

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1748

Short Title: Exempt Corporations Without Presence.

(Public)

Sponsors: Representatives Creech; and Buchanan.

Referred to: Finance.

June 1, 1998

A BILL TO BE ENTITLED

AN ACT TO PROMOTE FAIRNESS, STABILITY, AND PREDICTABILITY OF THE REVENUE LAWS BY PROVIDING THAT FOREIGN CORPORATIONS THAT DO NOT HAVE A SUBSTANTIAL PHYSICAL PRESENCE IN THIS STATE ARE NOT SUBJECT TO CORPORATE INCOME TAX.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.1 reads as rewritten:

"§ 105-130.1. Purpose.

The general purpose of this Division is to impose a tax for the use of the State government upon the net income of every domestic corporation and of every foreign corporation doing business in this State. The intent of the legislature is to impose this tax only when such corporation has a substantial physical presence in this State.

The tax imposed upon the net income of corporations in this Division is in addition to all other taxes imposed under this Subchapter."

Section 2. G.S. 105-130.3 reads as rewritten:

"§ 105-130.3. Corporations.

(a) A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section. The tax is a percentage of the taxpayer's State net income computed as follows:

Income Years Beginning	Tax
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1	In 1997	7.5%
2	In 1998	7.25%
3	In 1999	7%
4	After 1999	6.9%.

5 (b) A foreign corporation is not doing business in this State unless it has a
6 substantial physical presence in this State."

7 Section 3. This act is effective for taxable years beginning on or after January
8 1, 1998.