

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 94*
PROPOSED COMMITTEE SUBSTITUTE S94-PCS85043-RBx-6

Short Title: IRC Update.

(Public)

Sponsors:

Referred to:

February 22, 2011

A BILL TO BE ENTITLED

AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-228.90(b)(1b) reads as rewritten:

"(1b) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2010~~, January 1, 2011, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 2.(a) G.S. 105-130.5(a) is amended by adding a new subdivision to

read:

"(15b) For taxable years 2010 through 2012, eighty-five percent (85%) of the amount allowed as a special accelerated depreciation deduction under section 168(k) or 168(n) of the Code for property placed in service during the taxable year. In addition, for taxable year 2010, a taxpayer who placed property in service during the 2009 taxable year and whose North Carolina taxable income for the 2009 taxable year reflected a special accelerated depreciation deduction allowed for the property under section 168(k) of the Code must add eighty-five percent (85%) of the amount of the special accelerated depreciation deduction. These adjustments do not result in a difference in basis of the affected assets for State and federal income tax purposes."

SECTION 2.(b) G.S. 105-130.5(b) is amended by adding a new subdivision to

read:

"(21b) An amount equal to twenty percent (20%) of the amount added to federal taxable income as accelerated depreciation under subdivision (a)(15b) of this section. For the amount added to taxable income in the 2010 taxable year, the deduction allowed by this subdivision applies to the first five taxable years beginning on or after January 1, 2011. For the amount added to taxable income in the 2011 taxable year, the deduction allowed by this subdivision applies to the first five taxable years beginning on or after January 1, 2012. For the amount added to taxable income in the 2012 taxable year, the deduction allowed by this subdivision applies to the first five taxable years beginning on or after January 1, 2013."

SECTION 2.(c) G.S. 105-134.6(c) is amended by adding a new subdivision to

read:



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1 "(8b) For taxable years 2010 through 2012, eighty-five percent (85%) of the
2 amount allowed as a special accelerated depreciation deduction under
3 section 168(k) or 168(n) of the Code for property placed in service during
4 the taxable year. In addition, for taxable year 2010, a taxpayer who placed
5 property in service during the 2009 taxable year and whose North Carolina
6 taxable income for the 2009 taxable year reflected a special accelerated
7 depreciation deduction allowed for the property under section 168(k) of the
8 Code must add eighty-five percent (85%) of the amount of the special
9 accelerated depreciation deduction. These adjustments do not result in a
10 difference in basis of the affected assets for State and federal income tax
11 purposes."

12 **SECTION 2.(d)** G.S. 105-134.6(b) is amended by adding a new subdivision to

13 read:

14 "(17b) An amount equal to twenty percent (20%) of the amount added to federal
15 taxable income as accelerated depreciation under subdivision (c)(8b) of this
16 section. For the amount added to taxable income in the 2010 taxable year,
17 the deduction allowed by this subdivision applies to the first five taxable
18 years beginning on or after January 1, 2011. For the amount added to taxable
19 income in the 2011 taxable year, the deduction allowed by this subdivision
20 applies to the first five taxable years beginning on or after January 1, 2012.
21 For the amount added to taxable income in the 2012 taxable year, the
22 deduction allowed by this subdivision applies to the first five taxable years
23 beginning on or after January 1, 2013."

24 **SECTION 3.(a)** G.S. 105-130.5(a) is amended by adding a new subdivision to

25 read:

26 "(23) For taxable years 2010 and 2011, eighty-five percent (85%) of the amount
27 by which the taxpayer's expense deduction under section 179 of the Code for
28 property placed in service in taxable year 2010 or 2011 exceeds the amount
29 that would have been allowed for the respective taxable year under section
30 179 of the Code as of May 1, 2010. For purposes of this subdivision, the
31 definition of section 179 property has the same meaning as under section
32 179 of the Code as of January 1, 2011. These adjustments do not result in a
33 difference in basis of the affected assets for State and federal income tax
34 purposes."

35 **SECTION 3.(b)** G.S. 105-130.5(b) is amended by adding a new subdivision to

36 read:

37 "(26) An amount equal to twenty percent (20%) of the amount added to federal
38 taxable income under subdivision (a)(23) of this section. For the amount
39 added to taxable income in the 2010 taxable year, the deduction allowed by
40 this subdivision applies to the first five taxable years beginning on or after
41 January 1, 2011. For the amount added to taxable income in the 2011 taxable
42 year, the deduction allowed by this subdivision applies to the first five
43 taxable years beginning on or after January 1, 2012."

44 **SECTION 3.(c)** G.S. 105-134.6(c) is amended by adding a new subdivision to

45 read:

46 "(15) For taxable years 2010 and 2011, eighty-five percent (85%) of the amount
47 by which the taxpayer's expense deduction under section 179 of the Code for
48 property placed in service in taxable year 2010 or 2011 exceeds the amount
49 that would have been allowed for the respective taxable year under section
50 179 of the Code as of May 1, 2010. For purposes of this subdivision, the
51 definition of section 179 property has the same meaning as under section

1 179 of the Code as of January 1, 2011. These adjustments do not result in a
2 difference in basis of the affected assets for State and federal income tax
3 purposes."

4 **SECTION 3.(d)** G.S. 105-134.6(b) is amended by adding a new subdivision to
5 read:

6 "(21) An amount equal to twenty percent (20%) of the amount added to federal
7 taxable income under subdivision (c)(15) of this section. For the amount
8 added to taxable income in the 2010 taxable year, the deduction allowed by
9 this subdivision applies to the first five taxable years beginning on or after
10 January 1, 2011. For the amount added to taxable income in the 2011 taxable
11 year, the deduction allowed by this subdivision applies to the first five
12 taxable years beginning on or after January 1, 2012."

13 **SECTION 4.** This act is effective when it becomes law. Notwithstanding Section 1
14 of this act, any amendments to the Internal Revenue Code enacted after May 1, 2010, that
15 increase North Carolina taxable income for the 2010 taxable year become effective for taxable
16 years beginning on or after January 1, 2011.