

**17 NCAC 05C .0902 PAYROLL ACCOUNTING METHOD**

(a) The total amount "paid" to employees is determined upon the basis of the taxpayer's accounting method. If the taxpayer has adopted the accrual method of accounting, all compensation properly accrued shall be deemed to have been paid. Notwithstanding the taxpayer's method of accounting, at the election of the taxpayer, compensation paid to employees may be included in the payroll factor by use of the cash method if the taxpayer is required to report such compensation under such method for unemployment compensation purposes.

(b) The taxpayer shall be consistent in the treatment of compensation paid in filing returns with this state. In the event the taxpayer is not consistent in its reporting it shall disclose in its return to this state the nature and extent of the inconsistency.

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