

**CHAPTER 07 - SALES AND USE TAX**

**SUBCHAPTER 07A - DIVISIONAL RULES**

<b>17 NCAC 07A .0101</b>	<b>LOCATION</b>
<b>17 NCAC 07A .0102</b>	<b>GENERAL PURPOSES</b>
<b>17 NCAC 07A .0103</b>	<b>DIVISIONAL ORGANIZATION</b>

*History Note:* Authority G.S. 105-164.1 to 105-164.44; 105-463 to 105-474; S.L. 1967, c. 1096; 143B-10; 143B-221; Eff. February 1, 1976; Repealed Eff. October 1, 1993.

**SUBCHAPTER 7B - STATE SALES AND USE TAX**

**SECTION .0100 - GENERAL PROVISIONS**

<b>17 NCAC 07B .0101</b>	<b>IMPOSITION OF AND LIABILITY FOR COLLECTING AND REMITTING TAX</b>
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*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-262; Eff. February 1, 1976; Amended Eff. June 1, 1992; October 1, 1991; October 1, 1990; May 1, 1990; Repealed Eff. October 1, 1993.

<b>17 NCAC 07B .0102</b>	<b>DEFINITIONS</b>
<b>17 NCAC 07B .0103</b>	<b>LICENSES REQUIRED</b>

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.5; 105-262; Eff. February 1, 1976; Amended Eff. March 15, 1980; Repealed Eff. January 1, 1982.

**17 NCAC 07B .0104 REGISTRATION AND RETURNS**

(a) Certificate of Registration:

- (1) Before a person engages in business as a retailer, wholesale merchant, or facilitator liable for sales or use tax, the person shall obtain a Certificate of Registration from the Department. A Certificate of Registration contains the sales and use tax account identification number (Account ID). There is no fee to obtain a Certificate of Registration.
- (2) A person engaged in business that does not pay the required North Carolina sales or use tax on an item, as the term item is defined in G.S. 105-164.3, to a seller or facilitator at the time of purchase shall pay use tax in accordance with G.S. 105-164.6 on the purchase price of the item. A person required to pay use tax on its purchases shall register with the Department to obtain a Certificate of Registration.
- (3) A person may apply for a Certificate of Registration by:
  - (A) Registering through the Department's website at [www.ncdor.gov](http://www.ncdor.gov);
  - (B) Register online through the Streamlined Sales Tax Registration System (SSTRS) at <https://www.streamlinedsalestax.org>; or
  - (C) Calling the Department at telephone number 1-877-252-3052 to request a registration form, and submitting the completed registration by mail to the Department's mailing address set out in 17 NCAC 01A .0101.
- (4) Information needed to obtain a Certificate of Registration includes the following:
  - (A) Ownership information, including North Carolina Secretary of State's business identification number, if applicable.
  - (B) Federal Employer Identification Number (FEIN) or Social Security Number for proprietorships.
  - (C) Legal business name, owner's name, physical and mailing address of the business, all trade names, and daytime telephone number.

- (D) Responsible person demographics, if applicable, including name, title, Social Security Number, and home address.
- (E) Date when sales or purchases will begin.
- (F) Whether sales will be retail, wholesale, or both.
- (G) Description of business.
- (H) The types of items and services that will be sold by the business.
- (I) Estimate of monthly sales tax.
- (J) Type of accounting method that will be used whether cash or accrual.
- (K) Months sales will be made, if seasonal.

(b) Returns:

- (1) Returns General. -- G.S. 105-164.16 establishes the filing frequency and the content of sales and use tax returns. All sales and use tax returns may be obtained from the Department's website at [www.ncdor.gov](http://www.ncdor.gov) or by calling the Department at telephone number 1-877-252-3052, and shall contain the information required by 17 NCAC 01C .0622.
- (2) Schedules. -- A person who files a paper sales and use tax return, that is liable for local county tax sourced to a taxing jurisdiction in this State other than the county where the business is located or in more than one county, shall attach Form E-536, Schedule of County Sales and Use Taxes, to the return listing the amount of tax due for each taxing jurisdiction.

(c) No Sales or Purchases By Business. -- A person required to file a sales and use tax return that has no sales or purchases during a reporting period shall file a return for that period and enter zero (0.00) as the total tax due on the return.

(d) Seasonal Business. -- A person that engages in business for six or fewer consecutive months in each year may register with the Department as a seasonal filer and indicate the months in which the person engages in business. A person that is registered as a seasonal filer is not required to file a return for an off-season reporting period in which the retailer did not engage in business.

