

September 11, 2007

H 3. LOWER TAX RATE FOR CERTAIN CORPORATIONS. Filed 9/11/07. *TO REDUCE THE CORPORATE INCOME TAX RATE TO FIVE PERCENT FOR CORPORATIONS THAT DO NOT REDUCE THEIR WORKFORCE DURING THE TAXABLE YEAR AND THAT DERIVE AT LEAST SIXTY PERCENT OF THEIR NET INCOME FROM DOING BUSINESS IN A TIER ONE COUNTY.*

Effective beginning with the 2008 tax year, amends GS 105-130.3 to provide that certain eligible corporations are subject to a corporate income tax rate of 5% rather than the 6.9% rate that applies to other corporations. To be eligible for the lower tax rate, a corporation must (1) have at least as many employees at the end of the "fiscal year" (undefined) as at the beginning of the fiscal year and (2) derive at least 60% of its "net income" from doing business in development tier one counties. The bill does not specify whether the number of employees a corporation has is determined by counting employees worldwide, nationwide, or statewide.

Intro. by Boylan.

GS 105