March 18, 2009

H 663. NORTH CAROLINA TEN IN TEN PLAN. Filed 3/18/09. *TO PROVIDE AN INCOME TAX CREDIT FOR CERTAIN HOME PURCHASES*.

Enacts new GS 105-151.33 to provide a tax credit against individual income tax for the purchase of a permanent residence during a tax year*. Permanent residence* is defined in GS 105-277.1(b). Sets aggregate tax credit amount at the lesser of 5% of the purchase price of the residence or $10,000, with the maximum credit allowable in any tax year limited to the lesser of the income tax imposed, reduced by all other credits, or $3,500. Any unused portion of the credit may be carried forward for the next two succeeding years. No credit is allowed for (1) an individual in any tax year for the purchase of more than one permanent residence or (2) a purchaser, in the case of a permanent residence purchased by two or more persons, if this credit has previously been allowed for the same tax year to one or more of the purchasers.

Establishes the following requirements for purchases by multiple owners: (1) in the case of a permanent residence purchased jointly by husband and wife who are both required to file North Carolina tax returns, the credit may only be claimed if the spouses file a joint return; (2) if only one spouse is required to file a North Carolina income tax return, that spouse may claim the credit on a separate return; and (3) if two or more individuals who are not married purchase a permanent residence, the amount of the credit is allocated among the purchasers proportionally to each individual's ownership interest.

Establishes requirements for forfeiture of the credit by an individual who, within six months after the date of purchase of a permanent residence for which a credit was allowed, either (1) disposes of the residence or (2) fails to occupy the residence as a permanent residence. Establishes exceptions to this forfeiture requirement for a disposal or failure to occupy resulting from one of the following: (1) the death of the individual; (2) the transfer of the residence from the individual to his or her spouse as a part of a divorce proceeding; or (3) the residence is destroyed, seized, or condemned and the individual acquires a new permanent residence within six months of the date the individual is reimbursed for such destruction, seizure, or condemnation.

Places the burden of proving eligibility for the credit on the individual claiming the credit. Makes conforming change to GS 105-134.6(d).

Effective for taxable years beginning on or after January 1, 2010, and expires for taxable years beginning on or after January 1, 2011.

Intro. by Killian, Crawford, Howard, Gibson. GS 105