



CHAPTER 105
ARTICLE 4 - INCOME TAX

N.C.G.S. § 105-130.11.

Conditional and other exemptions.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2022-13, s. 1.5 — twenty-fourth act in the lineage	RETRIEVED 21 September 2026, 05:13 UTC	SOURCE FINGERPRINT e054bde342153450330cd836 - 2ee9a561744148f0f67106e8 - 005c796a67d0f19d
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- § 105-130.11(a) Exempt Organizations. - Except as provided in subsections (b) and (c), the following organizations and any organization that is exempt from federal income tax under the Code are exempt from the tax imposed under this Part:
- (1) Fraternal beneficiary societies, orders or associations
 - a. Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and
 - b. Providing for the payment of life, sick, accident, or other benefits to the members of such society, order or association, or their dependents.
 - (2) Cooperative banks without capital stock organized and operated for mutual purposes and without profit; and electric and telephone membership corporations organized under Chapter 117 of the General Statutes.
 - (3) Cemetery corporations and corporations organized for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual.
 - (4) Business leagues, chambers of commerce, merchants' associations, or boards of trade not organized for profit, and no part of the net earnings of which inures to the benefit of any private stockholder or individual.
 - (5) Civic leagues or organizations not organized for profit, but operated exclusively for the promotion of social welfare.

- (6) Clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private stockholder or member.
- (7) Farmers' or other mutual hail, cyclone, or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations of a purely local character the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting expenses.
- (8) Farmers', fruit growers', or like organizations organized and operated as sales agents for the purpose of marketing the products of members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of product furnished by them.
- (9) Mutual associations formed under G.S. 54-111 through 54-128 to conduct agricultural business on the mutual plan and marketing associations organized under G.S. 54-129 through 54-158.

Nothing in this subdivision shall be construed to exempt any cooperative, mutual association, or other organization from an income tax on net income that has not been refunded to patrons on a patronage basis and distributed either in cash, stock, or certificates, or in some other manner that discloses the amount of each patron's refund. Provided, in arriving at net income for purposes of this subdivision, no deduction shall be allowed for dividends paid on capital stock. Patronage refunds made after the close of the taxable year and on or before the fifteenth day of the ninth month following the close of the taxable year are considered as to be made on the last day of the taxable year to the extent the allocations are attributable to income derived before the close of the year; provided, that no stabilization or marketing organization that handles agricultural products for sale for producers on a pool basis is considered to have realized any net income or profit in the disposition of a pool or any part of a pool until all of the products in that pool have been sold and the pool has been closed; provided, further, that a pool is not considered closed until the expiration of at least 90 days after the sale of the last remaining product in that pool. These cooperatives and other organizations shall file an annual information return with the Secretary on forms to be furnished by the Secretary and shall include the names and addresses of all persons, patrons, or shareholders whose patronage refunds amount to ten dollars (\$10.00) or more.

- (10) Insurance companies subject to the tax on gross premiums as specified in G.S. 105-228.5.

- (11) Corporations or organizations, such as condominium associations, homeowner associations, or cooperative housing corporations not organized for profit, the membership of which is limited to the owners or occupants of residential units in the condominium, housing development, or cooperative housing corporation, and operated exclusively for the management, operation, preservation, maintenance, or landscaping of the common areas and facilities owned by the corporation or organization or its members situated contiguous to the houses, apartments, or other dwellings or for the management, operation, preservation, maintenance, and repair of the houses, apartments, or other dwellings owned by the corporation or organization or its members, but only if no part of the net earnings of the corporation or organization inures (other than through the performance of related services for the members of such corporation or organization) to the benefit of any member of such corporation or organization or other person.

§ 105-130.11(b)

Unrelated Business Income. - Except as provided in this subsection, an organization described in subdivision (a)(1), (3), (4), (5), (6), (7), (8), or (9) of this section and any organization exempt from federal income tax under the Code is subject to the tax provided in G.S. 105-130.3 on its unrelated business taxable income, as defined in section 512 of the Code, adjusted as provided in G.S. 105-130.5. The tax does not apply, however, to net income derived from any of the following:

- (1) Research performed by a college, university, or hospital.
- (2) Research performed for the United States or its instrumentality or for a state or its political subdivision.
- (3) Research performed by an organization operated primarily to carry on fundamental research, the results of which are freely available to the general public.
- (4) Repealed by Session Laws 2020-58, s. 5.5, effective June 30, 2020.

