

**§ 105-131.2. Adjustment and characterization of income.**

(a) Adjustment. – Each shareholder's pro rata share of an S Corporation's income is subject to the adjustments provided in G.S. 105-153.5 and G.S. 105-153.6.

(b) Repealed by Session Laws 1989, c. 728, s. 1.35.

(c) Characterization of Income. – S Corporation items of income, loss, deduction, and credit taken into account by a shareholder pursuant to G.S. 105-131.1(b) are characterized as though received or incurred by the S Corporation and not its shareholder. (1987 (Reg. Sess., 1988), c. 1089, s. 1; 1989, c. 728, ss. 1.33, 1.35; 1993, c. 485, s. 8; 2006-17, s. 1; 2013-316, s. 1.3(a).)