

**17 NCAC 05C .0404 SALES OR EXCHANGES**

(a) Gain or loss realized on the sale or other disposition of any type of obligation of the United States or its possessions, the State of North Carolina (not exempted by the specific obligation), or its political subdivisions, any other state or its political subdivisions, or of any other government is a taxable transaction and must be included in the computation of a corporation's state taxable income.

(b) Gain or loss realized on the sale or other disposition of obligations is not included in taxable income if North Carolina law under which obligations were issued specifically exempts the gain from taxation.

*History Note: Authority G.S. 105-130.5; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1995;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19,  
2017.*