

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 1006

Short Title: Withholding on Contractors Identified by ITIN. (Public)

Sponsors: Senator Hoyle.

Referred to: Finance.

March 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE WITHHOLDING ON CONTRACTORS IDENTIFIED BY AN
3 INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER (ITIN).

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-163.1 is amended by adding a new subdivision to read:

6 "**§ 105-163.1. Definitions.**

7 The following definitions apply in this Article:

8 ...

9 (6a) ITIN holder. – An independent contractor whose taxpayer identification
10 number is an Individual Taxpayer Identification Number (ITIN)."

11 **SECTION 2.** Article 4A of Chapter 105 of the General Statutes is amended by
12 adding a new section to read:

13 "**§ 105-163.3A. Withholding on ITIN holder.**

14 (a) Requirement. – A payer who pays any amount to an ITIN holder must deduct and
15 withhold from compensation paid to the ITIN holder the State income taxes payable by the
16 ITIN holder on the compensation as provided in this section. The amount of taxes to be
17 withheld is four percent (4%) of the compensation paid to the ITIN holder. The taxes a payer
18 withholds are held in trust for the Secretary of Revenue.

19 (b) Returns; Due Date. – A payer shall file a return with the Secretary on a form
20 prepared by the Secretary and shall provide any information required by the Secretary. The
21 return is due and the withheld taxes are payable as provided in G.S. 105-163.6.

22 (c) Annual Statement; Report to Secretary. – A payer required to deduct and withhold
23 from an ITIN holder's compensation under this section shall furnish to the ITIN holder and the
24 Secretary duplicate copies of a written statement showing the following:

25 (1) The payer's name, address, and taxpayer identification number.

26 (2) The ITIN holder's name, address, and taxpayer identification number.

27 (3) The total amount of compensation paid during the calendar year.

28 (4) The total amount deducted and withheld under this section during the
29 calendar year."

30 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
31 2010.

