

## Income/Franchise:

### North Carolina DOR Summarizes Law Changes Including Corporate Income Tax Phase-Out, Franchise Tax Revisions

*Corporate Income, Franchise & Insurance Tax Bulletin*, N.C. Dept. of Rev. (rev. 3/22). An updated North Carolina Department of Revenue (Department) bulletin summarizes and interprets some tax-related changes contained in state budget legislation enacted in 2021 [see S.B. 105 (2021) and previously issued Multistate Tax Alert for more details on some of these law changes], reflecting new state law that:

**URL:** <https://www.ncdor.gov/media/13212/open>

**URL:** <https://www.ncleg.gov/BillLookup/2021/sb105>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-north-carolina-enacts-income-and-franchise-tax-law-changes.pdf>

- Updates North Carolina’s general income tax conformity provisions to the Internal Revenue Code (IRC), and decouples from provisions under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (*i.e.*, P.L. 116-136) involving limitations on the deduction of business interest expense under IRC section 163(j);
- Phases out North Carolina’s corporate income tax; and
- Simplifies the calculation of North Carolina’s corporate franchise tax.

According to the Department, the lengthy 157-page guidance is “prepared for the purpose of presenting the administrative interpretation and application of North Carolina corporate income, franchise, and insurance premiums tax laws at the time of publication” and supplements its administrative rules, but it does not supersede them. Please contact us with any questions.

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