

April 29, 1999

H 1433. USE TAX PAYMENT/OTHER CHANGES. TO PROVIDE FOR INDIVIDUALS TO PAY THEIR ANNUAL USE TAX WITH THEIR INCOME TAX FORMS, TO PROMOTE ELECTRONIC FILING, AND TO IMPROVE TAX COLLECTION. Amends GS 105-164.16(d), effective for taxable years beginning on or after Jan. 1, 1999, to provide for payment of use tax with individual income tax return and to provide for an estimated use tax equal to .06 per cent of the individual's taxable income for purchases of items costing less than \$1,000 where the amount of use tax due is unknown. Amends GS 105-269.14 to establish procedures for payment of use tax with individual income tax. Requires the Sec'y of Revenue to distribute 1/3 of the net use tax proceeds to counties and cities in proportion to their total sales tax distribution. Authorizes Sec'y to draw up to \$150,000 for 1999-2000 from net collections. Requires Sec'y, during the 1999-2000 fiscal year to implement a program to allow electronic filing by taxpayers who are required to pay sales and use taxes on a semimonthly basis and authorizes Sec'y to draw \$500,000 from net collections to pay for the program. Requires Sec'y during the 1999-2000 fiscal biennium to contract for collection of delinquent tax debts owed by nonresidents and foreign entities (defined in the bill). Requires Dep't of Revenue to study and evaluate proposals for more efficient collection of taxes, including use of electronic commerce and other technology and to report to Revenue Laws Study Committee by May 1, 2000. Authorizes draw of \$50,0000 for the study.

Creates new GS 143-59.1 to prohibit state agencies from contracting with vendors or their affiliates who refuse to collect use tax required under GS 105-164.8(b) (mail order sales). Requires Sec'y to provide a list of vendors to which this section applies and amends GS 105-259(b) to authorize disclosure of these vendors as well as those taxpayers who are not required to pay sales and use taxes because of an exemption or because they are authorized to pay the tax directly to the Dep't.

Intro. by Miller and Allen.

Ref. to Finance

GS 105, 143

June 22, 1999

H 1433. USE TAX PAYMENT/OTHER CHANGES. Intro. 04/29/99. House committee substitute changes 1st edition by rewriting GS 105-269.14 (Payment of Use Tax with Individual Income Tax) as follows:

Provides that the information that the Sec'y of Revenue must provide on the income tax form must include (a) instruction that certain sales taxes paid on a purchase are a credit against estimated amount of use tax; (b) a table setting forth averages for various income ranges of the estimated amount of use tax as defined below, rounded to the nearest one dollar of tax; and (c) notification that if the taxpayer fails to indicate on the income tax form an amount of use tax payable, the Dept. of Revenue will add the estimated amount provided in the table, and the taxpayer is liable for the estimated amount unless he can prove otherwise.

Provides that if the taxpayer does not know the amount of use tax due on all purchases for a calendar year, the taxpayer may pay the amount actually due on any purchase of an item costing \$1,000 or more plus an estimated amount due on purchases of an item that cost less than \$1,000. The estimated amount of use tax due is 0.06% of the individual's North Carolina taxable income or the equivalent amount provided in the table calculated by the Dep't of Revenue.

If the individual does not designate an amount of use tax due or that no use tax is due, the Dep't must designate the estimated amount as described above as the amount due. The taxpayer is liable for this estimated amount unless he can prove otherwise.

July 1, 1999

H 1433. USE TAX PAYMENT/OTHER CHANGES. Intro. 4/28/99. This corrected digest replaces the digest in the *Daily Bulletin* of June 22. House committee substitute makes the following changes to 1st edition. Deletes provision allowing an individual to pay an estimated use tax on

purchases of items with a cost of less than \$1000 per item. Deletes paragraph that requires the Secretary of Revenue to designate the estimated amount of tax due if the individual fails to do so and makes the taxpayer liable for this estimated amount unless he can prove otherwise. Adds provision requiring that individual income tax forms include the following information: (1) an explanation of an individual's obligation to pay use tax on items purchased by mail order, Internet, or other sellers that do not collect state and local taxes; and (2) a method to help individuals determine the amount of use tax that they owe.