

**17 NCAC 07B .0117      PROPERTY TRANSFERS BETWEEN DIVISIONS**

A business entity having divisions, both inside and outside of North Carolina, is liable for remitting the rates of sales and use tax on any purchases of items, as the term item is defined in G.S. 105-164.3, for use in North Carolina, including any property purchased outside North Carolina and imported into North Carolina for use in this State. An item received by the purchaser or on behalf of the purchaser in this State is subject to sales and use tax no matter that the item is designated for ultimate use outside this State. No tax is due on transfers of property by an out-of-state firm to its North Carolina divisions for their use if the property was originally purchased for use outside this State by the out-of-state firm and was, in fact, used by that firm outside this State for a substantial period of time of at least 12 months.

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. December 1, 1997; October 1, 1993; Readopted Eff. January 1, 2024.*