

17 NCAC 06B .3503 PARTNERSHIP RETURNS

(a) When Required -- A North Carolina partnership return, Form D-403, shall be filed by every partnership doing business in North Carolina if a federal partnership return was required to be filed. The partnership return shall be filed on or before April 15 if on a calendar year basis, or on or before the 15th day of the fourth month following the end of the fiscal year if on a fiscal year basis. The term "doing business in North Carolina" has the same meaning as in 17 NCAC 05C .0102. Income from an intangible source, including gain realized from the sale of intangible property received in the course of "doing business in North Carolina" so as to have a taxable situs here (including income in the distributive share of partnership income, whether distributed or not) shall be included in the numerator of the fraction used in determining the portion of adjusted gross income that is taxable to North Carolina by a nonresident. The return shall include the names and addresses of the persons entitled to share in the net income of the partnership and shall be signed by one of the partners and the individual preparing the return.

(b) Schedule NC K-1 -- A partnership shall provide a completed Schedule NC K-1, or other document containing all of the information that would be reported on Schedule NC K-1, to each person who was a partner in the partnership at any time during the year reflecting that partner's distributive share of the partnership's income, adjustments, tax credits, and tax paid by the manager of the partnership. A partner's distributive share of partnership income includes any guaranteed payments made to the partner. The Schedule NC K-1 shall be provided to each partner on or before the day on which the partnership return is required to be filed. When reporting the distributive share of tax credits, a list of the amount and type of tax credits shall be provided to each partner.

(c) Investment Partnerships -- A partnership whose only activity is as an investment partnership shall not be considered to be doing business in North Carolina. An investment partnership means a partnership that is not a "dealer in securities," as defined in section 475(c)(1) of the Internal Revenue Code, and that derives income exclusively from buying, holding, and selling securities for its own account. If any of the partnership's income is from other activities, either within or outside this State, either received directly or flowing through from other pass-through entities, the partnership is not an investment partnership for North Carolina tax purposes. Other activities include providing services or products to customers and holding real property for appreciation and income. An investment partnership shall not be required to file an income tax return in North Carolina or pay income tax to North Carolina on behalf of its nonresident partners.

*History Note: Authority G.S. 105-154(c); 105-154(d); 105-262;
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