



CHAPTER 105

ARTICLE 4 - INCOME TAX

N.C.G.S. § 105-131.7.

Returns; shareholder agreements; mandatory withholding.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	No amendment history on record	21 September 2026, 04:48 UTC	5c3d1041e31ecf51f0b4c087 - 47bc369664fbcdfc6040bef - b56f75db22edf837

- § 105-131.7(a)** An S Corporation incorporated or doing business in the State shall file with the Department an annual return, on a form prescribed by the Secretary, on or before the due date prescribed for the filing of C Corporation returns in G.S. 105-130.17. The return shall show the name, address, and social security or federal identification number of each shareholder, income attributable to the State and the income not attributable to the State with respect to each shareholder as defined in G.S. 105-131(b)(4) and (5), and such other information as the Secretary may require.
- § 105-131.7(b)** The Department shall permit S Corporations to file composite returns and to make composite payments of tax on behalf of some or all nonresident shareholders. The Department may permit S Corporations to file composite returns and make composite payments of tax on behalf of some or all resident shareholders.
- § 105-131.7(c)** An S Corporation shall file with the Department, on a form prescribed by the Secretary, the agreement of each nonresident shareholder of the corporation (i) to file a return and make timely payment of all taxes imposed by this State on the shareholder with respect to the income of the S Corporation, and (ii) to be subject to personal jurisdiction in this State for purposes of the collection of any unpaid income tax, together with related interest and penalties, owed by the nonresident shareholder. If the corporation fails to timely file an agreement required by this subsection on behalf of any of its nonresident shareholders, then the corporation shall at the time specified in subsection (d) of this section pay to the Department on behalf of each nonresident shareholder with respect to whom an agreement has not been timely filed an estimated

amount of the tax due the State. The estimated amount of tax due the State shall be computed at the rate levied in G.S. 105-153.7 on the shareholder's pro rata share of the S Corporation's income attributable to the State reflected on the corporation's return for the taxable period. An S Corporation may recover a payment made pursuant to the preceding sentence from the shareholder on whose behalf the payment was made.

§ 105-131.7(d)

The agreements required to be filed pursuant to subsection (c) of this section shall be filed at the following times:

- (1) At the time the annual return is required to be filed for the first taxable period for which the S Corporation becomes subject to the provisions of this Part.
- (2) At the time the annual return is required to be filed for any taxable period in which the corporation has a nonresident shareholder on whose behalf such an agreement has not been previously filed.

§ 105-131.7(e)

Amounts paid to the Department on account of the corporation's shareholders under subsections (b) and (c) constitute payments on their behalf of the income tax imposed on them under Parts 2 and 3 of this Article for the taxable period.

§ 105-131.7(f)

Critical Infrastructure Disaster Relief. -An S Corporation that is not doing business in this State because it is a nonresident business performing disaster-related work during a disaster response period at the request of a critical infrastructure company is not required to file a return with the Department. However, the corporation must furnish to each shareholder who would be entitled to share in the corporation income any information necessary for that person to properly file a State income tax return. The definitions and provisions in G.S. 166A-19.70A concerning disaster-related work apply to this subsection.

§ 105-131.7(g)

Taxed S Corporation. - Subsections (b) through (f) of this section do not apply to an S Corporation with respect to any taxable period for which it is a taxed S Corporation under G.S. 105-131.1A. (1987 (Reg. Sess., 1988), c. 1089, s. 1; 1989, c. 728, ss. 1.33, 1.35; 1991, c. 689, s. 301; 1998-98, s. 7; 1999-337, s. 24; 2013-316, s. 1.3(b); 2017-204, s. 1.8; 2019-187, s. 1(h); 2021-180, s. 42.5(d).)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

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. 105-130.17	(a)	"filing of C Corporation returns in"
G.S. 105-131(b)(4) and (5)	(a)	"to each shareholder as defined in"
G.S. 105-153.7	(c)	"computed at the rate levied in"
G.S. 166A-19.70A	(f)	"return. The definitions and provisions in"
G.S. 105-131.1A	(g)	"is a taxed S Corporation under"

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-131.7 (2026).

PINPOINT

N.C. Gen. Stat. § 105-131.7(a) (2026).

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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