

April 1, 2003

H 827. CONFORM BANK EXPENSE DEDUCTION. *TO CONFORM STATE INCOME TAX ON BANKS TO FEDERAL INCOME TAX ON BANKS.* Amends GS 105-130.5 to add new subsection (a)(2a) providing that portion of financial institution's interest expense that is allocable to interest expense exempt from state income tax is an addition to federal tax income that is used to determine state net income. The allocable portion is the amount that would be disallowed pursuant to Internal Revenue Code if the interest were earned on a tax-exempt obligation. Effective for tax years beginning Jan. 1, 2003. Notwithstanding GS 105-163.41, no additional tax to be imposed under that statute for tax year beginning on or after Jan. 1, 2003, and before Jan. 1, 2004, for underpayments of taxes caused by this act.

Intro. by Weiss, Luebke, Insko, Glazier.

Ref. to Finance	GS 105
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