

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1433

Short Title: Exempt Voluntary Severance Pay.

(Public)

Sponsors: Senator Hoyle.

Referred to: Finance.

May 28, 1998

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE INCOME TAX EXEMPTION FOR SEVERANCE PAY
TO INCLUDE CERTAIN VOLUNTARY TERMINATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-134.6(b)(11) reads as rewritten:

"(11) Severance wages received by a taxpayer from an employer as the result of (i) the taxpayer's permanent, involuntary termination from employment through no fault of the ~~employee-taxpayer~~ or (ii) the taxpayer's permanent, voluntary termination from employment through no fault of the taxpayer as a result of the elimination of the taxpayer's position, the permanent closing of the employer's business, or the sale or reorganization of the employer's business. The amount of severance wages deducted as the result of the same termination may not exceed thirty-five thousand dollars (\$35,000) for all taxable years in which the wages are received. To claim the deduction allowed by this Article, the taxpayer must provide any information required by the Secretary of Revenue. The burden of proving eligibility for the deduction and the amount of the deduction shall rest upon the taxpayer, and no deduction shall be allowed to a taxpayer that fails to maintain adequate records or to make them available for inspection."

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1 Section 2. This act is effective for taxable years beginning on or after January
2 1, 1998.