

March 14, 2005

S 540. FRANCHISE TAX LOOPHOLE CLOSING. *TO APPLY THE FRANCHISE TAX TO CERTAIN LIMITED LIABILITY COMPANIES.* Amends GS 105-114(b)(2) to apply the corporate franchise tax to limited liability companies (LLCs) that elect to be taxed as a C corporation for federal income tax purposes. Makes conforming changes to GS 105-114.1 regarding attribution of certain LLC assets to controlling corporations for franchise tax purposes. Effective beginning with 2006 tax year.

Intro. by Clodfelter.

Ref. to

GS 105

March 30, 2005

S 540. FRANCHISE TAX LOOPHOLE CLOSING. Intro. 3/15/05. Senate committee substitute makes the following changes to 1st edition. Adds new Section 3 enacting new GS 105-122.2 to allow to LLCs that are subject to franchise tax a credit for the amount by which their annual report fee exceeds a corporate annual report fee.