

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1359*

Short Title: Adopt 1990 Code and Index.

(Public)

Sponsors: Senators Winner, Guy, Kincaid, Rauch, Staton; and Simpson.

Referred to: Finance.

May 23, 1990

A BILL TO BE ENTITLED

AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
USED TO DETERMINE CERTAIN TAXABLE INCOME AND TAX
EXEMPTIONS AND TO ADOPT THE FEDERAL STANDARD DEDUCTION
AND PERSONAL EXEMPTION AMOUNTS FOR 1990.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-134.1(1) reads as rewritten:

"(1) Code. The Internal Revenue Code as enacted as of January 1, ~~1989,~~
1990, including any provisions enacted as of that date which become
effective either before or after that date, ~~but not including sections~~
~~63(c)(4) and 151(d)(3)-date."~~

Sec. 2. G.S. 105-134.6(c) reads as rewritten:

"(c) Additions. The following additions to taxable income shall be made in
calculating North Carolina taxable income, to the extent each item is not included in
gross income:

(1) Interest upon the obligations of states, other than this State, and their
political subdivisions.

(2) Any amount allowed as a deduction from gross income under the Code
that is taxed under the Code by a separate tax other than the tax
imposed in section 1 of the Code. The Secretary shall report to the
1991 General Assembly all provisions under the Code for taxing
certain amounts separately and shall recommend whether those
amounts should be taxed separately under this Division or should be
added to taxable income in calculating North Carolina taxable income.

- 1 (3) Any amount deducted from gross income under section 164 of the
2 Code as State, local, or foreign income tax to the extent that the
3 taxpayer's total itemized deductions deducted under the Code for the
4 taxable year exceed the standard deduction allowable to the taxpayer
5 under the Code reduced by the amount by which the taxpayer's
6 allowable standard deduction has been increased under section
7 63(c)(4) of the ~~Code.~~ Code for taxable years beginning on or after
8 January 1, 1991.
- 9 (4) The amount by which the taxpayer's standard deduction has been
10 increased under section 63(c)(4) of the Code for taxable years
11 beginning on or after January 1, 1991, and the amount by which the
12 taxpayer's personal exemptions have been increased under section
13 151(d)(3) of the ~~Code.~~ Code for taxable years beginning on or after
14 January 1, 1991."

15 Sec. 3. G.S. 105-134.2 reads as rewritten:

16 **"§ 105-134.2. Individual income tax imposed.**

17 (a) A tax is imposed upon the North Carolina taxable income of every individual.
18 The tax shall be levied, collected, and paid annually and shall be computed at the
19 following percentages of the taxpayer's North Carolina taxable income.

- 20 (1) For married individuals who file a joint return under G.S. 105-152.1
21 and for surviving spouses, as defined in section 2(a) of the Code:

22 On the North Carolina taxable income up to ~~twenty one thousand~~
23 ~~two hundred fifty dollars (\$21,250),~~ fourteen thousand five hundred
24 dollars (\$14,500), six percent (6%); and

25 On the excess over ~~twenty one thousand two hundred fifty dollars~~
26 ~~(\$21,250),~~ fourteen thousand five hundred dollars (\$14,500), seven
27 percent (7%).

- 28 (2) For heads of households, as defined in section 2(b) of the Code:

29 On the North Carolina taxable income up to ~~seventeen thousand~~
30 ~~dollars (\$17,000),~~ eleven thousand six hundred dollars (\$11,600), six
31 percent (6%); and

32 On the excess over ~~seventeen thousand dollars (\$17,000),~~ eleven
33 thousand six hundred dollars (\$11,600), seven percent (7%).

- 34 (3) For unmarried individuals other than surviving spouses and heads of
35 households:

36 On the North Carolina taxable income up to ~~twelve thousand seven~~
37 ~~hundred fifty dollars (\$12,750),~~ eight thousand seven hundred dollars
38 (\$8,700), six percent (6%); and

39 On the excess over ~~twelve thousand seven hundred fifty dollars~~
40 ~~(\$12,750),~~ eight thousand seven hundred dollars (\$8,700), seven
41 percent (7%).

- 42 (4) For married individuals who do not file a joint return under G.S. 105-
43 152.1:

1 On the North Carolina taxable income up to ~~ten thousand six hundred~~
2 ~~twenty five dollars (\$10,625), seven thousand two hundred fifty dollars~~
3 (\$7,250), six percent (6%); and

4 On the excess over ~~ten thousand six hundred twenty five dollars~~
5 ~~(\$10,625), seven thousand two hundred fifty dollars (\$7,250), seven~~
6 percent (7%)."

7 Sec. 4. G.S. 105-2.1 reads as rewritten:

8 "**§ 105-2.1. Internal Revenue Code definition.**

9 As used in this Article, the term 'Code' means the Internal Revenue Code as enacted
10 as of ~~January 1, 1989, January 1, 1990,~~ and includes any provisions enacted as of that
11 date which become effective either before or after that date."

