



CHAPTER 105
ARTICLE 4 - INCOME TAX

N.C.G.S. § 105-131.3.

Basis and adjustments.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT No amendment history on record	RETRIEVED 21 September 2026, 04:03 UTC	SOURCE FINGERPRINT c44187eac53043c3b6787ed8 - 17b24ecaed2c5f32a5dddf82 - 8a0b27138dd368fa
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§ 105-131.3(a) The initial basis of a resident shareholder in the stock of an S Corporation and in any indebtedness of the corporation owed to that shareholder shall be determined, as of the later of the date the stock is acquired, the effective date of the S Corporation election, or the date the shareholder became a resident of this State, as provided under the Code.

§ 105-131.3(b) The basis of a resident shareholder in the stock and indebtedness of an S Corporation shall be adjusted in the manner and to the extent required by section 1011 of the Code except that:

- (1) Any adjustments made (other than for income exempt from federal or State income taxes) pursuant to G.S. 105-131.2 shall be taken into account; and
- (2) Any adjustments made pursuant to section 1367 of the Code for a taxable period during which this State did not measure S Corporation shareholder income by reference to the corporation's income shall be disregarded.

§ 105-131.3(c) The initial basis of a nonresident shareholder in the stock of an S Corporation and in any indebtedness of the corporation to that shareholder shall be zero.

§ 105-131.3(d) The basis of a nonresident shareholder in the stock and indebtedness of an S Corporation shall be adjusted as provided in section 1367 of the Code, except that adjustments to basis shall be limited to the income taken into account by the shareholder pursuant to G.S. 105-131.1(b).

§ 105-131.3(e)

The basis of a shareholder in the stock of an S Corporation shall be reduced by the amount allowed as a loss or deduction pursuant to G.S. 105-131.4(c).

§ 105-131.3(f) The basis of a resident shareholder in the stock of an S Corporation shall be reduced by the amount of any cash distribution that is not taxable to the shareholder as a result of the application of G.S. 105-131.6(b).

§ 105-131.3(g) For purposes of this section, a shareholder shall be considered to have acquired stock or indebtedness received by gift at the time the donor acquired the stock or indebtedness, if the donor was a resident of this State at the time of the gift. (1987 (Reg. Sess., 1988), c. 1089, s. 1; 1989, c. 728, ss. 1.33, 1.35.)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
4 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. 105-131.2	(b)(1)	<i>"or State income taxes) pursuant to"</i>
G.S. 105-131.1(b)	(d)	<i>"account by the shareholder pursuant to"</i>
G.S. 105-131.4(c)	(e)	<i>"a loss or deduction pursuant to"</i>
G.S. 105-131.6(b)	(f)	<i>"a result of the application of"</i>

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-131.3 (2026).

PINPOINT

N.C. Gen. Stat. § 105-131.3(a) (2026).

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