

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS15330-LY-359* (5/12)

Short Title: Rewarding Work Tax Credit.

(Public)

Sponsors: Senator Hoyle.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR A STATE EARNED INCOME TAX CREDIT BY
CREATING THE REWARDING WORK TAX CREDIT.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.30. Rewarding work tax credit.

(a) Credit. – An individual who claims for the taxable year an earned income tax credit under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to five percent (5%) of the amount of credit the individual qualified for under section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.

(b) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits."

SECTION 2. G.S. 105-160.3(b) reads as rewritten:

"(b) The following credits are not allowed to an estate or trust:

- (1) G.S. 105-151. Tax credits for income taxes paid to other states by individuals.
- (2) G.S. 105-151.11. Credit for child care and certain employment-related expenses.

- 1 (3) G.S. 105-151.18. Credit for the disabled.
2 (4) G.S. 105-151.24. Credit for children.
3 (5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers.
4 (6) Repealed by Session Laws 2004-170, s. 17, effective August 2, 2004.
5 (7) G.S. 105-151.28. Credit for long-term care insurance.
6 (8) G.S. 105-151.30. Rewarding work tax credit."
7 **SECTION 3.** This act becomes effective for taxable years beginning on or
8 after January 1, 2006.