12 Sec. 5. G.S. 105-114 reads as rewritten:

13 "**§ 105-114. Nature of taxes; definitions.**

14 (a) Nature of Taxes. The taxes levied in this Article upon persons and
15 partnerships are for the privilege of engaging in business or doing the act named. The
16 taxes levied in this Article upon corporations are privilege or excise taxes levied upon:

17 (1) Corporations organized under the laws of this State for the existence of
18 the corporate rights and privileges granted by their charters, and the
19 enjoyment, under the protection of the laws of this State, of the
20 powers, rights, privileges and immunities derived from the State by the
21 form of such existence; and

22 (2) Corporations not organized under the laws of this State for doing
23 business in this State and for the benefit and protection which such
24 corporations receive from the government and laws of this State in
25 doing business in this State.

26 If the corporation is organized under the laws of this State, the payment of the taxes
27 levied by this Article shall be a condition precedent to the right to continue in such form
28 of organization; and if the corporation is not organized under the laws of this State,
29 payment of these taxes shall be a condition precedent to the right to continue to engage
30 in doing business in this State. The taxes levied in this Article or schedule shall be for
31 the fiscal year of the State in which the taxes become due; except that the taxes levied in
32 G.S. 105-122 and G.S. 105-123 shall be for the income year of the corporation in which
33 the taxes become due.

34 (b) Definitions. The following definitions apply in this Article:

35 (1) ~~As used in this Article, the~~ The term 'Code' means the Internal Revenue
36 Code as enacted as of ~~January 1, 1989, January 1, 1990,~~ and includes
37 any provisions enacted as of that date which become effective either
38 before or after that date.

39 (2) The term 'corporation' ~~as used in this Article~~ shall, unless the context
40 clearly requires another interpretation, mean and include not only
41 corporations but also associations or joint-stock companies and every
42 other form of organization for pecuniary gain, having capital stock
43 represented by shares, whether with or without par value, and having
44 privileges not possessed by individuals or partnerships; and whether

1 organized under, or without, statutory authority. The term
2 'corporation' as used in this Article shall also mean and include any
3 electric membership corporation organized under Chapter 117, and any
4 electric membership corporation, whether or not organized under the
5 laws of this State, doing business within the State.

6 (3) ~~The~~ ~~When the~~ term 'doing business' is used in this Article, it shall mean
7 and include each and every act, power or privilege exercised or
8 enjoyed in this State, as an incident to, or by virtue of the powers and
9 privileges acquired by the nature of such organizations whether the
10 form of existence be corporate, associate, joint-stock company or
11 common-law trust.

12 ~~If the corporation is organized under the laws of this State, the payment of the taxes~~
13 ~~levied by this Article shall be a condition precedent to the right to continue in such form~~
14 ~~of organization; and if the corporation is not organized under the laws of this State,~~
15 ~~payment of said taxes shall be a condition precedent to the right to continue to engage in~~
16 ~~doing business in this State. The taxes levied in this Article or schedule shall be for the~~
17 ~~fiscal year of the State in which said taxes become due; except, that the taxes levied in~~
18 ~~G.S. 105-122 and G.S. 105-123 shall be for the income year of the corporation in which~~
19 ~~such taxes become due. For purposes of this Article, the words~~

20 (4) The term 'income year' shall mean an income year as defined in G.S.
21 105-130.2(5)."

22 Sec. 6. G.S. 105-130.2(1) reads as rewritten:

23 "(1) 'Code' means the Internal Revenue Code as enacted as of ~~January 1,~~
24 ~~1989, January 1, 1990,~~ and includes any provisions enacted as of that
25 date which become effective either before or after that date."

26 Sec. 7. G.S. 105-131(b)(1) reads as rewritten:

27 "(1) 'Code' means the Internal Revenue Code ~~of 1986,~~ as enacted as of
28 ~~January 1, 1989, January 1, 1990,~~ and includes any provisions enacted
29 as of that date which become effective either before or after that date."

30 Sec. 8. G.S. 105-163.1(11) reads as rewritten:

31 "(11) 'Code' means the Internal Revenue Code as enacted as of ~~January 1,~~
32 ~~1989, January 1, 1990,~~ and includes any provisions enacted as of
33 that date which become effective either before or after that date."

34 Sec. 9. G.S. 105-212(f) reads as rewritten:

35 "(f) As used in this section, the term 'Code' means the Internal Revenue Code as
36 enacted as of ~~January 1, 1989, January 1, 1990,~~ and includes any provisions enacted as of
37 that date which become effective either before or after that date."

38 Sec. 10. This act is effective for taxable years beginning on or after January
39 1, 1990.