

June 6, 2002

**S 1218. REVENUE LAWS ENFORCEMENT ENHANCEMENTS. TO IMPROVE THE ENFORCEMENT OF TAX LAWS BY CRIMINALIZING OR INCREASING THE PENALTY FOR CERTAIN FORMS OF TAX FRAUD AND BY ALLOWING THE DEPARTMENT OF REVENUE TO DISCLOSE CERTAIN INFORMATION TO LAW ENFORCEMENT AGENCIES.** Amends GS 105-228.90(b) to define, for purposes of state income tax law (GS Ch. 105, Art. 4), the term "income tax return preparer" (preparer). Imposes specific penalties for certain criminal activities by such preparers. A preparer is any person (which by definition under Art. 4 includes corporations, partnerships, etc.) who prepares for compensation or who employs one or more persons to prepare for compensation any return or claim for refund of tax imposed by Art. 4. Completion of a substantial portion of a return or refund claim triggers statute. Does not apply to a person furnishing typing, reproducing, or other mechanical assistance; preparing return or claims for refund for their employer or an officer or employee of the employer; preparing as a fiduciary a return or claim for refund; or representing a taxpayer in an assessment hearing. Makes conforming amendment in GS 105-159.1(e). Amends GS 105-236(9a) to specify that a preparer who, pursuant to or in connection with the revenue laws, willfully aids, assists in, procures, counsels, or advises the preparation, presentation, or filing of a return, affidavit, claim, or any other document that the person knows is fraudulent or false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the person authorized or required to present or file the return, affidavit, claim, or other document, is guilty of a Class C felony if the amount of all taxes fraudulently evaded on returns filed in one taxable year is \$100,000 or more, and a Class F felony if the amount is less than \$100,000. Penalty for violations of statute by other persons remains a Class H felony. Adds new GS 105-236(10b) making it a Class F felony for a person to receive money from a taxpayer with the understanding that the money is to be remitted to the Sec'y of Revenue to apply to the taxpayer's liability, and willfully fail so to do. Amends GS 105-259(b) to authorize an officer, employee, or agent of the state who has access to tax information in the course of his or her service or employment to furnish to the head of the appropriate state or federal law agency information concerning the commission of an offense under that agency's jurisdiction that the Dep't of Revenue discovered during a criminal investigation of the taxpayer. Amendment to GS 105-259(b) is effective when it becomes law. Other amendments become effective Dec. 1, 2002, and apply to actions that are committed on or after that date.

**Intro. by Clodfelter, Dalton, Hartsell, Hoyle, Kerr.**

Ref. to Judiciary I	GS 105
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September 11, 2002

**SL 2002-106 (S 1218). REVENUE LAWS ENFORCEMENT ENHANCEMENTS. AN ACT TO IMPROVE THE ENFORCEMENT OF TAX LAWS BY CRIMINALIZING OR INCREASING THE PENALTY FOR CERTAIN FORMS OF TAX FRAUD AND BY ALLOWING THE DEPARTMENT OF REVENUE TO DISCLOSE CERTAIN INFORMATION TO LAW ENFORCEMENT AGENCIES.** Summarized in *Daily Bulletin* 6/6/02. Enacted September 6, 2002. Sections 1 through 4 of this act become effective December 1, 2002, and apply to actions that are committed on or after that date. The remainder of this act is effective when it becomes law.