

## Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the archive.

**Archive:** <https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax>

### North Carolina enacts PET election

On November 18, 2021, the North Carolina governor signed Senate Bill 105 (S.B. 105), which includes a new elective pass-through entity tax (PET). S.B. 105 allows pass-through entities, including entities taxed as a partnership or S corporation, to elect to pay an entity level state income tax for taxable years beginning on or after January 1, 2022. Correspondingly, in computing North Carolina taxable income, a partner or shareholder of an electing pass-through entity must deduct their pro rata share of income subject to the PET. Alternatively, in computing North Carolina taxable income, a partner or shareholder of an electing pass-through entity must add their pro rata share of loss subject to the PET.

This Multistate Tax Alert summarizes some of the provisions of the North Carolina PET election.

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**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-north-carolina-enacts-pass-through-entity-tax-election.pdf>

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