(e) Wholesale Merchant. -- A person who engages exclusively in the business of making wholesale sales shall register with the Department, but is not required to file a return. A wholesale merchant that makes taxable sales or that makes purchases on which it owes use tax is not engaged exclusively in the business of making wholesale sales and shall file sales and use tax returns and pay the tax due.

(f) Use Tax:

- (1) General. -- A business or individual that purchases an item sourced to this State, other than a boat or aircraft, shall accrue and remit the use tax due on the purchase price of the item in accordance with G.S. 105-164.6 when retailers, remote sellers, or facilitators do not collect the applicable tax on taxable transactions.
- (2) Business Use Tax. -- A business shall report and remit use tax on a sales and use tax return.
- (3) Individual Use Tax. An individual required to file a North Carolina individual income tax return, shall report the use tax liability of taxable items, other than a boat, an aircraft, and food subject to the two percent rate of tax, on the individual's income tax return. An individual not required to file a North Carolina individual income tax return shall report the use tax liability on taxable items, other than a boat or aircraft, on Form E-554, Consumer Use Tax Return. Form E-554 is due annually by the date set in G.S. 105-164.16.
- (4) Form E-554 shall include the following information:
  - (A) name of filer, spouse's name, if applicable, address, and phone number;
  - (B) Social Security Number of filer, and Social Security Number of filer's spouse, if applicable;
  - (C) beginning and ending dates for the period the return is filed;
  - (D) total amount of purchases subject to use tax at each applicable tax rate, including purchases of food subject to the two percent food rate;
  - (E) total tax at each applicable tax rate;
  - (F) any credit for sales and use tax paid to another state;
  - (G) tax due before any penalty and interest;
  - (H) any penalty or interest due;
  - (I) total tax due; and
  - (J) signature, title, contact telephone number of filer, and date return is signed.
- (5) Any individual who purchases food subject to the two percent food rate of sales and use tax shall report the tax on Form E-554, Consumer Use Tax Return.
- (6) Any individual who purchases a boat or aircraft shall report the tax on Form E-555, Boat and Aircraft Use Tax Return.

- (7) Form E-555 shall include the following information:
- (A) name of filer, address, and telephone number;
  - (B) Social Security Number or Federal Employer Identification Number (FEIN) of filer;
  - (C) beginning and ending dates for the period the return is filed;
  - (D) boat registration or document number and total amount of purchase, if applicable;
  - (E) aircraft serial number and total amount of purchase, if applicable;
  - (F) total tax at each applicable tax rate;
  - (G) any credit for sales and use tax paid to another state;
  - (H) tax due before any penalty and interest;
  - (I) any penalty or interest due;
  - (J) total tax due; and
  - (K) signature, title, contact telephone number of filer, and date return is signed.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13B; 105-164.16; 105-164.29; 105-164.42C; 105-164.42K; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; August 1, 2002; July 1, 2000; July 1, 1999; August 1, 1998;  
October 1, 1993; October 1, 1991; October 1, 1990; April 1, 1986;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .0105 MEASURE OF TAX DUE**

*History Note:* Authority G.S. 105-164.11; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; October 1, 1993; October 1, 1990;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

#### **17 NCAC 07B .0106 CERTIFICATES OF EXEMPTION: SALES FOR RESALE**

(a) For a person to purchase an item, as the term item is defined in G.S. 105-164.3, for resale exempt from sales and use tax pursuant to G.S. 105-164.13(5), the person shall provide each seller the information required by G.S. 105-164.28(a) on a paper certificate or electronically. The information required includes:

- (1) the purchaser's name;
- (2) the purchaser's address;
- (3) the purchaser's certificate of registration number which shall be a North Carolina certificate of registration number, another state's sales and use tax registration number, or a Streamlined Sales Tax ID;
- (4) the reason for the exemption;
- (5) the type of business; and
- (6) if submitted by paper, including fax, the purchaser's signature and date signed.

A purchaser shall retain in their records the certificates or electronic information submitted to sellers and an invoice or other statement of the purchase price of any items purchased.

(b) A seller's failure to keep records that establish a sale is exempt from sales and use tax subjects the seller to liability for the tax at the rates applicable to the retail sale of the item. To establish a sale is exempt from tax, sellers shall retain in their records the certificates or electronic information submitted by the purchaser, and records that identify the item purchased, the sales price of the item, and the purchaser of the item.

