

March 3, 2009

S 367. FRANCHISE TAX-OVERBILLING OUT OF CAPITAL BASE. Filed 3/3/09. *TO REMOVE BILLING IN EXCESS OF COST FOR TAXPAYERS UTILIZING THE PERCENTAGE OF COMPLETION METHOD IN DETERMINING CAPITAL BASE FOR FRANCHISE PURPOSES.*

Under GS 105-122, an annual franchise or privilege tax is imposed on foreign and domestic corporations doing business in North Carolina. Adds new subdivision (9) to GS 105-122(b) (regarding a corporation's determination of its capital base) to permit companies that are required to use the percentage of completion method of accounting for construction contracts to treat billing in excess of costs as deductible under this section as a reduction of the capital base. Effective for taxable years beginning on or after January 1, 2009.

Intro. by Jenkins.

GS 105

May 27, 2009

S 367. FRANCHISE TAX-OVERBILLING OUT OF CAPITAL BASE. Filed 3/3/09. Senate committee substitute makes the following changes to 1st edition. Deletes proposed GS 105-122(b)(9), which permitted companies that are required to use the percentage-of-completion method of accounting for construction contracts to treat billing in excess of costs as deductible under this section as a reduction of the capital base. Instead, adds new GS 105-122(b)(1a) to provide that billings in excess of costs that are considered a deferred liability under the percentage-of-completion method of revenue recognition are allowed as an exclusion from surplus or undivided profits in determining a corporation's capital base.

Effective for taxable years beginning on or after January 1, 2010 (was, January 1, 2009).

Changes the title to *AN ACT TO REMOVE BILLINGS IN EXCESS OF COSTS FROM THE FRANCHISE TAX CAPITAL BASE FOR TAXPAYERS USING THE PERCENTAGE OF COMPLETION METHOD OF REVENUE RECOGNITION.*

August 5, 2009

SL 2009-422 (S 367). FRANCHISE TAX—OVERBILLING OUT OF CAPITAL BASE. AN ACT TO REMOVE BILLINGS IN EXCESS OF COSTS FROM THE FRANCHISE TAX CAPITAL BASE FOR TAXPAYERS USING THE PERCENTAGE OF COMPLETION METHOD OF REVENUE RECOGNITION. Summarized in *Daily Bulletin* 3/3/09 and 5/27/09. Enacted August 5, 2009. Effective January 1, 2010.