



January 12, 2015

The Honorable Julia C. Howard
North Carolina General Assembly
302 Legislative Office Building
Raleigh, North Carolina 27603-5925

Dear Representative Howard:

The North Carolina Association of CPAs wishes you a productive 2015 as your legislative long session approaches. As you heard from your Fiscal Research Division staff at the December 9 meeting of the Revenue Laws Study Committee, there's a critically important tax conformity issue we urge you to tackle immediately.

As you know, North Carolina's tax laws hinge largely on the federal Internal Revenue Code, and they are coupled to the federal law as of a particular date each year. The N.C. General Assembly typically considers the implications for our state taxes of changes made to the federal Code, renewing the reference to the Code's date. This is usually the time when legislators determine whether to decouple any state taxes from federal tax provisions.

On December 19, President Obama signed into law Congress's Tax Increase Prevention Act of 2014 (TIPA). That law extended more than 50 tax provisions that expired on December 31, 2013, making them effective retroactively for January 1 through December 31, 2014. Since the General Assembly had adjourned long before TIPA was enacted, you and your colleagues have not yet had the opportunity to address any of TIPA's federal tax law changes.

We are not advocating a position on any of the tax conformity policy choices you face, including your decoupling options. Rather, we simply urge prompt action on policy decisions regardless of what you determine they should be. Millions of North Carolina taxpayers and their tax advisors await clarity from the General Assembly as they begin to prepare their 2014 tax returns. Likewise, we believe the N.C. Department of Revenue awaits crucial direction from the legislature. We encourage you to recommend to your colleagues quick action on this matter upon the imminent convening of your 2015 session, lest other important issues delay it.

If you have any questions about this, please let us know, and we will respond immediately.

Very truly yours,

Cynthia B. Brown, CPA, CEBS
Chair, NCACPA Board of Directors

CC: Cindy Avertte, ESQ, NC General Assembly
Mike Hannah, Esq., NC Senate Finance Committee Staff
Dave Horne, Esq., NCACPA Legislative Counsel



January 12, 2015

The Honorable William P. Rabon
North Carolina General Assembly
2108 Legislative Building
Raleigh, North Carolina 27601-2808

Dear Senator Rabon:

The North Carolina Association of CPAs wishes you a productive 2015 as your legislative long session approaches. As you heard from your Fiscal Research Division staff at the December 9 meeting of the Revenue Laws Study Committee, there's a critically important tax conformity issue we urge you to tackle immediately.

As you know, North Carolina's tax laws hinge largely on the federal Internal Revenue Code, and they are coupled to the federal law as of a particular date each year. The N.C. General Assembly typically considers the implications for our state taxes of changes made to the federal Code, renewing the reference to the Code's date. This is usually the time when legislators determine whether to decouple any state taxes from federal tax provisions.

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