

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S

1

SENATE BILL 697

Short Title: Tax Military Same as Federal Law.

(Public)

Sponsors: Senators Raynor and Tally.

Referred to: Finance.

April 18, 1991

A BILL TO BE ENTITLED

AN ACT TO CONFORM THE TAX TREATMENT OF ARMED FORCES PERSONNEL AND CERTAIN OTHER INDIVIDUALS TO FEDERAL LAW.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-249.2 reads as rewritten:

"§ 105-249.2. State Due date and penalties for State taxes owed by certain members of the armed forces; no interest or penalty to accrue while in combat zone. forces or individuals serving in support of the armed forces.

~~Whenever any tax imposed by the State under the provisions of this Chapter is owed by any member of the armed forces of the United States who is serving in a combat zone, as the same is hereinafter defined, or who is hospitalized as a result of wounds, disease or injury incurred by serving in a combat zone during a period of induction, there shall be no interest or penalty assessed for taxes due during the period in which such member of the armed forces is in such combat zone, or is hospitalized as a result of wounds, disease or injury incurred while serving in such combat zone.~~

~~Combat zone is hereby defined as an area which the President of the United States by executive order has designated as an area in which the armed forces of the United States are, or have been, engaged in combat. The provisions of this section shall apply to any month or months during any part of which such member of the armed services served in a combat zone during an induction period; except that this section shall not apply for any month during any part of which there was no combat activities in the combat zone. The Secretary may not assess interest or a penalty against a taxpayer for any period that is disregarded under section 7508 of the Code, as amended by Pub. L. No. 102-2, in determining the taxpayer's liability for a federal tax. A taxpayer is~~

1 granted an extension of time to file a return or take another action concerning a State tax
2 for any period during which the Secretary may not assess interest or a penalty under this
3 section."

4 Sec. 2. G.S. 105-158 reads as rewritten:

5 "**§ 105-158. Abatement of income taxes of certain members of the armed forces upon**
6 **death. Taxation of certain armed forces personnel and other individuals**
7 **upon death; interest payable on refunds due certain armed forces**
8 **personnel and other individuals serving in support of the armed forces.**

9 In the case of any individual

10 (1) ~~Who dies~~

11 a. ~~On or after January 1, 1964,~~

12 b. ~~While in active service as a member of the armed forces of the~~
13 ~~United States, and~~

14 c. ~~While serving in a combat zone; or~~

15 (2) ~~Who dies~~

16 a. ~~On or after January 1, 1964, and~~

17 b. ~~As a result of wounds, disease, or injury incurred while in~~
18 ~~active service as a member of the armed forces of the United~~
19 ~~States, and while serving in a combat zone on or after January~~
20 ~~1, 1964,~~

21 ~~No individual income tax imposed by this Division shall apply with respect to the~~
22 ~~taxable year in which falls the date of the individual's death, or with respect to any prior~~
23 ~~taxable year ending on or after the first day the individual so served in a combat zone;~~
24 ~~and any tax under this Division and under the corresponding provisions of prior revenue~~
25 ~~laws for taxable years preceding those above specified which is unpaid at the date of the~~
26 ~~individual's death (including interest, additions to the tax, and additional amounts) shall~~
27 ~~not be assessed and if assessed the assessment shall be abated, and if collected shall be~~
28 ~~credited or refunded as an overpayment. As used in this section, the term "combat~~
29 ~~zone" means an area which the President of the United States by executive order~~
30 ~~designates as an area in which the armed forces of the United States are or have been~~
31 ~~engaged in combat.~~

32 (a) Death. – An individual is not subject to the tax imposed by this Division for a
33 taxable year if, under section 692 of the Code, the individual is not subject to federal
34 income tax for that same taxable year.

35 (b) Interest. – An individual who is entitled under section 7508 of the Code, as
36 amended by Pub. L. No. 102-2, to interest on the individual's federal income tax refund
37 is entitled to interest on an income tax refund due the individual under this Division for
38 the same taxable year. Interest required to be paid under this section on an income tax
39 refund accrues from the date the income tax return was due under G.S. 105-155 until the
40 refund is made and is payable at the rate established in G.S. 105-241.1(i) for
41 assessments."

42 Sec. 3. This act is effective upon ratification and applies retroactively as of
43 August 2, 1990.