

May 5, 2009

H 1588. LIMIT CORP. DEDUCTION FOR CERTAIN SALARIES. Filed 5/5/09.
*TO LIMIT THE CORPORATE DEDUCTION FOR EXCESSIVE
COMPENSATION OF CORPORATE EXECUTIVES RELATIVE TO RANK AND
FILE EMPLOYEES.*

Enacts new GS 105-130.5(a)(21) to require that the amount by which a corporation's deduction under section 162 of the Internal Revenue Code for compensation paid to any employee or officer for the taxable year exceeds an amount equal to 50 times the annual compensation of the corporation's lowest paid full-time employee for the taxable year be added to federal taxable income in determining state net income. Effective for taxable years beginning on or after January 1, 2009. Provides that, notwithstanding GS 105-163.41 (assessment of interest on underpayment of tax), no addition to tax may be made for a taxable year beginning on or after January 1, 2009, and before January 1, 2010, with respect to an underpayment of corporation income tax to the extent underpayment was created or increased by this act.

Intro. by Luebke.

GS 105