(c) A person that misuses a certificate of exemption, including information provided electronically for purposes of obtaining an exemption, is subject to penalties set out in G.S. 105-236. The penalty for misuse of an exemption certificate applies to each seller identified by the Department from which the person made a taxable purchase. The misuse of an exemption certificate is grounds for the Secretary to revoke a person's certificate of registration for sales and use taxes. Misuse occurs when a person makes a taxable purchase and furnishes the information described in Paragraph (a) of this Rule to a seller and the seller does not charge sales tax on the basis that the sale is a "wholesale sale" as defined in G.S. 105-164.3.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.22; 105-164.28; 105-164.29; 105-236; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;

*Eff. February 1, 1976;*  
*Amended Eff. April 1, 2006; October 1, 1993; February 1, 1988; May 11, 1979;*  
*Readopted Eff. January 1, 2024.*

#### **17 NCAC 07B .0107      RECORDS REQUIRED TO BE KEPT**

*History Note:      Authority G.S. 105-164.22; 105-164.23; 105-164.25; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. January 1, 1982.*

#### **17 NCAC 07B .0108      TRADE DISCOUNTS AND CASH DISCOUNTS**

(a) Trade and Bargaining Discounts. -- A trade discount is a reduction in the price a seller charges that is extended to a particular purchaser or group of purchasers without reservation at the time the sale is being negotiated. A bargaining discount is a reduction in the price a seller charges that is extended to a purchaser at the time the sale is being negotiated as a result of bargaining between the purchaser and the seller. The sales price of an item, as the term item is defined in G.S. 105-164.3, does not include a trade discount or bargaining discount that is not reimbursed by a third party.

(b) Cash and Terms Discounts. -- A cash or terms discount is a reduction in the price a seller charges that is extended to the purchaser for prompt payment of an invoice. The sales price of an item does not include a cash or terms discount that is not reimbursed by a third party.

(c) Trade-ins and Over-allowance. -- The amount of a trade-in, including an over-allowance, which is the difference between the trade-in amount and the actual cash value of the trade-in, taken by a purchaser as a credit or partial payment on the sale of an item is not a reduction in the sales price of the item. The trade-in is consideration given towards the purchase of the item. Any applicable sales or use tax shall be computed and paid on the sales price of the item without any deduction for a trade-in.

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264;*  
*Eff. February 1, 1976.*  
*Amended Eff. August 1, 2002;*  
*Readopted Eff. January 1, 2024.*

#### **17 NCAC 07B .0109      APPLICATION OF TAX TO FISH BAIT**

*History Note:      Authority G.S. 105-164.4; 105-164.13B; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;*  
*Eff. February 1, 1976;*  
*Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;*  
*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

#### **17 NCAC 07B .0110      CHARTER BOAT OPERATORS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. January 3, 1984.*

#### **17 NCAC 07B .0111      STAMPS, COINS, ETC.**

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;*  
*Eff. February 1, 1976;*  
*Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; March 1, 1984;*  
*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

#### **17 NCAC 07B .0112      OCCASIONAL AND ISOLATED SALES**

(a) An occasional and isolated sale occurs when the seller sells an item, as the term item is defined in G.S. 105-164.3, that is not of, or similar to, the type of item that the seller is engaged in the business of selling. For example, a person selling a personally owned bicycle is not making an occasional and isolated sale if the person operates a bicycle store. Occasional and isolated sales do not include sales of items by a facilitator liable for collecting and remitting tax on the sale.

(b) Household items. -- Owners making occasional and isolated sales of household items, on which the sales or use tax due was paid at the time of the initial purchase by the owner, are not required to collect and remit sales or use tax on the sale. For example, an individual making an occasional and isolated sale of a personally owned boat, is not required to collect and remit sales or use tax on the sale of the boat.

(c) Business items. -- Businesses making occasional and isolated sales of items owned by the business, upon which the sales or use tax due was paid at the time of the initial purchase by the business, are not required to collect and remit sales or use tax on the sale. For example, a manufacturer's occasional and isolated sale of its worn out, obsolete, or surplus machinery, accessories, and similar items is not subject to sales tax, as long as the manufacturer is not engaged in the business of making retail or wholesale sales of similar property.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .0113 AUCTIONEERS AND AUCTION SALES**

(a) Auctioneers who buy or acquire tangible personal property by consignment or otherwise which they sell at retail on their own account shall collect and remit the tax due on such sales and must have a Certificate of Registration. This includes persons who operate auction barns or similar places of business where they regularly receive merchandise on a consignment or some other basis and sell such items at auction.

