

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE BILL 94\*  
Finance Committee Substitute Adopted 2/23/11

Short Title: IRC Update.

(Public)

Sponsors:

Referred to:

February 22, 2011

1 A BILL TO BE ENTITLED  
2 AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-228.90(b)(1b) reads as rewritten:

5 "(1b) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2010~~, January 1,  
6 2011, including any provisions enacted as of that date that become effective  
7 either before or after that date."

8 **SECTION 2.(a)** G.S. 105-130.5(a) is amended by adding a new subdivision to

9 read:

10 "(15b) For taxable years 2010 through 2012, eighty-five percent (85%) of the  
11 amount allowed as a special accelerated depreciation deduction under  
12 section 168(k) or 168(n) of the Code for property placed in service during  
13 the taxable year. In addition, for taxable year 2010, a taxpayer who placed  
14 property in service during the 2009 taxable year and whose North Carolina  
15 taxable income for the 2009 taxable year reflected a special accelerated  
16 depreciation deduction allowed for the property under section 168(k) of the  
17 Code must add eighty-five percent (85%) of the amount of the special  
18 accelerated depreciation deduction. These adjustments do not result in a  
19 difference in basis of the affected assets for State and federal income tax  
20 purposes."

21 **SECTION 2.(b)** G.S. 105-130.5(b) is amended by adding a new subdivision to

22 read:

23 "(21b) An amount equal to twenty percent (20%) of the amount added to federal  
24 taxable income as accelerated depreciation under subdivision (a)(15b) of this  
25 section. For the amount added to taxable income in the 2010 taxable year,  
26 the deduction allowed by this subdivision applies to the first five taxable  
27 years beginning on or after January 1, 2011. For the amount added to taxable  
28 income in the 2011 taxable year, the deduction allowed by this subdivision  
29 applies to the first five taxable years beginning on or after January 1, 2012.  
30 For the amount added to taxable income in the 2012 taxable year, the  
31 deduction allowed by this subdivision applies to the first five taxable years  
32 beginning on or after January 1, 2013."

33 **SECTION 2.(c)** G.S. 105-134.6(c) is amended by adding a new subdivision to

34 read:

35 "(8b) For taxable years 2010 through 2012, eighty-five percent (85%) of the  
36 amount allowed as a special accelerated depreciation deduction under  
37 section 168(k) or 168(n) of the Code for property placed in service during



1 the taxable year. In addition, for taxable year 2010, a taxpayer who placed  
2 property in service during the 2009 taxable year and whose North Carolina  
3 taxable income for the 2009 taxable year reflected a special accelerated  
4 depreciation deduction allowed for the property under section 168(k) of the  
5 Code must add eighty-five percent (85%) of the amount of the special  
6 accelerated depreciation deduction. These adjustments do not result in a  
7 difference in basis of the affected assets for State and federal income tax  
8 purposes."

9 **SECTION 2.(d)** G.S. 105-134.6(b) is amended by adding a new subdivision to

10 read:

11 "(17b) An amount equal to twenty percent (20%) of the amount added to federal  
12 taxable income as accelerated depreciation under subdivision (c)(8b) of this  
13 section. For the amount added to taxable income in the 2010 taxable year,  
14 the deduction allowed by this subdivision applies to the first five taxable  
15 years beginning on or after January 1, 2011. For the amount added to taxable  
16 income in the 2011 taxable year, the deduction allowed by this subdivision  
17 applies to the first five taxable years beginning on or after January 1, 2012.  
18 For the amount added to taxable income in the 2012 taxable year, the  
19 deduction allowed by this subdivision applies to the first five taxable years  
20 beginning on or after January 1, 2013."

21 **SECTION 3.(a)** G.S. 105-130.5(a) is amended by adding a new subdivision to

22 read:

23 "(23) For taxable years 2010 and 2011, eighty-five percent (85%) of the amount  
24 by which the taxpayer's expense deduction under section 179 of the Code for  
25 property placed in service in taxable year 2010 or 2011 exceeds the amount  
26 that would have been allowed for the respective taxable year under section  
27 179 of the Code as of May 1, 2010. For purposes of this subdivision, the  
28 definition of section 179 property has the same meaning as under section  
29 179 of the Code as of January 1, 2011. These adjustments do not result in a  
30 difference in basis of the affected assets for State and federal income tax  
31 purposes."

32 **SECTION 3.(b)** G.S. 105-130.5(b) is amended by adding a new subdivision to

33 read:

34 "(26) An amount equal to twenty percent (20%) of the amount added to federal  
35 taxable income under subdivision (a)(23) of this section. For the amount  
36 added to taxable income in the 2010 taxable year, the deduction allowed by  
37 this subdivision applies to the first five taxable years beginning on or after  
38 January 1, 2011. For the amount added to taxable income in the 2011 taxable  
39 year, the deduction allowed by this subdivision applies to the first five  
40 taxable years beginning on or after January 1, 2012."

41 **SECTION 3.(c)** G.S. 105-134.6(c) is amended by adding a new subdivision to

42 read:

43 "(15) For taxable years 2010 and 2011, eighty-five percent (85%) of the amount  
44 by which the taxpayer's expense deduction under section 179 of the Code for  
45 property placed in service in taxable year 2010 or 2011 exceeds the amount  
46 that would have been allowed for the respective taxable year under section  
47 179 of the Code as of May 1, 2010. For purposes of this subdivision, the  
48 definition of section 179 property has the same meaning as under section  
49 179 of the Code as of January 1, 2011. These adjustments do not result in a  
50 difference in basis of the affected assets for State and federal income tax  
51 purposes."

1           **SECTION 3.(d)** G.S. 105-134.6(b) is amended by adding a new subdivision to  
2 read:

3           "(21) An amount equal to twenty percent (20%) of the amount added to federal  
4           taxable income under subdivision (c)(15) of this section. For the amount  
5           added to taxable income in the 2010 taxable year, the deduction allowed by  
6           this subdivision applies to the first five taxable years beginning on or after  
7           January 1, 2011. For the amount added to taxable income in the 2011 taxable  
8           year, the deduction allowed by this subdivision applies to the first five  
9           taxable years beginning on or after January 1, 2012."

10           **SECTION 4.** This act is effective when it becomes law. Notwithstanding Section 1  
11 of this act, any amendments to the Internal Revenue Code enacted after May 1, 2010, that  
12 increase North Carolina taxable income for the 2010 taxable year become effective for taxable  
13 years beginning on or after January 1, 2011.