

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SECOND EXTRA SESSION 2003**

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**HOUSE DRH90010-LC-166 (11/17)**

Short Title: Bonus Depreciation Deduction.

(Public)

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Sponsors: Representative C. Wilson.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ACCELERATE CONFORMITY TO THE FEDERAL BONUS  
DEPRECIATION DEDUCTION.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-134.6(c)(8) reads as rewritten:

"(c) Additions. – The following additions to taxable income shall be made in calculating North Carolina taxable income, to the extent each item is not included in taxable income:

...

(8) The applicable percentage of the amount allowed as a special accelerated depreciation deduction under section 168(k) or section 1400L of the Code, as set out in the table below. In addition, a taxpayer who was allowed a special accelerated depreciation deduction under section 168(k) or section 1400L of the Code in a taxable year beginning before January 1, 2002, and whose North Carolina taxable income in that earlier year reflected that accelerated depreciation deduction must add to federal taxable income in the taxpayer's first taxable year beginning on or after January 1, 2002, an amount equal to the amount of the deduction allowed in the earlier taxable year. These adjustments do not result in a difference in basis of the affected assets for State and federal income tax purposes. The applicable percentage is as follows:

Taxable Year	Percentage
2002	100%
2003	70%
2004	<del>70%</del>
2005 and thereafter	0% "

1           **SECTION 2.** G.S. 105-130.5(a)(15) reads as rewritten:

2           "(a) The following additions to federal taxable income shall be made in  
3 determining State net income:

4           ...

5           (15) The applicable percentage of the amount allowed as a special  
6 accelerated depreciation deduction under section 168(k) or section  
7 1400L of the Code, as set out in the table below. In addition, a  
8 taxpayer who was allowed a special accelerated depreciation deduction  
9 under section 168(k) or section 1400L of the Code in a taxable year  
10 beginning before January 1, 2002, and whose North Carolina taxable  
11 income in that earlier year reflected that accelerated depreciation  
12 deduction must add to federal taxable income in the taxpayer's first  
13 taxable year beginning on or after January 1, 2002, an amount equal to  
14 the amount of the deduction allowed in the earlier taxable year. These  
15 adjustments do not result in a difference in basis of the affected assets  
16 for State and federal income tax purposes. The applicable percentage is  
17 as follows:

<u>Taxable Year</u>	<u>Percentage</u>
2002	100%
2003	70%
2004	<del>70%</del>
<del>2005</del> and thereafter	0% "

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23           **SECTION 3.** This act becomes effective for taxable years beginning on or  
24 after January 1, 2004.