(b) Auctioneers are not liable for collecting and remitting sales tax when they sell tangible personal property for the owners strictly in the capacity of an auctioneer and charge or receive a percentage of the sales price or other fee as compensation for their services. In these type transactions, the auctioneer is acting as agent for the owner of the property. Examples of auction sales on which no sales tax is due are estate sales of household possessions and sales of farm machinery and equipment for a farmer going out of business when such sales are conducted at the property owner's home or farm.

(c) If a retail or wholesale business conducts an auction sale as, for example, when it is going out of business, it shall collect and remit sales tax on any retail sales of the inventory of goods which it held for resale. The tax base is the sales price of the item before deducting the compensation paid to the auctioneer. Sales of store fixtures and equipment held for use in operating the business are exempt from sales tax as occasional or isolated sales by someone not engaged in the business of selling that kind of property.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .0114 BLIND MERCHANTS**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

### **17 NCAC 07B .0115 RESEARCH SERVICES**

For purposes of G.S. 105-164.13, purchases of scientific or research equipment, or an attachment or repair part for scientific or research equipment, for use in performing research services are purchased for use, not resale.

*History Note:* Authority G.S. 105-164.13; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; April 1, 2006; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .0116 COMPUTER SOFTWARE**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1991; May 1, 1985; December 1, 1982; January 1, 1982;

*Repealed Eff. October 1, 1993.*

**17 NCAC 07B .0117      PROPERTY TRANSFERS BETWEEN DIVISIONS**

A business entity having divisions, both inside and outside of North Carolina, is liable for remitting the rates of sales and use tax on any purchases of items, as the term item is defined in G.S. 105-164.3, for use in North Carolina, including any property purchased outside North Carolina and imported into North Carolina for use in this State. An item received by the purchaser or on behalf of the purchaser in this State is subject to sales and use tax no matter that the item is designated for ultimate use outside this State. No tax is due on transfers of property by an out-of-state firm to its North Carolina divisions for their use if the property was originally purchased for use outside this State by the out-of-state firm and was, in fact, used by that firm outside this State for a substantial period of time of at least 12 months.

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. December 1, 1997; October 1, 1993; Readopted Eff. January 1, 2024.*

**17 NCAC 07B .0118      CHANGE IN OWNERSHIP**

When a partnership dissolves and one or more of the former partners starts a new business on an individual basis, each new business must complete an application for registration. When a partnership or proprietorship is succeeded by a new business entity, the new entity must complete an application for registration.

*History Note:      Authority G.S. 105-164.4; 105-262; Eff. February 1, 1976; Amended Eff. July 1, 2000; April 1, 1997; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .0119      INTEREST ON ASSESSMENTS**

*History Note:      Authority G.S. 105-164.16; 105-262; Eff. February 1, 1976; Amended Eff. January 1, 1982; Repealed Eff. October 1, 1993.*

**17 NCAC 07B .0120      TRANSFEREE LIABILITY**

The Secretary of Revenue may not assert a transferee liability against the purchaser of a business for sales and use taxes incurred by anyone further removed along the chain of registration than the purchaser's immediate predecessor, unless the Department can trace its lien against specific property down through the ensuing chain of title.

*History Note:      Authority G.S. 105-164.38; 105-262; Eff. February 1, 1976; Amended Eff. January 1, 1982; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .0121      BANKRUPT'S LIABILITY**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 11 U.S.C. 532; Eff. February 1, 1976; Amended Eff. October 1, 1993; Repealed Eff. January 1, 2024.*

**17 NCAC 07B .0122      COUPONS**

(a) Sales of coupons and coupon booklets to advertising agencies, promoters and other users or consumers for use in advertising programs aimed at the promotion of sales by retail merchants are subject to sales or use tax. When coupons issued pursuant to such programs are subsequently taken by retail merchants from their customers in connection with sales of their

products, the retail merchant shall charge and remit sales tax on the net amount charged for the products after deduction of any credit by reason of the coupons. Such coupons are considered to be for the purpose of advertising discounts or special sales prices, such as the sale of two items for the price of one item, and are not considered to be a part of the sales price upon which the sales tax is due.

(b) When retailers issue coupons relating to products they sell and later receive the coupons from customers in connection with sales of their products, the retailer shall charge and remit sales tax on the net amount charged for the products after deduction of any credit by reason of the coupons. Coupons issued by retailers are considered to be for the purpose of advertising discounts or reductions in the suggested sales price of products and are not considered to be a part of the sales price upon which sales tax is due.

