17 NCAC 05C .1002 SALES INCIDENTAL TO GENERAL BUSINESS OPERATIONS

(a) The term "sales" also includes gross receipts derived by a taxpayer from business transactions or activities which are incidental to its principal business activity and which are includible in apportionable income. However, substantial amounts of gross receipts arising from an incidental or occasional sale of a fixed asset used in connection with the taxpayer's regular trade or business will be excluded from the sales factor since such sales constitute a "casual sale" of property and the inclusion of such gross receipts will not fairly apportion to this state the income derived by the taxpayer from its business activity in this state. Gross receipts from casual sales are considered substantial if they cause the sales factor to be distorted. For example, gross receipts from the sale of a factory or plant will be excluded from the sales factor.

(b) In including or excluding gross receipts, the taxpayer shall be consistent in the treatment of such gross receipts in filing returns with this state. In the event the taxpayer is not consistent in its reporting, it shall disclose in its return to this state the nature and extent of the inconsistency.

History Note: *Authority G.S. 105-130.4; 105-262;*
Eff. February 1, 1976;
Amended Eff. January 1, 2005;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19, 2017.