

17 NCAC 05F .0102 DEFINITIONS

As used in G.S. 105-130.5A and this Subchapter, the following definitions shall apply:

- (1) "Centralized cash management" means a process by which an affiliated group of businesses makes all or most cash management decisions from one location, such as a headquarters or designated subsidiary, that results in individual affiliates having little autonomy in making decisions concerning how cash is managed.
- (2) "Economic position" means the status of a taxpayer's assets, liabilities, and equity (whether those items are actual, contingent, or potential) and their interrelationship to one another.
- (3) "Material benefit" means an improvement in the economic position of the taxpayer on a pre-tax basis.
- (4) "Material business activity" means an activity that is both:
 - (a) An integral part of the unitary group's business; and
 - (b) Performed on a regular and continuous basis.
- (5) "Principal member" means a member of the combined group that acts in the group's name in all matters relating to the income tax liability for the combined group, and is the entity responsible for preparing the corporate income tax return and making corporate income tax payments for the combined group.
- (6) "Unitary business" means one or more related business organizations where there is a unity of ownership, operation, and use. It can also exist where there is interdependence in their functions. A determination of whether a corporation is part of a unitary business with another corporation is determined based on the facts and circumstances of each case.

History Note: *Authority G.S. 105-130.5A; 105-262.1;*
Eff. January 31, 2013;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19,
2017.