

cpa IMPACT

NCACPA Legislative Agenda

Power of Attorney (POA)—The Department of Revenue is unable to track or maintain a record of valid POAs filed by taxpayers, causing the Department of Revenue to often communicate with taxpayers directly, instead of their representatives. This can also lead to advocates not receiving important documents. The Association is advocating for a directive from the legislature that the Department of Revenue update its systems to solve this issue.

Market-Based Sourcing—NCACPA supports the adoption of market-based sourcing for multi-state taxpayers in allocating sales tax on services and intangibles. This is necessary to allow North Carolina to remain competitive in attracting infrastructure and employer investments in the state. Currently, North Carolina assigns service sales based on where the costs of performing the services are incurred. Market-based sourcing would equalize the apportionment of in-state and out-of-state service providers by looking at where the benefit of the service is received, which is generally the customer's location.

Bonus Depreciation and Section 179—The Association is working to correct statutes that would result in permanent loss of add-back deductions from Section 179, which was likely an unintended consequence of previous legislation. State law requires businesses to add back 85% of Section 179 above the state limit and federal bonus. The add-back amount is then taken as a deduction in 20% increments over the succeeding five years. There are peculiarities with the way the law is written that would cause businesses to permanently lose the 20% deductions if they do not have taxable state income in the year the deduction is allowed. The Tax Cuts and Jobs Act significantly increased federal deductions available under these provisions, which makes correcting North Carolina's statutes more important to taxpayers.