

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 62\*

Senate Finance Committee Substitute Adopted 5/19/99

Short Title: EFT of Corporate Estimated Income Tax.

(Public)

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Sponsors:

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Referred to:

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February 10, 1999

A BILL TO BE ENTITLED

1  
2 AN ACT TO REQUIRE CORPORATIONS THAT ARE REQUIRED TO PAY  
3 FEDERAL ESTIMATED INCOME TAX BY ELECTRONIC FUNDS TRANSFER  
4 TO PAY STATE ESTIMATED INCOME TAX BY ELECTRONIC FUNDS  
5 TRANSFER, AND TO STATE THE INTENT OF THE GENERAL ASSEMBLY  
6 THAT SOME OF THE RESULTING REVENUE GAIN SHALL BE USED TO  
7 ADD FOUR TAX ANALYST POSITIONS IN THE TAX RESEARCH DIVISION.

8 The General Assembly of North Carolina enacts:

9 Section 1. G.S. 105-163.40 reads as rewritten:

10 **"§ 105-163.40. Time for submitting declaration; time and method for paying**  
11 **estimated ~~tax~~-tax; form of payment.**

12 (a) Due Dates of Declarations. – Declarations of estimated tax are due at the same  
13 time as the corporation's first installment payment. Installment payments are due as  
14 follows:

15 (1) If, before the 1st day of the 4th month of the taxable year, the  
16 corporation's estimated tax equals or exceeds five hundred dollars  
17 (\$500.00), the corporation shall pay the estimated tax in four equal  
18 installments on or before the 15th day of the 4th, 6th, 9th and 12th  
19 months of the taxable year.

1 (2) If, after the last day of the 3rd month and before the 1st day of  
2 the 6th month of the taxable year, the corporation's estimated tax  
3 equals or exceeds five hundred dollars (\$500.00), the corporation shall  
4 pay the estimated tax in three equal installments on or before the 15th  
5 day of the 6th, 9th and 12th months of the taxable year.

6 (3) If, after the last day of the 5th month and before the 1st day of  
7 the 9th month of the taxable year, the corporation's estimated tax  
8 equals or exceeds five hundred dollars (\$500.00), the corporation shall  
9 pay the estimated tax in two equal installments on or before the 15th  
10 day of the 9th and 12th months.

11 (4) If, after the last day of the 8th month and before the 1st day of  
12 the 12th month of the taxable year, the corporation's estimated tax  
13 equals or exceeds five hundred dollars (\$500.00), the corporation shall  
14 pay the estimated tax on or before the 15th day of the 12th month of  
15 the taxable year.

16 (b) Payment of Estimated Tax When Declaration Amended. – When a corporation  
17 submits an amended declaration after making one or more installment payments on its  
18 estimated tax, the amount of each remaining installment shall be the amount that would  
19 have been payable if the estimate in the amended declaration was the original estimate,  
20 increased or decreased as appropriate by the amount computed by dividing:

21 (1) The absolute value of the difference between:

22 a. The amount paid and

23 b. The amount that would have been paid if the estimate  
24 in the amended declaration was the original estimate by

25 (2) The number of remaining installments.

26 (c) Short Taxable Year. – Payment of estimated tax for taxable years of less than  
27 12 months shall be made in accordance with rules promulgated by the Secretary.

28 (d) Form of Payment. – A corporation that is required under the Code to pay its  
29 federal estimated corporate income tax by electronic funds transfer must pay its State  
30 estimated tax by electronic funds transfer."

31 Section 2. G.S. 105-241(b) reads as rewritten:

32 "(b) Electronic Funds Transfer. –~~The~~ Except as provided in G.S. 105-163.40, the  
33 Secretary shall not require a taxpayer to pay a tax by electronic funds transfer unless,  
34 during the applicable period for that tax, the average amount of the taxpayer's required  
35 payments of the tax was at least twenty thousand dollars (\$20,000) a month. The twenty  
36 thousand dollar (\$20,000) threshold applies separately to each tax. The applicable period  
37 for a tax is a 12-month period, designated by the Secretary, preceding the imposition or  
38 review of the payment requirement. The requirement that a taxpayer pay a tax by  
39 electronic funds transfer remains in effect until suspended by the Secretary. Every 12  
40 months after requiring a taxpayer to pay a tax by electronic funds transfer, the Secretary  
41 shall determine whether, during the applicable period for that tax, the average amount of  
42 the taxpayer's required payments of the tax was at least twenty thousand dollars  
43 (\$20,000) a month. If it was not, the Secretary shall suspend the requirement that the

1 taxpayer pay the tax by electronic funds transfer and shall notify the taxpayer in writing  
2 that the requirement has been suspended."

3           Section 3. It is the intent of the General Assembly that, of the revenue  
4 generated by this act, one hundred seventy-eight thousand thirty-eight dollars (\$178,038)  
5 in the 1999-2000 fiscal year and two hundred eighty-three thousand two hundred  
6 seventy-five dollars (\$283,275) in the 2000-2001 fiscal year shall be used to fund the four  
7 tax analyst positions in the Tax Research Division of the Department of Revenue,  
8 effective January 1, 2000, as recommended in Senate Bill 74 and House Bill 55, 1999  
9 General Assembly, A BILL TO BE ENTITLED AN ACT TO ADD FOUR NEW TAX  
10 ANALYSTS IN THE TAX RESEARCH DIVISION OF THE DEPARTMENT OF  
11 REVENUE. This act does not appropriate funds or obligate the General Assembly to  
12 appropriate funds.

13           Section 4. Section 3 of this act is effective when it becomes law. The  
14 remainder of this act becomes effective for taxable years beginning on or after January 1,  
15 2000.