

**17 NCAC 06B .4003 NONRESIDENT SHAREHOLDERS**

(a) A nonresident shareholder of an S corporation shall take into account only his or her share of the S corporation's income attributable to North Carolina in the numerator of the fraction in determining that portion of adjusted gross income that is taxable to North Carolina. If an S corporation does business in North Carolina and one or more other states, the income attributable to North Carolina shall be determined under G.S. 105-130.4.

(b) A nonresident shareholder in an S corporation may claim credit on the shareholder's North Carolina individual income tax return for the tax paid on his or her behalf by the S corporation to North Carolina on his or her share of the S corporation income.

(c) A nonresident shareholder in an S corporation shall not be required to file a North Carolina individual income tax return when the only income from North Carolina sources is his or her share of S corporation income and the S corporation pays the tax on his or her behalf.

*History Note: Authority G.S. 105-130.4; 105-131.1; 105-131.5; 105-131.7; 105-153.4(d); 105-262;  
Eff. June 1, 1990;  
Amended Eff. June 1, 1993; October 1, 1991;  
Readopted Eff. May 1, 2016.*