CHAPTER 105

ARTICLE 3 - FRANCHISE TAX

N.C.G.S. § 105-120.2.

Franchise or privilege tax on holding companies.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	S.L. 2024-1, s. 11.2(b) — seventeenth act in the lineage	21 September 2026, 04:24 UTC	d352d0fcc3ebba3b58a67d02 - 38660af57f7c013e14d58bab - 4b40c5e286e63337

§ 105-120.2(a) Every corporation, domestic and foreign, incorporated or, by an act, domesticated under the laws of this State or doing business in this State that, at the close of its taxable year, is a holding company as defined in subsection (c) of this section, shall, pursuant to the provisions of G.S. 105-122, do all of the following:

(1) File a return.

(2) Determine the total amount of its net worth.

(3) Apportion its net worth to this State.

§ 105-120.2(b) (Effective for taxable years beginning before January 1, 2023) Tax Rate. - Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

(1) A franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00).

(2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) on the greater of the following:

a.Fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d).

b.The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).

§ 105-120.2(b) (Effective for taxable years beginning on or after January 1, 2023, and before January 1, 2025) Tax Rate. - Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00).

§ 105-120.2(b) (Effective for taxable years beginning on or after January 1, 2025) Tax Rate. - Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of its tax base with a maximum of five hundred dollars ($500.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00).

§ 105-120.2(c) For purposes of this section, a "holding company" is a corporation that satisfies at least one of the following conditions:

(1) It has no assets other than ownership interests in corporations in which it owns, directly or indirectly, more than fifty percent (50%) of the outstanding voting stock or voting capital interests.

(2) It receives during its taxable year more than eighty percent (80%) of its gross income from corporations in which it owns directly or indirectly more than fifty percent (50%) of the outstanding voting stock, voting capital interests, or ownership interests.

(3) It owns copyrights, patents, or trademarks that represent more than eighty percent (80%) of its total assets, or receives royalties and license fees that represent more than eighty percent (80%) of its gross income, and it is one hundred percent (100%) directly owned by a corporation that meets all of the following conditions:

a.Is a manufacturer, as defined by NAICS codes 31 through 33.

b.Generates revenues in excess of five billion dollars ($5,000,000,000) for income tax purposes from goods that it manufactures.

c.Includes in its net worth, as determined under G.S. 105-122(b), an investment in a subsidiary that owns copyrights, patents, or trademarks.

§ 105-120.2(d) Repealed by Session Laws 1985, c. 656, s. 39.

§ 105-120.2(e) Counties, cities and towns shall not levy a franchise tax on corporations taxed under this section. The tax imposed under the provisions of G.S. 105-122 shall not apply to businesses taxed under the provisions of this section.

§ 105-120.2(f) Repealed by Session Laws 2011-330, s. 3, effective June 27, 2011.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
17 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT

№	YEAR	ACT	CHARACTER
01	1975	c. 130, s. 1	ENACTED
02	1985	c. 656, s. 39	AMENDED
03	1985	1985 (Reg. Sess., 1986), c. 854, s. 1	AMENDED
04	1985	1987 (Reg. Sess., 1988), c. 882, s. 4.2	AMENDED
05	1991	c. 30, s. 4	AMENDED

06	1998	S.L. 1998-98, s. 72	AMENDED
07	2006	S.L. 2006-196, s. 9	AMENDED
08	2011	S.L. 2011-330, s. 3	AMENDED
09	2012	S.L. 2012-79, s. 2.3	AMENDED
10	2013	S.L. 2013-414, s. 1(b)	AMENDED
11	2015	S.L. 2015-241, s. 32.15(b)	AMENDED
12	2016	S.L. 2016-5, s. 1.7(a)	AMENDED
13	2017	S.L. 2017-204, s. 1.2	AMENDED
14	2019	S.L. 2019-246, s. 2(a)	AMENDED
15	2021	S.L. 2021-180, s. 42.3(c)	AMENDED
16	2023	S.L. 2023-134, s. 42.6A(b)	AMENDED
17	2024	S.L. 2024-1, s. 11.2(b)	AMENDED

APPARATUS II
3 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 105-122	(a)	*"shall, pursuant to the provisions of"*
G.S. 105-122(d)	(b)	*"intangible personal property as computed under"*
G.S. 105-122(b)	(c)	*"its net worth, as determined under"*

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-120.2 (2024).

PINPOINT

N.C. Gen. Stat. § 105-120.2(a) (2024).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1975, c. 130, s. 1; 1985, c. 656, s. 39; 1985 (Reg. Sess., 1986), c. 854, s. 1; 1987 (Reg. Sess., 1988), c. 882, s. 4.2; 1991, c. 30, s. 4; 1998-98, s. 72; 2006-196, s. 9; 2011-330, s. 3; 2012-79, s. 2.3; 2013-414, s. 1(b); 2015-241, s. 32.15(b); 2016-5, s. 1.7(a); 2017-204, s. 1.2; 2019-246, s. 2(a); 2021-180, s. 42.3(c); 2023-134, s. 42.6A(b); 2024-1, s. 11.2(b).)

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