

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 1160**

Short Title: Deduction for S Corporation Income. (Public)

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Sponsors: Representatives Holloway; Allred, Cleveland, and Moore.

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Referred to: Finance.

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April 11, 2005

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE A SMALL BUSINESS INCOME TAX EXEMPTION.  
3 The General Assembly of North Carolina enacts:

4                   **SECTION 1.** G.S. 105-131.1 is amended by adding a new subsection to  
5 read:

6           "(a1) Before computing the income attributable to the State, an S Corporation may  
7 subtract from income the applicable exemption amount provided in the table below  
8 based on the corporation's income.

<u>Income</u>	<u>Exemption Amount</u>
<u>\$100,000 or less</u>	<u>\$20,000</u>
<u>Over \$100,000 through \$200,000</u>	<u>\$12,000</u>
<u>Over \$200,000</u>	<u>0</u> "

9                   **SECTION 2.** This act is effective for taxable years beginning on or after  
10 January 1, 2005.  
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