

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 556
HOUSE BILL 478

AN ACT TO CLARIFY THE GIFT TAX EFFECT OF LAPSED GENERAL POWERS
OF APPOINTMENT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-188.1(b) is amended by adding a new subdivision at the end to read:

"(4) The lapse of a general power of appointment during the life of the individual possessing the power shall be considered a relinquishment of the power. The rule of the preceding sentence shall apply with respect to the lapse of such powers during any calendar year only to the extent that the interest in property which could have been appointed by exercise of the lapsed power exceeds in value the greater of the following amounts:

- a. Five thousand dollars (\$5,000) or
- b. Five percent (5%) of the aggregate value of the interest in property out of which, or the proceeds of which, the exercise of the lapsed power could be satisfied."

Sec. 2. This act is effective upon ratification and applies to general powers of appointment that lapse on or after the date of ratification.

In the General Assembly read three times and ratified this the 6th day of July, 1987.