

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1355

Short Title: Conform Corporate Deduction to Code.

(Public)

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Sponsors: Representative Gamble.

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Referred to: Finance.

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May 28, 1992

A BILL TO BE ENTITLED

AN ACT TO MAKE THE STATE LAW REGARDING DEDUCTION OF CERTAIN  
EXPENSES IN PRODUCING TAX-EXEMPT INCOME THE SAME AS THE  
FEDERAL LAW.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-130.5(a) is amended by adding a new subdivision to  
read:

"(2a) That portion of a financial institution's interest expense that is allocable to interest exempt from taxation under this Division. The allocable portion of the interest expense is the portion for which deduction would be disallowed pursuant to section 265(b) of the Code if the interest were earned on a tax-exempt obligation as defined in section 265(b) of the Code."

Sec. 2. G.S. 105-130.5(c)(3) reads as rewritten:

"(3) No deduction is allowed for any direct or indirect expenses related to income not taxed under this Division; ~~provided, no adjustment shall be made under this subsection for adjustments addressed in G.S. 105-130.5(a) and (b).~~ Division."

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

1992.