

17 NCAC 05F .0207 CENTRALIZED CASH MANAGEMENT

Although the existence of a centralized cash management system among members of an affiliated group is not conclusive evidence that a transaction lacks economic substance, the Secretary shall analyze the transactions for reasonable business purposes and economic effects. If the cash management transaction, or series of transactions of which the transaction is a part, results in the creation of unreasonably excessive interest expense when compared to industry practice, shifting of assets, or the reclassification of income as nonapportionable or nonallocable, the transaction may be deemed to lack economic substance.

History Note: *Authority G.S. 105-130.5A; 105-262.1;*
Eff. January 31, 2013;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. August 19,
2017.