

SECTION .0600 – FRANCHISE TAX RETURN

17 NCAC 05F .0601 PROCEDURES FOR FILING A FRANCHISE TAX RETURN

(a) The provisions of this Rule apply unless the Secretary authorizes a combined group to file a combined franchise tax return under G.S. 105-122. Each corporation that is doing business in this State pursuant to G.S. 105-114(b)(3) shall file a separate North Carolina franchise tax return and pay any franchise tax due. Any corporation that is included in a combined income tax return but that is not doing business in this State pursuant to G.S. 105-114(b)(3) is not subject to North Carolina franchise tax.

(b) The principal member shall file its franchise tax return on the combined group's CD-405.

(c) All other members' separate returns shall include zero dollars (\$0) on the "Net Taxable Income" and "NC Net Income Tax" lines on the CD-405 and include a statement with the return that:

- (1) Indicates its income is included in the combined income tax return filed by the principal member; and
- (2) Identifies the name and Federal Employer Identification Number of the principal member.

(d) If the corporation filing a franchise tax return is a multistate taxpayer, then it shall calculate an apportionment factor to be used in calculating its capital stock base using its separate entity property, payroll, and sales before intercompany eliminations. Schedule O of the CD-405 must reflect the entity's apportionment factor for franchise tax purposes.

*History Note: Authority G.S. 105-114(b)(3); 105-122; 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.*