

**17 NCAC 05C .0805 VALUATION OF OWNED PROPERTY**

(a) In determining the property factor in G.S. 105-130.4, property owned by the taxpayer shall be valued at its original cost:

- (1) "Original cost" of property which has a basis other than zero for federal income tax purposes equals the basis of the property for federal income tax purposes at the time of acquisition by the taxpayer and adjusted by subsequent capital additions or improvements thereto and partial disposition thereof, by reason of sale, exchange, abandonment, or any other type of disposition.
- (2) "Original cost" of property which has a zero basis for federal income tax purposes shall equal the taxpayer's actual cost of the property at the time of acquisition; provided, however, if the actual cost is unknown, the "original cost" shall equal the fair market value of the property, or, at the option of the taxpayer, eight times the net annual rental rate as described in G.S. 105-130.4(j)(2). The valuation method chosen by the taxpayer must be used consistently thereafter.

(b) Inventory of stock of goods shall be included in the factor in accordance with the valuation method used for federal income tax purposes.

(c) Property acquired by gift or inheritance shall be included in the factor at its basis for determining depreciation for federal income tax purposes.

*History Note: Authority G.S. 105-130.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. December 1, 1994; January 1, 1994; October 31, 1981;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19, 2017.*