(c) When manufacturers issue coupons relating to their products and the coupons are subsequently taken by retailers from their customers in connection with sales of the manufacturers' products, the retailer shall charge and remit sales tax on the total sales price of the products before deduction of any credit or issuance of any refund by reason of any coupons. Manufacturers' coupons taken by retailers from their customers constitute payment, or part payment, of the sales price of the property upon which sales tax is due. Any amounts paid by the manufacturer to the retailer for the value of the coupons or for handling them are not subject to sales tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. September 14, 1977;  
Amended Eff. October 1, 1993; June 1, 1984;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .0123 COMMERCIAL FISHERMEN – CERTIFICATE OF EXEMPTION**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;  
Eff. July 5, 1980;  
Amended Eff. April 1, 2006; July 1, 2000; August 1, 1998; November 1, 1995; April 1, 1995; October 1, 1993; July 1, 1989;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .0124 ERRONEOUS INFORMATION**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. January 1, 1982;  
Amended Eff. October 1, 1993; October 1, 1990;  
Repealed Eff. July 1, 2000.

**17 NCAC 07B .0125 FLEA MARKETS**

*History Note:* Authority G.S. 105-164.3(1); 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1986;  
Amended Eff. October 1, 1993; June 1, 1992;  
Repealed Eff. July 1, 2000.

**17 NCAC 07B .0126 HOLY BIBLES**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. October 1, 1991;  
Repealed Eff. October 1, 1993.

**SECTION .0200 - GENERAL APPLICATION OF LAW TO MANUFACTURING AND INDUSTRIAL PROCESSING**

**17 NCAC 07B .0201 TAX ON MANUFACTURING AND PROCESSING MACHINERY**

**17 NCAC 07B .0202 CLASSIFICATION OF MANUFACTURING ACTIVITIES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; June 1, 1992; October 1, 1991; May 11, 1979; September 30, 1977;  
Repealed Eff. July 1, 2006.

**17 NCAC 07B .0203 EXEMPT SALES TO MANUFACTURERS**  
**17 NCAC 07B .0204 FUEL**  
**17 NCAC 07B .0205 BUILDINGS AND STRUCTURES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105.262;  
Eff. February 1, 1976;  
Amended Eff. May 11, 1979;  
Repealed Eff. January 1, 1982.

**17 NCAC 07B .0206 SALES BY MANUFACTURERS**  
**17 NCAC 07B .0207 PURCHASES BY MANUFACTURERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; July 1, 1999; August 1, 1998; October 1, 1993; March 1, 1993; August 1,  
1988; November 1, 1982;  
Repealed Eff. July 1, 2006.

#### **SECTION .0300 - SPECIFIC TANGIBLE PERSONALTY CLASSIFIED FOR USE BY INDUSTRIAL USERS**

**17 NCAC 07B .0301 MILL MACHINERY**  
**17 NCAC 07B .0302 ITEMS NOT MILL MACHINERY**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; June 1, 1992; October 1, 1991; January 3, 1984;  
Repealed Eff. July 1, 2006.

#### **SECTION .0400 - SPECIFIC INDUSTRIES**

**17 NCAC 07B .0401 SPECIFIC INDUSTRIES: CLASSIFICATIONS**  
**17 NCAC 07B .0402 FURNITURE FACTORIES**  
**17 NCAC 07B .0403 BOTTLING PLANTS**  
**17 NCAC 07B .0404 ELECTRIC POWER COMPANIES**  
**17 NCAC 07B .0405 MINING AND QUARRYING**  
**17 NCAC 07B .0406 OTHER MILLS AND PROCESSORS**  
**17 NCAC 07B .0407 DAIRIES AND CREAMERIES**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.21A; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. August 1, 1998; October 1, 1993; October 1, 1991; August 1, 1988; June 1, 1985; June 1,  
1984; May 11, 1979; September 30, 1977;  
Repealed Eff. July 1, 2006.

