRANCHISE TAX. The General Assembly of North
7 Carolina enacts:

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9 Section 1. G.S. 105-228.90(b)(1a) reads as rewritten:

10 "(b) Definitions. – The following definitions apply in this Article:

11 ...

12 (1a) Code. – The Internal Revenue Code as enacted as of ~~June 1, 1999,~~
13 January 1, 2000, including any provisions enacted as of that date which
14 become effective either before or after that date."

15 Section 2. G.S. 105-163.15(i) reads as rewritten:

16 "(i) Notwithstanding ~~the other provisions subsections (c), (d), (e), and (h)~~ of this
17 section, an individual who is a farmer or fisherman for a taxable year is subject to the
18 provisions of this subsection.

19 (1) One installment. – The individual is required to make only one
20 installment payment of tax for that taxable year. This installment is due

1 on or before January 15 of the following taxable year ~~but may be paid~~
2 ~~without penalty or interest on or before March 1 of that year.~~ The
3 amount of the installment payment ~~shall~~ must be the lesser of:

- 4 (1) a. Sixty-six and two-thirds percent (66 2/3%) of the tax shown on the
5 return for the taxable year, or, if no return is filed, sixty-six and two-
6 thirds percent (66 2/3%) of the tax for that year; or
7 (2) b. One hundred percent (100%) of the tax shown on the return of the
8 individual for the preceding taxable year, if the preceding taxable year
9 was a taxable year of 12 months and the individual filed a return for that
10 year.
11 (2) Exception. – If, on or before March 1 of the following taxable year, the
12 taxpayer files a return for the taxable year and pays in full the amount
13 computed on the return as payable, no addition to tax is imposed under
14 subsection (a) of this section with respect to any underpayment of the
15 required installment for the taxable year.
16 (3) Eligibility. – An individual is a farmer or fisherman for any taxable year
17 if the individual's gross income from farming or fishing, including
18 oyster farming, for the taxable year is at least sixty-six and two-thirds
19 percent (66 2/3%) of the total gross income from all sources for the
20 taxable year, or the individual's gross income from farming or fishing,
21 including oyster farming, shown on the return of the individual for the
22 preceding taxable year is at least sixty-six and two-thirds percent (66
23 2/3%) of the total gross income from all sources shown on the return."

24 Section 3. G.S. 105-130.4(a)(7) reads as rewritten:

25 "(a) As used in this section, unless the context otherwise requires:

- 26 ...
27 (7) "Sales" means all gross receipts of the corporation except ~~receipts for the~~
28 following receipts:
29 a. Receipts from any a casual sale of property and except receipts
30 property.
31 b. Receipts allocated under subsections (c) through (h) of this
32 section.
33 c. Receipts exempt from taxation.
34 d. The portion of receipts realized from the sale or maturity of
35 securities or other obligations that represents a return of
36 principal."

37 Section 4. Notwithstanding Section 1 of this bill, any amendments to the
38 Internal Revenue Code enacted in 1999 that increase North Carolina taxable income for
39 the 1999 taxable year become effective for taxable years beginning on or after January 1,
40 2000.

41 Section 5. This act is effective when it becomes law.