

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 92

Short Title: Refund Federal Retirees in Installments.

(Public)

Sponsors: Representatives Warner; Beall, W. Brown, Buchanan, Cummings, Decker, R. Hunter, Hurley, McLaughlin, Preston, Redwine, Sexton, and Shubert.

Referred to: Finance.

February 2, 1995

A BILL TO BE ENTITLED

1 AN ACT TO WAIVE THE THIRTY-DAY PROTEST RULE SO THAT FEDERAL
2 RETIREES MAY RECEIVE REFUNDS IN THREE ANNUAL INSTALLMENTS
3 FOR INCOME TAX PAID ON THEIR RETIREMENT BENEFITS FOR TAX
4 YEARS 1985 THROUGH 1988.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-151.20 reads as rewritten:

8 "**§ 105-151.20. ~~Credit~~ Refund for tax paid on certain government retirement**
9 **benefits.**

10 ~~A taxpayer who received government retirement benefits during the 1988 tax year may~~
11 ~~claim a credit against the tax imposed by this Division equal to the amount by which the~~
12 ~~tax under this Division paid by the taxpayer for the 1988 tax year would have been~~
13 ~~reduced if none of the taxpayer's government retirement benefits had been included in the~~
14 ~~taxpayer's taxable income. If a taxpayer received a refund of any tax paid under this~~
15 ~~Division on government retirement benefits for the 1988 tax year, the amount of the~~
16 ~~refund reduces the amount of the credit allowed under this section.~~

17 ~~As used in this section, the term 'government retirement benefits' means retirement~~
18 ~~benefits received from one or more state, local, or federal government retirement plans.~~

1 ~~As used in this section, the term '1988 tax year' means the taxpayer's taxable year~~
2 ~~beginning on a day in 1988.~~

3 ~~The credit allowed under this section shall be taken in equal installments over the~~
4 ~~taxpayer's first three taxable years beginning on or after January 1, 1990. The credit~~
5 ~~allowed under this section may not exceed the amount of tax imposed by this Division~~
6 ~~reduced by the sum of all credits allowed against the tax, except payments of tax made by~~
7 ~~or on behalf of the taxpayer.~~

8 Notwithstanding the time limitations of G.S. 105-267, and subject to the conditions set in
9 this section, if on or before April 15, 1996, an individual or the representative of the
10 estate of a deceased individual demands a refund of the tax paid under Article 4 of
11 Chapter 105 of the General Statutes on federal government retirement benefits for a
12 taxable year beginning on or after January 1, 1985, and before January 1, 1989, that
13 demand shall be timely for the purposes of G.S. 105-267. The amount of a refund under
14 this section for the 1988 tax year shall be reduced by the total amount of credit previously
15 allowed the individual under this section. Refunds shall bear interest as provided in G.S.
16 105-266.

17 The Secretary shall pay refunds due under this section in accordance with the
18 following schedule. Refunds for taxable years beginning in 1985 shall be paid on July 1,
19 1995, or within 90 days after the demand for the refund was made, whichever is later.
20 Refunds for taxable years beginning in 1986 shall be paid on July 1, 1996, and refunds
21 for taxable years beginning in 1987 or 1988 shall be paid on July 1, 1997."

22 Sec. 2. This act is effective upon ratification and expires January 1, 1999.