



HOUSE BILL 117:
North Carolina Competes Act, Part VII: Tax
Compliance and Tax Fraud Prevention

2015-2016 General Assembly

Committee:
Introduced by:
Analysis of: Part VII of S.L. 2015-259

Date:
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 Staff Attorney

SUMMARY: *Part VII of S.L. 2015-259 contains changes requested by the Department of Revenue that will give it the tools it needs to reduce the occurrence of stolen identities and refund fraud and to better ensure tax compliance.*

This Part has multiple effective dates; please see the full summary for more detail.

CURRENT LAW & BILL ANALYSIS:

The changes are as follows:

Section	Bill Analysis
7.1(a)	Provides that the report an employer must file with the Department of Revenue regarding the amount of wages paid to an employee must be filed by January 31st and must be filed electronically. The Secretary may waive the electronic filing requirement for good cause. The information must also be submitted to the IRS, but the submission dates are different; under current law, the submission dates are the same. The Department requested an earlier submission date to enable it to match taxpayer information for the taxable year for which returns are being submitted in a timelier manner. This subsection is effective for taxable years beginning on or after January 1, 2015, and applies to informational returns required to be filed with the Secretary in 2016 for the 2015 taxable year.
7.1(b)	Makes the failure to file the informational return required by subsection (a) of this section subject to a \$50 penalty. This subsection applies to informational returns required to be filed in 2017 for the 2016 taxable year to enable the Department to educate employers on the State's earlier submission date before subjecting the employer to a penalty for failure to file the informational return by the due date.
7.1(c)	Requires a pension payer who withholds taxes to file an informational return with the Secretary on the amounts withheld. This subsection is effective for taxable years beginning on or after January 1, 2015, and applies to informational returns required to be filed with the Secretary in 2016 for the 2015 taxable year.
7.1(d)	Requires the Lottery Commission to file an informational return with the Secretary on a person's winnings and the amounts withheld. This subsection is effective for taxable years beginning on or after January 1, 2015, and applies to informational returns required to be filed with the Secretary in 2016 for the 2015 taxable year.
7.1(e)	Requires persons who must withhold income taxes from compensation paid to contractors to file an informational return with the Secretary. This subsection is effective for taxable years

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	beginning on or after January 1, 2015, and applies to informational returns required to be filed with the Secretary in 2016 for the 2015 taxable year.
7.2	Allows the Secretary to reduce or waive interest payments on past due taxes imposed during a period for which a taxpayer has declared bankruptcy. This section became effective when the act was signed by the Governor on September 30, 2015.
7.3	Requires licensing boards to provide information to the Secretary regarding licensees' names, addresses, taxpayer identification numbers, and license numbers. This section becomes effective July 1, 2016.