

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 894  
Finance Committee Substitute Adopted 6/28/89

Short Title: Income in Respect of Decedent.

(Public)

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Sponsors:

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Referred to:

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April 17, 1989

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE DOUBLE TAXATION OF INCOME IN RESPECT OF A  
DECEDENT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-147 is amended by adding a new subdivision to read:

"(29) The amount of inheritance tax attributable to an item of income in respect of a decedent required to be included in gross income under G.S. 105-142.1(a). The amount of inheritance tax attributable to an item of income in respect of a decedent is (i) the amount by which the inheritance tax paid under Article 1 of this Chapter on property transferred to a beneficiary by a decedent exceeds the amount of inheritance tax that would have been payable by the beneficiary if the item of income in respect of a decedent had not been included in the property transferred to the beneficiary by the decedent, (ii) multiplied by a fraction, the numerator of which is the amount required to be included in gross income for the taxable year under G.S. 105-142.1(a) and the denominator of which is the total amount of income in respect of a decedent transferred to the beneficiary by the decedent. For an estate or trust, the deduction allowed by this subdivision shall be computed by excluding from the gross income of the estate or trust the portion, if any, of the items of income in respect of a decedent that are properly paid, credited, or to be distributed to the beneficiaries during the taxable year.

The Secretary of Revenue may provide to a beneficiary of an item of income in respect of a decedent any information contained on an inheritance tax return that the beneficiary needs to compute the deduction allowed by this subdivision."

1           Sec. 2. G.S. 105-134.6(b), as enacted by House Bill 89 or Senate Bill 51,  
2 Chapter \_\_\_ of the 1989 Session Laws, is amended by adding at the end a new  
3 subdivision to read:

4       "(5) The amount of inheritance tax attributable to an item of income in respect of a  
5 decedent required to be included in gross income under the Code, adjusted as provided  
6 in G.S. 105-134.5, 105-134.6, and 105-134.7. The amount of inheritance tax  
7 attributable to an item of income in respect of a decedent is (i) the amount by which the  
8 inheritance tax paid under Article 1 of this Chapter on property transferred to a  
9 beneficiary by a decedent exceeds the amount of inheritance tax that would have been  
10 payable by the beneficiary if the item of income in respect of a decedent had not been  
11 included in the property transferred to the beneficiary by the decedent, (ii) multiplied by  
12 a fraction, the numerator of which is the amount required to be included in gross income  
13 for the taxable year under the Code, adjusted as provided in G.S. 105-134.5, 105-134.6,  
14 and 105-134.7, and the denominator of which is the total amount of income in respect of  
15 a decedent transferred to the beneficiary by the decedent. For an estate or trust, the  
16 deduction allowed by this subdivision shall be computed by excluding from the gross  
17 income of the estate or trust the portion, if any, of the items of income in respect of a  
18 decedent that are properly paid, credited, or to be distributed to the beneficiaries during  
19 the taxable year.

20       The Secretary of Revenue may provide to a beneficiary of an item of income in  
21 respect of a decedent any information contained on an inheritance tax return that the  
22 beneficiary needs to compute the deduction allowed by this subdivision."

23       Sec. 3. Sections 1 and 3 of this act are effective for taxable years beginning  
24 on or after January 1, 1989. Section 2 of this act shall become effective for taxable  
25 years for which G.S. 105-147 is repealed by House Bill 89 or Senate Bill 51, if either  
26 bill is enacted by the 1989 General Assembly.