

G. Multistate Corporations (G.S. 105-122(c))

1. Apportionment Formula

Every corporation permitted to apportion its net income for income tax purposes under the provisions of G.S. 105-130.4 must apportion its capital stock, surplus and undivided profits for franchise tax purposes through use of the same fraction computed for apportionment of its apportionable income under G.S. 105-130.4. A corporation that is subject to the general business franchise tax, but exempt from income tax, must apportion its capital stock, surplus and undivided profits by using the apportionment factor it would have used had it been subject to the income tax. Adjustments in the method of apportionment authorized by the Tax Review Board for apportionment of net income do not apply automatically to apportionment of capital stock, surplus and undivided profits. Unless the Board specifically authorizes a modified method of allocation for franchise tax purposes, the statutory formula must be used.

2. Alternate Apportionment Formula

If any corporation believes that the statutory apportionment formula allocates more of its capital stock, surplus and undivided profits to North Carolina than is reasonably attributable to its business in this State, it may petition the Tax Review Board for permission to use an adjusted formula which it believes would more properly allocate its capital stock, surplus and undivided profits to North Carolina. The petition must be filed with the Board not later than 90 days after the regular or extended due date of the tax return. Taxpayers should address all correspondence in connection with such petitions to the Secretary of the Tax Review Board, Department of Revenue, 501 North Wilmington Street, Raleigh, North Carolina 27604.