

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

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**HOUSE BILL 4**

Short Title: Bonus Depreciation Deduction. (Public)

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Sponsors: Representative C. Wilson.

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Referred to: Rules, Calendar, and Operations of the House.

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December 9, 2003

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO ACCELERATE CONFORMITY TO THE FEDERAL BONUS  
3 DEPRECIATION DEDUCTION.

4 The General Assembly of North Carolina enacts:

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

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

9           ...

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

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

23           **SECTION 2.** G.S. 105-130.5(a)(15) reads as rewritten:  
24  
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27  
28

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

3               ...

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

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

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