

17 NCAC 05C .1702 APPORTIONABLE INCOME OR NONAPPORTIONABLE INCOME

Income shall be classified as nonapportionable income where the corporate partner limits its connection to the partnership to the investment of funds or property and does not regularly or materially participate in the day-to-day operation of the partnership. Where the business of the partnership is directly or integrally related to the business of the corporate partner, the corporate partner's share of the partnership net income is classified as apportionable income. When classified as apportionable income, the corporate partner's apportionment factors shall include its proportionate share of the partnership's property, payroll, and sales. If the income is classified as nonapportionable income, it shall be included in the corporate partner's net taxable income and allocated in accordance with the allocation provisions of G.S. 105-130.4.

*History Note: Authority G.S. 105-130.4; 105-262;
Eff. February 1, 1976;
Amended Eff. January 1, 2005; January 1, 1994; October 31, 1981;
Readopted Eff. May 1, 2018.*