

1 Rule 17 NCAC 06B .3503 is amended with changes without notice or comment pursuant to G.S. 150B-1(d)(4) as
2 follows:

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4 **17 NCAC 06B .3503 PARTNERSHIP RETURNS**

5 (a) When Required -- A North Carolina partnership return, Form D-403, shall be filed by every partnership doing
6 business in North Carolina if a federal partnership return was required to be filed. The partnership return shall be filed
7 on or before April 15 if on a calendar year basis, or on or before the 15th day of the fourth month following the end
8 of the fiscal year if on a fiscal year basis. The term "doing business in North Carolina" has the same meaning as in
9 17 NCAC 05C .0102. Income from an intangible source, including gain realized from the sale of intangible property
10 received in the course of "doing business in North Carolina" ~~this State~~ so as to have a taxable situs here (including
11 income in the distributive share of partnership income, whether distributed or not) shall be included in the numerator
12 of the fraction used in determining the portion of adjusted gross income that is taxable to North Carolina by a
13 nonresident. The return shall include the names and addresses of the persons entitled to share in the net income of the
14 partnership and shall be signed by one of the partners and the individual preparing the return.

15 (b) Schedule NC K-1 -- A partnership shall provide a completed Schedule NC K-1, or other document containing all
16 of the information that would be reported on Schedule NC K-1, to each person who was a partner in the partnership
17 at any time during the year reflecting that partner's distributive share of the partnership's income, adjustments, tax
18 credits, and tax paid by the manager of the partnership. A partner's distributive share of partnership income includes
19 any guaranteed payments made to the partner. The Schedule NC K-1 shall be provided to each partner on or before
20 the day on which the partnership return is required to be filed. When reporting the distributive share of tax credits, a
21 list of the amount and type of tax credits shall be provided to each partner.

22 (c) Investment Partnerships -- A partnership whose only activity is as an investment partnership shall not be
23 considered to be doing business in North Carolina. An investment partnership ~~shall be~~ means a partnership that is not
24 a "dealer in securities," as defined in section 475(c)(1) of the Internal Revenue Code, and that derives income
25 exclusively from buying, holding, and selling securities for its own account. If any of the partnership's income is from
26 other activities, either within or outside this State, either received directly or flowing through from other pass-through
27 entities, the partnership ~~shall is~~ is not be an investment partnership for North Carolina tax purposes. Other activities
28 include providing services or products to customers and holding real property for appreciation and income. An
29 investment partnership shall not be required to file an income tax return in North Carolina or pay income tax to North
30 Carolina on behalf of its nonresident partners.

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32 *History Note: Authority G.S. 105-154(c); 105-154(d); 105-262;*

33 *Eff. February 1, 1976;*

34 *Amended Eff. February 1, 2005; August 1, 2003; July 1, 2000; August 1, 1998; May 1, 1994; June*
35 *1, 1993; July 1, 1991; June 1, 1990;*

36 *Readopted Eff. May 1, 2016.*

37 *Amended Eff. May 1, 2018*

1 Rule 17 NCAC 06B .3716 is amended with changes without notice or comment pursuant to G.S. 150B-1(d)(4) as
2 follows:

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4 **17 NCAC 06B .3716 INCOME TAX RETURN FOR ESTATES AND TRUSTS**

5 (a) The federal taxable income of the ~~fiduciary~~ estate or trust shall be the starting point for preparing a North Carolina
6 Income Tax Return for Estates and Trusts, Form D-407. The fiduciary shall determine the estate's or trust's federal
7 taxable income before completing Form D-407.

8 (b) The fiduciary shall file an income tax return for the estate or trust for which he or she acts if he or she is required
9 to file a U.S. Income Tax Return for Estates and Trusts and:

10 (1) the estate or trust derives income from North Carolina sources; or

11 (2) the estate or trust derives any income ~~which~~ that is for the benefit of a resident of North Carolina.

12 (c) Fiduciaries shall be consistent in the use of the name and address of an estate or trust on a return. If a different
13 name for an estate or trust is used in any year from that used in the prior year, ~~that fact shall be noted~~ the fiduciary
14 shall note that fact on the first page of the return and state the name used in the prior year. ~~year indicated.~~

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16 *History Note: Authority G.S. 105-160.2; 105-160.5; 105-160.6; 105-262;*

17 *Eff. February 1, 1976;*

18 *Amended Eff. July 1, 1996; June 1, 1993; October 1, 1991; June 1, 1990; April 12, 1981;*

19 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 26,*
20 *2015.*

21 *Amended Eff. May 1, 2018*