

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1619

Short Title: Update IRC Reference/Conformity.

(Public)

Sponsors: Senators Winner of Buncombe, Cochrane, Hoyle, Kerr, and Marshall.

Referred to: Finance.

May 27, 1994

A BILL TO BE ENTITLED

AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
USED IN DETERMINING CERTAIN TAXABLE INCOME AND TAX
EXEMPTIONS AND TO RESOLVE AN UNINTENDED CONFLICT BETWEEN
THE STATUTE OF LIMITATIONS FOR CERTAIN TAX REFUNDS AND THE
LAW ALLOWING DEDUCTIONS FOR CARRYBACKS, BAD DEBTS, AND
WORTHLESS SECURITIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-228.90(b)(1) reads as rewritten:

"(1) Code. – The Internal Revenue Code as enacted as of January 1, 1993,
1994, including any provisions enacted as of that date which become
effective either before or after that date."

Sec. 2. G.S. 105-266(c) reads as rewritten:

"(c) Statute of Limitations. – The period in which a refund must be demanded or
discovered under this section is determined as follows:

(1) General Rule. – No overpayment shall be refunded, whether upon
discovery or receipt of written demand, if the discovery is not made or
the demand is not received within three years after the date set by the
statute for the filing of the return or within six months after the
payment of the tax alleged to be an overpayment, whichever is later.

(2) Worthless Debts or Securities. – Section 6511(d)(1) of the Code
applies to an overpayment of the tax levied in Division II or III of
Article 4 of this Chapter to the extent the overpayment is attributable
to either of the following:

- 1 a. The deductibility by the taxpayer under section 166 of the Code
2 of a debt that becomes worthless, or under section 165(g) of the
3 Code of a loss from a security that becomes worthless.
4 b. The effect of the deductibility of a debt or loss described in
5 subpart a. of this subdivision on the application of a carryover
6 to the taxpayer.
- 7 (3) Capital Loss and Net Operating Loss Carrybacks. – Section 6511(d)(2)
8 of the Code applies to an overpayment of the tax levied in Division II
9 or III of Article 4 of this Chapter to the extent the overpayment is
10 attributable to a capital loss carryback under section 1212(c) of the
11 Code or to a net operating loss carryback under section 172 of the
12 Code."
- 13 Sec. 3. In order to receive a refund that would be barred if not for the
14 provisions of Section 2 of this act, the taxpayer must make or renew a demand for the
15 refund on or after the date this act is ratified. For the purpose of determining the interest
16 on a refund demanded on or after the date this act is ratified, G.S. 105-266(b), as
17 rewritten by Chapter 315 of the 1993 Session Laws, is effective retroactively for taxable
18 years beginning on or after January 1, 1989.
- 19 Sec. 4. Section 1 of this act is effective for taxable years beginning on or
20 after January 1, 1994. The remainder of this act is effective retroactively for taxable
21 years beginning on or after January 1, 1989.