

**17 NCAC 05C .0903      COMPENSATION**

Payments made to an independent contractor or any other person not classifiable as an employee are excluded from the term "compensation" for purposes of G.S. 105-130.4. Only amounts paid directly to employees are included in the payroll factor. Amounts considered paid directly include the value of board, rent, housing, lodging and other benefits or services furnished to employees by the taxpayer in return for personal services provided that such amounts constitute income to the recipient under the Federal Internal Revenue Code. In the case of employees not subject to the Federal Internal Revenue Code, e.g., those employed in foreign countries, the determination of whether such benefits or services constitute income to the employees shall be made as though such employees were subject to the Federal Internal Revenue Code.

*History Note:      Authority G.S. 105-130.4; 105-262;  
                         Eff. February 1, 1976;  
                         Amended Eff. January 1, 1994;  
                         Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19,  
                         2017.*