A BILL TO BE ENTITLED

AN ACT TO ELIMINATE THE ADDBACK FOR BUSINESS EXPENSES DEDUCTED TO THE EXTENT THE PAYMENT RESULTS IN FORGIVENESS OF A COVERED LOAN UNDER THE FEDERAL CARES ACT FOR THE 2020 TAXABLE YEAR ONLY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of May 1, 2020, including any provisions enacted as of that date that become effective either before or after that date; however, for the purpose of the amount of any expense deducted under the Code to the extent that payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act, the term "Code" means the Internal Revenue Code as enacted as of January 1, 2021, including any provisions enacted as of that date that become effective either before or after that date. The term "covered loan" has the same meaning as defined in section 1106 of the CARES Act."

SECTION 1.(b) This section is effective for taxable years beginning on or after January 1, 2020, and expires for taxable years beginning on or after January 1, 2021.

SECTION 2.(a) G.S. 105-130.5(a)(32) is repealed.

SECTION 2.(b) Effective for taxable years beginning on or after January 1, 2021, G.S. 105-130.5(a)(32) is reenacted as it existed immediately before its repeal.

SECTION 3.(a) G.S. 105-153.5(c2)(20) is repealed.

SECTION 3.(b) Effective for taxable years beginning on or after January 1, 2021, G.S. 105-153.5(c2)(20) is reenacted as it existed immediately before its repeal.

SECTION 4. Except as otherwise provided, this act is effective for taxable years beginning on or after January 1, 2020.