#### **SECTION .0500 - EXEMPT SALES TO MANUFACTURERS**

**17 NCAC 07B .0501 IN GENERAL**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;

*Eff. February 1, 1976;*  
*Repealed Eff. October 1, 1993.*

**17 NCAC 07B .0502      PACKAGING MATERIALS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993; October 1, 1991;*  
*Repealed Eff. July 1, 2006.*

**17 NCAC 07B .0503      INGREDIENTS**

*History Note:      Authority G.S. 105-164.13; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. November 1, 1982.*

**SECTION .0600 - SALES OF MILL MACHINERY AND ACCESSORIES**

- 17 NCAC 07B .0601      IN GENERAL**
- 17 NCAC 07B .0602      PACKAGING MACHINERY**
- 17 NCAC 07B .0603      TAPE DISPENSING MACHINES**
- 17 NCAC 07B .0604      STRAPPING MACHINE**
- 17 NCAC 07B .0605      MIXING TANKS**
- 17 NCAC 07B .0606      POLLUTION ABATEMENT EQUIPMENT**
- 17 NCAC 07B .0607      GAS STACKS**
- 17 NCAC 07B .0608      PRINTING PLATES**
- 17 NCAC 07B .0609      POLLUTION ABATEMENT CHEMICALS**
- 17 NCAC 07B .0610      WATER PURIFICATION EQUIPMENT AND CHEMICALS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993; October 1, 1991; April 1, 1986; July 5, 1980; May 11, 1979; September*  
*30, 1977;*  
*Repealed Eff. July 1, 2006.*

- 17 NCAC 07B .0611      MOLDS AND FORMS**
- 17 NCAC 07B .0612      RAGS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. November 1, 1982.*

- 17 NCAC 07B .0613      CHEMICALS FOR BOILERS**
- 17 NCAC 07B .0614      IDENTIFICATION AND INSTRUCTION TICKETS**
- 17 NCAC 07B .0615      INSULATION MATERIALS: MANUFACTURERS**
- 17 NCAC 07B .0616      SANDBLAST SAND**
- 17 NCAC 07B .0617      LIFT TRUCKS**
- 17 NCAC 07B .0618      SINGLE ARTICLE APPLICATION: SYSTEM**
- 17 NCAC 07B .0619      WELDING RODS**
- 17 NCAC 07B .0620      COMBUSTIBLE SOOT REMOVERS**
- 17 NCAC 07B .0621      ELECTRIC LIGHT BULBS**
- 17 NCAC 07B .0622      PRINTING PRESSES**
- 17 NCAC 07B .0623      CALCIUM CHLORIDE AND SALT**
- 17 NCAC 07B .0624      ELEVATORS**
- 17 NCAC 07B .0625      INSULATION MATERIALS: CONTRACTORS**

<b>17 NCAC 07B .0626</b>	<b>PAPER STOCK</b>
<b>17 NCAC 07B .0627</b>	<b>HANG TAGS AND LABELS</b>
<b>17 NCAC 07B .0628</b>	<b>STOCK CONTROL CARDS</b>
<b>17 NCAC 07B .0629</b>	<b>OFFICE SUPPLIES: STENCILS</b>
<b>17 NCAC 07B .0630</b>	<b>SCALES</b>
<b>17 NCAC 07B .0631</b>	<b>SEWAGE TREATMENT PLANTS</b>
<b>17 NCAC 07B .0632</b>	<b>GRAIN ELEVATORS</b>
<b>17 NCAC 07B .0633</b>	<b>ANIMALS AND ANIMAL CAGES</b>
<b>17 NCAC 07B .0634</b>	<b>ELECTRIC POWER DRIVE</b>

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105--264;  
 Eff. February 1, 1976;  
 Amended Eff. October 1, 1993; October 1, 1991; July 1, 1984; July 5, 1980; May 11, 1979; September 30,  
 1977; September 14, 1977;  
 Repealed Eff. July 1, 2006.

#### **SECTION .0700 - SPECIFIC INDUSTRY PURCHASES**

<b>17 NCAC 07B .0701</b>	<b>IN GENERAL</b>
<b>17 NCAC 07B .0702</b>	<b>FURNITURE FACTORIES</b>
<b>17 NCAC 07B .0703</b>	<b>BOTTLING PLANTS</b>
<b>17 NCAC 07B .0704</b>	<b>MINING AND QUARRYING</b>
<b>17 NCAC 07B .0705</b>	<b>TEXTILE MILLS</b>
<b>17 NCAC 07B .0706</b>	<b>SAWMILLS</b>
<b>17 NCAC 07B .0707</b>	<b>CONCRETE MANUFACTURERS</b>
<b>17 NCAC 07B .0708</b>	<b>ICE MANUFACTURERS</b>
<b>17 NCAC 07B .0709</b>	<b>PURIFICATION PLANTS</b>
<b>17 NCAC 07B .0710</b>	<b>FOOD PROCESSORS</b>
<b>17 NCAC 07B .0711</b>	<b>MODULAR HOME MANUFACTURERS</b>
<b>17 NCAC 07B .0712</b>	<b>MONUMENT MANUFACTURERS</b>
<b>17 NCAC 07B .0713</b>	<b>ELECTROPLATING INDUSTRIES</b>
<b>17 NCAC 07B .0714</b>	<b>REFRACTORY MANUFACTURERS</b>
<b>17 NCAC 07B .0715</b>	<b>HATCHERIES</b>
<b>17 NCAC 07B .0716</b>	<b>STATE AGENCIES</b>

