

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 590
SENATE BILL 164

AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR DISTRIBUTING WINE
MADE PRINCIPALLY FROM NORTH CAROLINA GRAPES.

The General Assembly of North Carolina enacts:

Section 1. Division I of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.38. **Credit for distributing North Carolina wine.**— (a) A corporation that is required by Article 2C of this Chapter to pay the excise tax levied on unfortified or fortified wine is allowed a credit against the tax imposed by this Division equal to the product of twenty cents (20c) and the number of liters of qualifying native wine on which the corporation paid excise tax during the taxable year. To obtain this credit a corporation that is a wine wholesaler or an importer must attach the following to the tax return on which the credit is claimed:

- (1) A copy of the sales invoice between the manufacturer of the wine for which the credit is claimed and the grower from whom the fruits or berries of which the wine is composed was purchased;
- (2) A statement signed by the manufacturer of the wine certifying that the wine for which the credit is claimed is qualifying native wine and giving the names of any other wine wholesalers or importers in North Carolina who received part of the same qualifying native wine.

If the corporation claiming the credit is an unfortified winery or a fortified winery, the corporation must attach to its return a signed statement certifying that the wine for which the credit is claimed is qualifying native wine. This credit may not exceed the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable under this Division, except tax payments made by or on behalf of the taxpayer.

(b) **Definitions.** The following definitions apply in this section:

- (1) **Native Wine.** Unfortified or fortified wine at least sixty percent (60%) of which is composed of fruits or berries grown in North Carolina.
- (2) **Qualifying Native Wine.** Native wine that is part of the first 950 liters of wine produced by a manufacturer from each ton of fruits or berries grown in North Carolina."

Sec. 2. Division II of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.15. **Credit for distributing North Carolina wine.**— (a) **Credit.** A person who is required by Article 2C of this Chapter to pay the excise tax levied on unfortified

or fortified wine is allowed a credit against the tax imposed by this Division equal to the product of twenty cents (20c) and the number of liters of qualifying native wine on which the person paid excise tax during the taxable year. To obtain this credit a person who is a wine wholesaler or an importer must attach the following to the tax return on which the credit is claimed:

- (1) A copy of the sales invoice between the manufacturer of the wine for which the credit is claimed and the grower from whom the fruits or berries of which the wine is composed was purchased;
- (2) A statement signed by the manufacturer of the wine certifying that the wine for which the credit is claimed is qualifying native wine and giving the names of any other wine wholesalers or importers in North Carolina who received part of the same qualifying native wine.

If the person claiming the credit is an unfortified winery or a fortified winery, the person must attach to his return a signed statement certifying that the wine for which the credit is claimed is qualifying native wine. This credit may not exceed the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable under this Division, except tax payments made by or on behalf of the taxpayer.

(b) Definitions. The following definitions apply in this section:

- (1) Native Wine. Unfortified or fortified wine at least sixty percent (60%) of which is composed of fruits or berries grown in North Carolina.
- (2) Qualifying Native Wine. Native wine that is part of the first 950 liters of wine produced by a manufacturer from a ton of fruits or berries grown in North Carolina."

Sec. 3. This act is effective for taxable years beginning on or after January 1, 1985.

In the General Assembly read three times and ratified, this the 4th day of July, 1985.