

February 26, 2001

S 242. MAKE FRANCHISE TAX MORE EQUITABLE. TO EQUALIZE THE FRANCHISE TAX TREATMENT OF ENTITIES ORGANIZED AS CORPORATIONS AND ENTITIES TAXED AS CORPORATIONS UNDER FEDERAL LAW AND TO CLARIFY THE FRANCHISE TAX LIABILITY OF CORPORATIONS THAT OWN ENTITIES THAT ARE DISREGARDED FOR TAX PURPOSES. Amends GS 105-114(b)(2) to include within the definition of "corporation" for purposes of the franchise tax, any entity that is treated as a corporation for federal income tax purposes, and to exclude a limited liability company that is treated as a partnership for income tax purposes. Amends GS 105-122(b) to add provision that if a corporation is the sole shareholder or sole member of an entity that is disregarded for federal income purposes, the two are considered the same corporation for franchise tax purposes. Amendment to definition of "corporation" effective for tax years beginning on or after Jan. 1, 2002; remainder effective when it becomes law.

Intro. by Dalton, Hartsell, Hoyle, Kerr.

Ref. to Finance	GS 105
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