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264;  
 Eff. February 1, 1976;  
 Amended Eff. April 1, 1995; October 1, 1993; June 1, 1992; October 1, 1991; October 1, 1990; March 1,  
 1984; January 1, 1982; July 5, 1980; May 11, 1979; September 30, 1977;  
 Repealed Eff. July 1, 2006.

#### **SECTION .0800 – ADJUSTMENTS: REPLACEMENTS: ALTERATIONS AND INSTALLATION SALES**

##### **17 NCAC 07B .0801 MANUFACTURER'S WARRANTY AND DEALER'S WARRANTY; ADJUSTMENTS AND REPLACEMENTS**

###### **(a) Manufacturer's Warranty:**

- (1) Exempt Purchases. -- Purchases by a manufacturer of a replacement item, a repair part, or repair, maintenance, and installation services to maintain or repair tangible personal property or a motor vehicle pursuant to a manufacturer's warranty, as the term is defined in G.S. 105-164.13(62a), are exempt from sales and use tax if the manufacturer provides the seller a Certificate of Exemption or required data elements in accordance with 17 NCAC 07B .0106. This exemption also applies when the manufacturer contracts with a dealer or another person to make the repairs on behalf of the manufacturer pursuant to a manufacturer's warranty and that dealer or person purchases the replacement item, repair part, or repair, maintenance, and installation services.

- (2) Tax Due On Repair Charges. -- If the manufacturer does not charge the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, no sales or use tax is due on the cost of the replacement item, parts, or services. If the manufacturer charges the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, sales and use tax is due on the sales price of the item, parts, or services.

(b) Dealer's Warranty:

- (1) Exempt Purchases. -- Purchases by a dealer of a replacement item, a repair part, or repair, maintenance, and installation services to maintain or repair tangible personal property or a motor vehicle pursuant to a dealer's warranty, as the term is defined in G.S. 105-164.13(62a), are exempt from sales and use tax if the dealer provides the seller a Certificate of Exemption or required data elements in accordance with 17 NCAC 07B .0106. This exemption also applies when the dealer contracts with another person to make the repairs on behalf of the dealer pursuant to a dealer's warranty and that person purchases the replacement item, repair part, or repair, maintenance, and installation services.
- (2) Tax Due On Repair Charges. -- If the dealer does not charge the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, no sales or use tax is due on the cost of the replacement item, parts, or services. If the dealer charges the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, sales and use tax is due on the sales price of the item, parts, or services.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .0802      MADE TO ORDER AND INSTALLATION SALES: GENERALLY**  
**17 NCAC 07B .0803      CABINETMAKERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; October 1, 1988;  
Repealed Eff. March 1, 2016.

**17 NCAC 07B .0804      FABRICATED ARTICLES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .0805      SIGN FABRICATING AND PAINTING**  
**17 NCAC 07B .0806      REPAIRS AND ALTERATIONS: GENERALLY**  
**17 NCAC 07B .0807      CLOTHING ALTERATIONS**  
**17 NCAC 07B .0808      REUPHOLSTERING**  
**17 NCAC 07B .0809      LAMINATING SERVICES**  
**17 NCAC 07B .0810      BULLETS AND SHELLS-RELOADING**  
**17 NCAC 07B .0811      FIRE EXTINGUISHERS: RECHARGING**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43;  
Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Repealed Eff. March 1, 2016.

