

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 153

Short Title: Merchants' Sales Tax Discount.

(Public)

Sponsors: Senators Seymour, Kerr, Plexico, Winner of Buncombe; Smith, Cochrane, and Forrester.

Referred to: Finance.

February 15, 1993

A BILL TO BE ENTITLED

AN ACT TO ALLOW A PERCENTAGE DISCOUNT TO MERCHANTS FOR COLLECTING STATE SALES AND USE TAXES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-164.21 is reenacted and rewritten to read:

"§ 105-164.21. Discount for collecting and paying taxes when due.

(a) Amount. – Except as provided in subsection (b), a retailer who pays the retail sales or use tax imposed by this Article may deduct from the amount of the tax paid a discount of three percent (3%) of the first one thousand dollars (\$1,000) of tax paid per month and seven-tenths of one percent (7/10 of 1%) of the remaining tax paid per month up to the following maximum discounts:

(1) One hundred dollars (\$100.00) per month for each place of business at a separate location.

(2) For taxpayers who are required to report on a semimonthly basis, five thousand dollars (\$5,000) per semimonthly period for each retailer group.

(3) For taxpayers who are not required to report on a semimonthly basis, ten thousand dollars (\$10,000) per month for each retailer group.

The discount for each location may be deducted only from the tax paid with regard to that location. For the purposes of this section, a retailer group includes all retail establishments that have one of the following relationships with one another: (i) one corporation owns, directly or indirectly, at least eighty percent (80%) of the voting stock of the others; (ii) at least eighty percent (80%) of the voting stock of the corporations is

1 owned, directly or indirectly, by the same interests; or (iii) in the case of establishments
2 that are not incorporated, the establishments are under the same general management,
3 supervision, or ownership.

4 (b) Restrictions. – The Secretary may deny a retailer the benefit of this section
5 for failure to pay the full tax when due as well as in cases of fraud, evasion, or failure to
6 keep accurate and clear records as required by this Article. In order to receive the
7 discount provided in this section, a retailer must deduct the discount when it remits the
8 tax to the Department of Revenue. A utility may not deduct the discount provided in
9 this section on sales of electricity, piped natural gas, or telecommunications services."

10 Sec. 2. G.S. 105-474 reads as rewritten:

11 "**§ 105-474. Definitions; construction of Article; remedies and penalties.**
12 **Administration and construction of Article.**

13 This Article shall be harmonized with the North Carolina Sales and Use Tax Act to
14 the extent practical. The discount provided in G.S. 105-164.21 does not apply to this
15 Article. The remaining provisions of Articles 5 and 9 of this Chapter apply to this
16 Article to the extent they are consistent with this Article.

17 ~~The definitions set forth in G.S. 105-164.3 shall apply to this Article insofar as such~~
18 ~~definitions are not inconsistent with the provisions of this Article, and all other~~
19 ~~provisions of Article 5 and of Article 9 of Subchapter 1, Chapter 105 of the General~~
20 ~~Statutes, as the same relate to the North Carolina Sales and Use Tax Act shall be~~
21 ~~applicable to this Article unless such provisions are inconsistent with the provisions of~~
22 ~~this Article. The administrative interpretations made by the Secretary of Revenue with~~
23 ~~respect to the North Carolina Sales and Use Tax Act, to the extent not inconsistent with~~
24 ~~the provisions of this Article, may be uniformly applied in the construction and~~
25 ~~interpretation of this Article. It is the intention of this Article that the provisions of this~~
26 ~~Article and the provisions of the North Carolina Sales and Use Tax Act, insofar as~~
27 ~~practicable, shall be harmonized.~~

28 ~~The provisions with respect to remedies and penalties applicable to the North~~
29 ~~Carolina Sales and Use Tax Act, as contained in Article 5 and Article 9, Subchapter 1,~~
30 ~~Chapter 105 of the General Statutes, shall be applicable in like manner to the tax~~
31 ~~authorized to be levied and collected under this Article, to the extent that the same are~~
32 ~~not inconsistent with the provisions of this Article."~~

33 Sec. 3. The first sentence of Section 10 of Chapter 1096 of the 1967 Session
34 Laws is amended by adding after the word "Act" the phrase ", other than G.S. 105-
35 164.21,".

36 Sec. 4. This act becomes effective April 1, 1994, and applies to returns filed
37 on or after that date.