

**17 NCAC 06B .3527      DISPOSITION OF PARTNER'S INTEREST**

(a) An interest in a partnership is intangible personal property. Gain from the sale of a nonresident partner's interest in a partnership is not included in the numerator of the fraction the nonresident uses to determine the amount of income subject to tax in North Carolina unless the sale of the partnership interest conveys title to tangible partnership property. If a partnership owning an interest in another partnership sells its interest in that partnership, the nonresident partners of the partnership selling its interest do not include their distributive shares of the gain realized by the partnership from the sale of its partnership interest in the numerator unless the partnership selling its interest is carrying on a trade or business in this State.

(b) Nonresident partners must include their distributive share of the gains or losses from the sale or other disposition of the partnership's assets in the numerator of the fraction in determining North Carolina taxable income. If the sale of partnership interests conveys title to tangible partnership property instead of to limited interests in the partnership, the transaction is considered a sale of partnership assets for purposes of determining North Carolina taxable income.

*History Note:*      *Authority G.S. 105-153.4; 105-153.8; 105-154; 105-262;*  
*Eff. July 1, 1991;*  
*Amended Eff. August 1, 2003; June 1, 1993;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 26,*  
*2015.*