

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 298

Short Title: Tax Deduction for S Corporations. (Public)

Sponsors: Representatives Holloway; Allred, Blackwood, Blust, Hilton, McComas, Moore, Neumann, Randleman, Samuelson, Starnes, and Stevens.

Referred to: Commerce, Small Business, and Entrepreneurship, if favorable, Finance.

February 26, 2009

A BILL TO BE ENTITLED
AN ACT TO REDUCE SMALL BUSINESS INCOME TAX LIABILITY BY PROVIDING A
TWENTY-FIVE THOUSAND DOLLAR DEDUCTION TO S CORPORATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-131.1 reads as rewritten:

"§ 105-131.1. Taxation of an S Corporation and its shareholders.

(a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3.

(a1) Before computing the income attributable to the State, an S Corporation may subtract from income twenty-five thousand dollars (\$25,000).

(b) Each shareholder's pro rata share of an S Corporation's income attributable to the State and each resident shareholder's pro rata share of income not attributable to the State, shall be taken into account by the shareholder in the manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2009.

