A BILL TO BE ENTITLED
AN ACT TO ELIMINATE THE ADDBACK FOR BUSINESS EXPENSES DEDUCTED TO
THE EXTENT THE PAYMENT RESULTS IN FORGIVENESS OF A COVERED LOAN
UNDER THE FEDERAL CARES ACT FOR THE 2020 AND 2021 TAXABLE YEARS
AND TO EXCLUDE UNEMPLOYMENT COMPENSATION FROM STATE TAXABLE
INCOME TO THE SAME EXTENT AS FEDERAL LAW.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of May 1, 2020, including
any provisions enacted as of that date that become effective either before or
after that date; however, for the purpose of the amount of any expense
deducted under the Code to the extent that payment of the expense results in
forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act,
the term "Code" means the Internal Revenue Code as enacted as of January 1,
2021, including any provisions enacted as of that date that become effective
either before or after that date. The term "covered loan" has the same meaning
as defined in section 1106 of the CARES Act."

SECTION 1.(b) This section is effective for taxable years beginning on or after
January 1, 2020, and expires for taxable years beginning on or after January 1, 2022.

SECTION 2.(a) G.S. 105-130.5(a)(32) is repealed.

SECTION 2.(b) Effective for taxable years beginning on or after January 1, 2022,
G.S. 105-130.5(a)(32) is reenacted as it existed immediately before its repeal.

SECTION 3.(a) G.S. 105-153.5(c2)(20) is repealed.

SECTION 3.(b) Effective for taxable years beginning on or after January 1, 2022,
G.S. 105-153.5(c2)(20) is reenacted as it existed immediately before its repeal.

SECTION 4. G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(15) The amount excluded from the taxpayer's gross income for unemployment
compensation received by the taxpayer under section 9042 of the American
Rescue Plan Act of 2021."

SECTION 5. Except as otherwise provided, this act is effective for taxable years
beginning on or after January 1, 2020.