February 16, 2005

S 146. IRC UPDATE. *TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE USED IN DEFINING AND DETERMINING CERTAIN STATE TAX PROVISIONS*. Conforms the definition of Internal Revenue Code to federal changes made since May 2004, with three exceptions: (1) enacts new GS 105-130.5(a)(16) to require corporate taxpayers to add back any amount excluded from federal gross income because the taxpayer elected the alternative tonnage tax on certain shipping activities; (2) delays until January 1, 2005, conformity to the federal deduction from individual income tax for state and local sales taxes and, effective for taxable years beginning January 1, 2005, amends GS 105-134.6(c)(3) to require individual taxpayers to add back any amount excluded from federal gross income as state or local sales tax; and (3) delays until January 1, 2005, conformity to any federal changes that would increase NC taxable income for the 2004 tax year. Provides that taxpayer whose 2004 federal taxable income was reduced by January 2005 tsunami relief contribution is not required to add deduction to 2004 NC taxable income.

Intro. by Kerr.

Ref. to Finance GS 105