

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 367
PROPOSED COMMITTEE SUBSTITUTE S367-PCS35340-RB-28

Short Title: Franchise Tax-Overbilling Out of Capital Base.

(Public)

Sponsors:

Referred to:

March 4, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO REMOVE BILLINGS IN EXCESS OF COSTS FROM THE FRANCHISE TAX
3 CAPITAL BASE FOR TAXPAYERS USING THE PERCENTAGE OF COMPLETION
4 METHOD OF REVENUE RECOGNITION.
5 The General Assembly of North Carolina enacts:
6 SECTION 1. G.S. 105-122(b) is amended by adding a new subdivision in the list
7 of exclusions from surplus and undivided profits to read:
8 "(b) Determination of Capital Base. – A corporation taxed under this section shall
9 determine the total amount of its issued and outstanding capital stock, surplus, and undivided
10 profits. No reservation or allocation from surplus or undivided profits is allowed except as
11 provided below:
12 ...
13 (1a) Billings in excess of costs that are considered a deferred liability under the
14 percentage of completion method of revenue recognition."
15 SECTION 2. This act is effective for taxable years beginning on or after January 1,
16 2010.



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