

June 6, 2002

H 1549. EITC/SALES TAX ON MACHINERY. *TO REMOVE THE CAP ON THE SALES TAX APPLICABLE TO SALES OF CERTAIN MACHINERY; TO RAISE THE SALES TAX RATE APPLICABLE TO SALES OF CERTAIN MACHINERY; AND TO CREATE AN EARNED INCOME TAX CREDIT.* Amends GS 105-164.4(a)(1d) to raise the sales tax on machinery listed in GS 105-164.4A from 1% to 2% and to eliminate the \$80 tax limit. Creates new section GS 105-151.29 to allow a credit against the sales tax for any taxpayer who claims an earned income tax credit under section 32 of the Code. The credit is equal to 10% of the amount of the individual's earned income tax credit. If the credit exceeds the amount of sales tax imposed for the taxable year reduced by the amount of all credits allowable, the taxpayer must receive a refund. The sales tax increase is effective July 1, 2002, and applies to sales made on or after that date. The tax increase is repealed effective for sales made on or after July 1, 2005. The tax credit provisions are effective for taxable years beginning on or after Jan. 1, 2002.

Intro. by Michaux.

Ref. to Finance	GS 105
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