



North Carolina Department of Revenue

Roy Cooper
Governor

Ronald G. Penny
Secretary

October 9, 2017

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

RE: [REDACTED]
Notice of Change in Group for Tax Year 2016
FEIN: [REDACTED]

Dear [REDACTED]:

This letter is in response to your letter dated August 11, 2017, wherein you reported material change in the operations, ownership or control of the entities included in the [REDACTED] combined group ("Taxpayer") as required by the [REDACTED] ("Ruling").

After careful review of the information you provided, it is the finding of the Secretary that the methodology outlined in the Ruling be continued for the 2016 tax year and subsequent years, unless one of the following occurs:

- The North Carolina General Assembly enacts legislation that repeals the Secretary's authority to enter into voluntary redeterminations;
- The North Carolina General Assembly adopts combined or consolidated reporting;
- There is a final determination by a North Carolina Appellate Court that is not subject to further review that the Secretary does not have the authority to permit a taxpayer to file under the methodology set out in this letter; or
- The parties mutually agree to modify the methodology set out in this letter.

In the event there is a material change in the operations, ownership or control of any of the entities included in the combined group, Taxpayer must notify the Director of the Corporate Tax Division of the Department of Revenue of the change, including the date and nature of the change, within sixty (60) days subsequent to the end of the tax period in which the material change occurred. A material change includes, but is not limited to, the following:

- A party that is not part of the combined group acquires more than 50% of the stock or assets of any entity or entities in the combined group;
- An entity in the combined group acquires an unrelated party with which any entity of the combined group has intercompany transactions subsequent to the acquisition;
- A related party is integrated into the unitary business of the combined group;

- Any entity in the combined group ceases intercompany transactions with any other entity in the group;
- Any entity in the combined group ceases to operate as part of the unitary business of the combined group;
- Any entity in the combined group transfers income-producing assets to a related party that is not part of the combined group; or
- Any entity in the combined group transfers to a related party that is not part of the combined group assets that result in deductions for any entity in the combined group.

Upon notification of a material change, the Department and Taxpayer will attempt to agree whether Taxpayer should continue to use the current methodology or whether a new methodology is appropriate. In the event there is no agreement, this ruling will be void for the tax year in which the material change occurs. Failure to notify the Department of a material change within the required time period described herein will void this ruling effective for the tax year in which the material change occurs at the option of the Department. In the event the ruling is void, all applicable penalties will apply.

The methodology and procedures for filing the NC Combined Return shall be in accordance with the methodology and procedures set out in Sections V and VI of CD-12-01. Please note that although Taxpayer is permitted to file a combined income tax return, each legal entity doing business in this State must file a single entity franchise tax return using an apportionment factor computed on a single entity basis.

Please sign, date and return the enclosed copy of this letter to indicate Taxpayer's agreement to the terms of this Redetermination Private Letter Ruling.

Very truly yours,

Lennie Collins, Director
Income Tax Division
Telephone: 919-814-1163
Fax: 919-733-1821



By: _____

Print name: _____

Title: _____

Date: _____