

NORTH CAROLINA GENERAL ASSEMBLY  
1977 SESSION

CHAPTER 1220  
SENATE BILL 1024

AN ACT TO IMPOSE ON STOCK-OWNED SAVINGS AND LOAN ASSOCIATIONS AN INTANGIBLES TAX ON CUSTOMER DEPOSITS UNDER G.S. 105-199, AND TO MAKE CONFORMING CHANGES TO THE CORPORATION FRANCHISE TAX LAW.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 105-199 is rewritten in its entirety, to read as follows:

**§ 105-199. Money on deposit.** — (a) All money on deposit (including certificates of deposit and postal savings) with any bank or other corporation, firm or person doing a banking business, and stock-owned savings and loan association in this State, whether such money be actually in or out of this State, having a business, commercial or taxable situs in this State, shall be subject to an annual tax, which is hereby levied, of ten cents (10¢) on every one hundred dollars (\$100.00) of the total amount of such deposit without deduction for any indebtedness or liabilities of the taxpayer.

For the purpose of determining the amount of deposits subject to this tax every such bank or other corporation, firm or person doing a banking business and every stock-owned savings and loan association shall set up the credit balance of each depositor on the 15th day of each February, May, August, and November in the calendar year next preceding the due date of tax return, and the average of such quarterly credit balances shall constitute the amount of deposit of each depositor subject to the tax herein levied; for the purposes of this section accounts having an average of quarterly balance for the year of less than three hundred dollars (\$300.00) may be disregarded.

The tax levied in this section upon money on deposit shall be paid by the cashier, treasurer or other officer or officers of every such bank or other corporation, firm or person doing a banking business in this State and of every such stock-owned savings and loan association in this State by report and payment to the Secretary of Revenue on or before April 15 of each year; any taxes so paid as agent for the depositor shall be recovered from the owners thereof by the bank or other corporation, firm or person doing a banking business in this State and by the stock-owned savings and loan association in this State by deduction from the account of the depositor on November 16 of each year or on such date thereafter as in the ordinary course of business it becomes convenient to make such charge. The bank or stock-owned savings and loan association may immediately report and pay the tax due on any account closed out during any quarter in which the bank or stock-owned savings and loan association has withheld the amount of the tax. The tax on deposits represented by time certificates shall be chargeable to the original depositor unless such depositor has given notice to the depository bank or stock-owned savings and loan association of transfer of such certificate of deposit. Accounts that have been closed during the year, leaving no credit balance against which the tax can be charged, may be reported separately to the Secretary of Revenue and the tax due on such accounts shall become a charge directly against the depositor, and such tax may be collected by the Secretary of Revenue from the depositor in the same manner as other taxes levied in this act; the bank or other corporation, firm or person doing a banking business in this State and the stock-owned savings and loan association shall not be held liable for the payment of the tax due

on accounts so reported. None of the provisions of this section shall be construed to relieve any taxpayer of liability for a full and complete return of postal savings and of all money on deposit outside this State having business, commercial or taxable situs in this State.

The tax levied in this section shall not apply to deposits by one bank or stock-owned savings and loan association in another bank or stock-owned savings and loan association, nor to deposits of the United States, State of North Carolina, political subdivisions of this State or agencies of this State or agencies of such governmental units. Deposits representing the actual payment of benefits to World War veterans by the federal government, when not reinvested, shall not be subject to the tax levied in this section. Further deposits in North Carolina banks and North Carolina stock-owned savings and loan associations by nonresident individuals and foreign corporations, when such deposits are not related to business activities in this State, shall not be subject to the tax levied in this section. The tax levied in this section shall not apply to deposits of foreign and alien insurance companies which pay the two and one-half percent (2-1/2%) gross premium tax levied by G.S. 105-228.5."

**Sec. 2.** This act shall become effective January 1, 1978.

In the General Assembly read three times and ratified, this the 16th day of June, 1978.