May 10, 2006

S 1259. PARENTAL SAVINGS TRUST FUND TAX DEDUCTION. Filed 5/10/06. *TO ALLOW FOR AN INCOME TAX DEDUCTION FOR CERTAIN CONTRIBUTIONS TO THE PARENTAL SAVINGS TRUST FUND*. Amends GS 105-134.6 (Adjustments to Taxable Income) by adding two new subdivisions. New subdivision (b)(19) provides that an amount not to exceed $10,000 that a parent or grandparent contributed on behalf of designated beneficiaries to the Parental Savings Trust Fund of the State Educational Assistance Authority pursuant to GS 116-209.25 (North Carolina's 529 College Savings Plan) may be deducted from NC taxable income, except that the amount of the deduction may not exceed $5,000 per contributor per beneficiary per taxable year. New subdivision (c)(11) provides that the amount deducted from NC taxable income in a prior taxable year under new subdivision (b)(19) must be added to NC taxable income to the extent this amount was withdrawn from the NC 529 Plan and was not used to pay for qualified higher education expenses, unless the withdrawal was due to the death or disability of the designated beneficiary. Effective for taxable year beginning on or after January 1, 2006.
Intro. by Boseman. GS 105