

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE DRS75229-LY-150 (3/8)

Short Title: Franchise Tax Penalties.

(Public)

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Sponsors: Senator Goodall.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ELIMINATE PENALTIES AND INTEREST ON FRANCHISE TAX  
PAYMENTS THAT ARE PAID WITH AN EXTENSION WHEN THE TAX  
LIABILITY IS LESS THAN ONE HUNDRED DOLLARS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-263 reads as rewritten:

**"§ 105-263. Extensions of time for filing a report or return.**

The Secretary may extend the time in which a person must file a report or return with the Secretary. To obtain an extension of time for filing a report or return, a person must comply with any application requirement set by the Secretary. An extension of time for filing a franchise tax ~~return,~~ return when the amount of tax liability is more than one hundred dollars (\$100.00), an income tax return, or a gift tax return does not extend the time for paying the tax due or the time when a penalty attaches for failure to pay the tax. An extension of time for filing a report or any return other than a franchise tax ~~return,~~ return when the amount of the tax liability is more than one hundred dollars (\$100.00), an income tax return, or a gift tax return extends the time for paying the tax due and the time when a penalty attaches for failure to pay the tax. When an extension of time for filing a report or return extends the time for paying the tax expected to be due with the report or return, interest, at the rate established pursuant to G.S. 105-241.1(i), accrues on the tax due from the original due date of the report or return to the date the tax is ~~paid.~~ paid, except with respect to a franchise tax return filed with a valid extension when the tax liability is less than one hundred dollars (\$100.00). When an extension of time for filing a franchise tax return extends the time for paying the tax expected to be due, the amount of the tax due is less than one hundred dollars (\$100.00), and the taxpayer makes the payment by the time the return is due with the extension interest does not accrue."

1                   **SECTION 2.** This act is effective for taxable years beginning on or after  
2   January 1, 2006.