

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 39\*

Short Title: Merchants' Sales Tax Discount.

(Public)

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Sponsors: Senators Guy; Allran, Ballance, Barker, Basnight, Block, Bryan, Carpenter, Chalk, Cochrane, Conder, Daniel, Daughtry, Ezzell, Hardin, Harris, Hunt of Durham, Hunt of Moore, Johnson of Cabarrus, Johnson of Wake, Kincaid, Martin of Pitt, Martin of Guilford, Marvin, Murphy, Odom, Parnell, Plyler, Rauch, Raynor, Richardson, Royall, Sands, Shaw, Sherron, Smith, Soles, Speed, Staton, Taft, Tally, Ward, Winner, and Goldston.

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Referred to: Finance.

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January 19, 1989

A BILL TO BE ENTITLED

AN ACT TO ALLOW A PERCENTAGE DISCOUNT TO MERCHANTS FOR COLLECTING STATE SALES AND USE TAXES.

The General Assembly of North Carolina enacts:

Section 1. Article 5 of Chapter 105 of the General Statutes is amended by adding after G.S. 105-164.20 a new section to read:

**"§ 105-164.21. Discount for collecting and paying taxes when due.**

(a) Amount of Discount. Except as provided in subsection (b), a retailer who pays the retail sales or use tax imposed by this Article may deduct from the amount of the tax for which it is liable and which it actually pays a discount of three percent (3%) of the first one thousand dollars (\$1,000) of tax paid per month and one percent (1%) of the remaining tax paid per month, up to a maximum discount of one hundred dollars (\$100.00) per month for each place of business at a separate location, and up to a maximum discount of twenty-five thousand dollars (\$25,000) for each State fiscal year for each retailer group. The one hundred-dollar (\$100.00) per month maximum discount for each location may be deducted only from the tax paid with regard to that location. For the purposes of this section, a retailer group includes all retail establishments that have one of the following relationships with one another: (i) one corporation owns, directly or indirectly, at least eighty percent (80%) of the voting stock

1 of the others; (ii) at least eighty percent (80%) of the voting stock of the corporations is  
2 owned, directly or indirectly, by the same interests; or (iii) in the case of establishments  
3 that are not incorporated, the establishments are under the same general management,  
4 supervision, or ownership.

5 (b) Restrictions. The Secretary may deny a taxpayer the benefits of this section  
6 for failure to pay the full tax when due as well as in cases of fraud, evasion, or failure to  
7 keep accurate and clear records as required by this Article. In order to receive the  
8 discount provided in this section, the taxpayer must deduct the discount at the time of  
9 making its remittance of tax to the Department of Revenue. A utility may not deduct  
10 the discount provided in subsection (a) on sales of electricity, piped natural gas, or  
11 intrastate telephone service."

12 Sec. 2. G.S. 105-474 reads as rewritten:

13 **"§ 105-474. Definitions; construction of Article; remedies and penalties.**

14 The definitions set forth in G.S. 105-164.3 shall apply to this Article insofar as such  
15 definitions are not inconsistent with the provisions of this Article, and all other  
16 provisions of Article 5 and of Article 9 of Subchapter 1, Chapter 105 of the General  
17 Statutes, as the same relate to the North Carolina Sales and Use Tax Act shall be  
18 applicable to this Article unless such provisions are inconsistent with the provisions of  
19 this Article. Provided, however, the discount provided in G.S. 105-164.21 shall not  
20 apply to this Article. The administrative interpretations made by the Secretary of  
21 Revenue with respect to the North Carolina Sales and Use Tax Act, to the extent not  
22 inconsistent with the provisions of this Article, may be uniformly applied in the  
23 construction and interpretation of this Article. It is the intention of this Article that the  
24 provisions of this Article and the provisions of the North Carolina Sales and Use Tax  
25 Act, insofar as practicable, shall be harmonized.

26 The provisions with respect to remedies and penalties applicable to the North  
27 Carolina Sales and Use Tax Act, as contained in Article 5 and Article 9, Subchapter 1,  
28 Chapter 105 of the General Statutes, shall be applicable in like manner to the tax  
29 authorized to be levied and collected under this Article, to the extent that the same are  
30 not inconsistent with the provisions of this Article."

31 Sec. 3. Section 10 of Chapter 1096 of the 1967 Session Laws is amended by  
32 adding after the first sentence a new sentence to read: "Provided, however, the discount  
33 provided in G.S. 105-164.21 shall not apply to this division."

34 Sec. 4. This act shall become effective October 1, 1989, and applies to  
35 remittances of sales and use taxes on sales made on or after that date.