§ 105-130.11(c)

Homeowner Association Income. - An organization described in subdivision (a)(11) of this section is subject to the tax provided in G.S. 105-130.3 on its gross income other than membership income less the deductions allowed by this Article that are directly connected with the production of the gross income other than membership income. The term "membership income" means the gross income from assessments, fees, charges, or similar amounts received from members of the organization for

expenditure in the preservation, maintenance, and management of the common areas and facilities of or the residential units in the condominium or housing development.

§ 105-130.11(d)

Real Estate Mortgage Investment Conduits. - An entity that qualifies as a real estate mortgage investment conduit, as defined in section 860D of the Code, is exempt from the tax imposed under this Part, except that any net income derived from a prohibited transaction, as defined in section 860F of the Code, is taxable to the real estate mortgage investment conduit under G.S. 105-130.3 and G.S. 105-130.3A, subject to the adjustments provided in G.S. 105-130.5. This subsection does not exempt the holders of a regular or residual interest in a real estate mortgage investment conduit as defined in section 860G of the Code from any tax on the income from that interest.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
24 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.



Nº	YEAR	ACT	CHARACTER
01	1939	c. 158, s. 314	ENACTED
02	1945	c. 708, s. 4	AMENDED
03	1945	c. 752, s. 3	AMENDED
04	1949	c. 392, s. 3	AMENDED
05	1951	c. 937, s. 1	AMENDED
06	1955	c. 1313, s. 1	AMENDED
07	1957	c. 1340, s. 4	AMENDED
08	1959	c. 1259, s. 4	AMENDED
09	1963	c. 1169, s. 2	AMENDED
10	1967	c. 1110, s. 3	AMENDED
11	1973	c. 476, s. 193	AMENDED
12	1973	c. 1053, s. 4	AMENDED

13	1975	c. 19, s. 28	AMENDED
14	1975	c. 591, s. 2	AMENDED
15	1981	c. 450, s. 2	AMENDED
16	1983	c. 28, s. 1	AMENDED
17	1983	c. 31	AMENDED
18	1983	1985 (Reg. Sess., 1986), c. 826, s. 5	AMENDED
19	1983	1991 (Reg. Sess., 1992), c. 921, s. 1	AMENDED
20	1993	c. 494, s. 2	AMENDED
21	1998	S.L. 1998-98, ss. 1(b), 69	AMENDED
22	2018	S.L. 2018-5, s. 38.2(i)	AMENDED
23	2020	S.L. 2020-58, s. 5.5	AMENDED
24	2022	S.L. 2022-13, s. 1.5	AMENDED

APPARATUS II
6 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. 54-111	(a)(9)	"Mutual associations formed under"
G.S. 54-129	(a)(9)	"plan and marketing associations organized under"
G.S. 105-228.5	(a)(10)	"on gross premiums as specified in"
G.S. 105-130.3	(b)	"subject to the tax provided in"
G.S. 105-130.5	(b)	"the Code, adjusted as provided in"
G.S. 105-130.3A	(d)	"investment conduit under G.S. 105-130.3 and"

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-130.11 (2022).

PINPOINT

N.C. Gen. Stat. § 105-130.11(a) (2022).

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

Provenance

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1939, c. 158, s. 314; 1945, c. 708, s. 4; c. 752, s. 3; 1949, c. 392, s. 3; 1951, c. 937, s. 1; 1955, c. 1313, s. 1; 1957, c. 1340, s. 4; 1959, c. 1259, s. 4; 1963, c. 1169, s. 2; 1967, c. 1110, s. 3; 1973, c. 476, s. 193; c. 1053, s. 4; 1975, c. 19, s. 28; c. 591, s. 2; 1981, c. 450, s. 2; 1983, c. 28, s. 1; c. 31; 1985 (Reg. Sess., 1986), c. 826, s. 5; 1991 (Reg. Sess., 1992), c. 921, s. 1; 1993, c. 494, s. 2; 1998-98, ss. 1(b), 69; 2018-5, s. 38.2(i); 2020-58, s. 5.5; 2022-13, s. 1.5.)

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