

May 12, 2005

H 1781. COLLEGE SAVINGS PLAN TAX DEDUCTIBLE. TO EXEMPT FROM THE INCOME TAX AMOUNTS CONTRIBUTED TO A QUALIFIED TUITION PROGRAM. As title indicates.

Enacts new GS 105-134.6(b)(19) to provide that amounts contributed to a qualified tuition program under section 529 of the Internal Revenue Code may be deducted from taxable income for purposes of figuring one's North Carolina individual income tax. Enacts new GS 105-134.6(c)(9) to provide that if an individual claims a deduction for a 529 contribution in a prior year but later withdraws an amount from the program that is not used to pay for the qualified higher education expenses of the designated beneficiary, the amount withdrawn must be added to taxable income in the year of the withdrawal. Exempts withdrawals made without penalty under section 529, includes those related to the death or permanent disability of the designated beneficiary. Effective for taxable years beginning on or after January 1, 2005.

Intro. by Rhodes.

Ref. to Finance

GS 105