

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH50536-SVxz-11 (02/13)

Short Title: S Corp Income Tax Adjustments.

(Public)

Sponsors: Representatives Wilkins; Carney, Church, Hill, Luebke, McComas, and Wainwright.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO MAKE CORPORATE INCOME TAX ADJUSTMENTS
INAPPLICABLE TO S CORPORATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-131.2 reads as rewritten:

"§ 105-131.2. Adjustment and characterization of income.

(a) Adjustment. ~~The pro rata share of each shareholder in the income attributable to the State of an S Corporation shall be adjusted as provided in G.S. 105-130.5. The pro rata share of each resident shareholder in the income not attributable to the State of an S Corporation shall be adjusted as provided in G.S. 105-134.6(b), (c), and (d).~~Each shareholder's pro rata share of an S Corporation's income is subject to the adjustments provided in G.S. 105-134.6.

(b) Repealed by Session Laws 1989, c. 728, s. 1.35.

(c) Characterization of Income. ~~S Corporation items of income, loss, deduction, and credit taken into account by a shareholder pursuant to G.S. 105-131.1(b) shall be~~ are characterized as though received or incurred by the S Corporation and not its shareholder."

SECTION 2. G.S. 105-134.6(a) reads as rewritten:

"(a) S Corporations. ~~The pro rata share of each shareholder in the income attributable to the State of an S Corporation shall be adjusted as provided in G.S. 105-130.5. The pro rata share of each resident shareholder in the income not attributable to the State of an S Corporation shall be~~Each shareholder's pro rata share of an S Corporation's income is subject to the adjustments provided in subsections (b), (c), and (d) of this section."

SECTION 3. This act is effective for tax years beginning on or after January 1, 2006.