

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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BILL DRAFT 2019-RBxfz-12 [v.1]

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
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Short Title: IRC Update.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE.
3 The General Assembly of North Carolina enacts:

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

5 "(1b) Code. – The Internal Revenue Code as enacted as of ~~January 1, 2019, January~~
6 ~~1, 2020,~~ including any provisions enacted as of that date that become effective
7 either before or after that date."

8 **SECTION 2.** G.S. 105-153.5(a)(2)b. reads as rewritten:

9 "b. Mortgage Expense and Property Tax. – The amount allowed as a
10 deduction for interest paid or accrued during the taxable year under
11 section 163(h) of the Code with respect to any qualified residence plus
12 the amount allowed as a deduction for property taxes paid or accrued
13 on real estate under section 164 of the Code for that taxable year. For
14 taxable years ~~2014, 2015, 2016, and 2017,~~2014 through 2020, the
15 amount allowed as a deduction for interest paid or accrued during the
16 taxable year under section 163(h) of the Code with respect to any
17 qualified residence shall not include the amount for mortgage
18 insurance premiums treated as qualified residence interest. The
19 amount allowed under this sub-subdivision may not exceed twenty
20 thousand dollars (\$20,000). For spouses filing as married filing
21 separately or married filing jointly, the total mortgage interest and real
22 estate taxes claimed by both spouses combined may not exceed twenty
23 thousand dollars (\$20,000). For spouses filing as married filing
24 separately with a joint obligation for mortgage interest and real estate
25 taxes, the deduction for these items is allowable to the spouse who
26 actually paid them. If the amount of the mortgage interest and real
27 estate taxes paid by both spouses exceeds twenty thousand dollars
28 (\$20,000), these deductions must be prorated based on the percentage
29 paid by each spouse. For joint obligations paid from joint accounts, the
30 proration is based on the income reported by each spouse for that
31 taxable year."

32 **SECTION 3.** G.S. 105-153.5(c2)(1) and (c2)(2) read as rewritten:

33 "(1) For taxable years ~~2014, 2015, 2016, and 2017,~~2014 through 2020, the
34 taxpayer must add the amount excluded from the taxpayer's gross income for



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1 the discharge of qualified principal residence indebtedness under section 108
2 of the Code. The purpose of this subdivision is to decouple from the income
3 exclusion available under federal tax law. If the taxpayer is insolvent, as
4 defined in section 108(d)(3) of the Code, then the addition required under this
5 subdivision is limited to the amount of discharge of qualified principal
6 residence indebtedness excluded from adjusted gross income under section
7 108(a)(1)(E) of the Code that exceeds the amount of discharge of indebtedness
8 that would have been excluded under section 108(a)(1)(B) of the Code.

- 9 (2) For taxable year ~~2014, 2015, 2016, and 2017~~, 2014 through 2020, the taxpayer
10 must add the amount of the taxpayer's deduction for qualified tuition and
11 related expenses under section 222 of the Code. The purpose of this
12 subdivision is to decouple from the above-the-line deduction available under
13 federal tax law."

14 **SECTION 4.** This act is effective when it becomes law.