

**17 NCAC 05G .0903 DELIVERY TO OR ON BEHALF OF A CUSTOMER BY PHYSICAL MEANS,
WHETHER TO AN INDIVIDUAL OR BUSINESS CUSTOMER**

- (a) Services delivered to a customer or on behalf of a customer through a physical means include:
- (1) product delivery services where property is delivered to the customer or to a third party on behalf of the customer;
 - (2) delivery of brochures, fliers, or other direct mail services;
 - (3) delivery of advertising or advertising-related services to the customer's intended audience in the form of a physical medium; and
 - (4) sale of custom software, such as where software is developed for a specific customer in a case where the transaction is properly treated as a service transaction for purposes of corporate taxation where the taxpayer installs the custom software at the customer's site.
- (b) The following rules shall apply whether the taxpayer's customer is an individual customer or a business customer:
- (1) Rule of Determination. In assigning the receipts from a sale of a service delivered to a customer or on behalf of a customer through a physical means, a taxpayer shall determine the state or states where the service is delivered. If the taxpayer is able to determine the state or states where the service is delivered, it shall assign the receipts to that state or states.
 - (2) Rule of Reasonable Approximation. If the taxpayer is unable to determine the state or states where the service is delivered, but has sufficient information regarding the place of delivery that the taxpayer may reasonably approximate the state or states where the service is delivered, it shall reasonably approximate the state or states.

History Note: Authority G.S. 105-130.4; S.L. 2016-94;
Eff. January 1, 2020 (See S.L. 2019-246, s. 3).