**SECTION .0900 – ADVERTISING AND ADVERTISING AGENCIES: PUBLIC RELATIONS FIRMS**

**17 NCAC 07B .0901      ADVERTISING AND ADVERTISING AGENCIES**

(a) Professional Services to Produce Advertising. -- Advertising agencies are engaged in the business of rendering professional services when they produce advertising, such as radio and television spots or newspaper, magazine, or billboard advertising, and contract on their own behalf with radio and television stations, newspaper or magazine publishers, outdoor advertising companies, or other media for time or space to televise, broadcast, publish, or otherwise display their advertising. For purposes of G.S. 105-164.4, charges by advertising agencies for furnishing such professional services are not subject to sales or use tax if the charges are separately stated on the invoice or similar billing document given to the purchaser at the time of sale. For purposes of this Rule, a professional service by an advertising agency is one that meets the following criteria:

- (1) The agency selects or advises the client on the different kinds of advertising to be used.
- (2) The agency is primarily responsible for developing the concept or design of the advertising.
- (3) The agency produces or arranges for the production of the advertising.
- (4) The agency places or arranges for the placement of the advertising on radio or television stations or in newspapers, magazines, or other media and the agency purchases time or space in the media to display the advertising instead of delivering it to the client for placement or distribution.

(b) Professional Services to Produce a Report. -- Advertising agencies are also engaged in the business of rendering professional services when they contract to do market research, consulting, statistical analysis, or other services that result only in a report of their findings to the client. For purposes of G.S. 105-164.4, charges by advertising agencies for furnishing such services are not subject to sales and use tax if the charges are separately stated on the invoice or similar billing document given to the purchaser at the time of sale.

(c) Retail Sales. -- Advertising agencies are retailers when they produce, cause to be produced, fabricate, purchase, or otherwise acquire items, as the term item is defined in G.S. 105-164.3, that they sell at retail for any use or purpose other than for resale. Items sold by advertising agencies include: catalogs, magazines, handbills, brochures, programs, pamphlets, or similar printed materials, signs, paintings, portraits, negatives, photographs, vinyl wraps, certain digital property, or taxable services. Advertising agencies making retail sales of items shall collect, report, and remit sales and use tax on the sales price of such items, pursuant to G.S. 105-164.4.

The sales price to which the tax applies is the total amount for which the item is sold including all charges for services rendered in the production, fabrication, manufacture, or delivery of the item, such as charges for creative time, commissions, supervision, research, transportation, installation, postage, telephone and electronic messages, copy, models' fees, stage props, printing, printing plates, film, positives, negatives, transparencies and color separations, even though the agency may separately state the charges on the invoice or similar billing document given to the purchaser at the time of sale.

(d) Retainer and Consultation Fees.

- (1) Retainer. -- A retainer is generally collected in advance for future services to be rendered. Charges by advertising agencies to their clients for a retainer that is directly related to the purchase, acquisition, fabrication, or production and retail sale of taxable items are part of the sales price and are subject to sales and use tax, pursuant to G.S. 105-164.4, whether the retainer is separately stated on the customer's invoice or not. For purposes of G.S. 105-164.4, a retainer charged to clients is not subject to sales and use tax when it is solely in connection with the performance of professional services.
- (2) Consultation Fees. -- Charges by advertising agencies to their clients for consultation fees directly related to the purchase, acquisition, fabrication, or production and retail sale of taxable items are a part of the sales price and are subject to sales and use tax, pursuant to G.S. 105-164.4, whether the consultation fees are separately stated on the customer's invoice or not. For purposes of G.S. 105-164.4, consultation fees charged to clients are not subject to sales and use tax when they are solely in connection with the performance of professional services.

(e) Purchases for Use in Rendering Professional Services. -- Advertising agencies are the users or consumers of items purchased by them for use in rendering professional services regardless of whether the items purchased are acquired in the name or account of the advertising agency or their client. Pursuant to G.S. 105-164.4, purchases by advertising agencies of film, printing plates, photographs, positives, negatives, transparencies, color separations, and similar items used in rendering professional services are subject to sales and use tax on the purchase price of the items without any deduction for the cost of the materials used, labor or service costs, transportation charges, or any expenses whatsoever. Advertising agencies that purchase taxable items sourced to this State from suppliers who do not charge and remit the applicable sales and use tax shall remit the use tax, pursuant to G.S. 105-164.6, due directly to the Department.

(f) Purchases for Resale. -- Pursuant to G.S. 105-164.13, purchases by advertising agencies of items for resale, or of paper, ink, and other tangible personal property, certain digital property, or services that become a part of tangible personal property or certain digital property sold by advertising agencies at retail or wholesale, are exempt from sales or use tax when the

purchases are supported by a completed Certificate of Exemption in accordance with 17 NCAC 07B .0106. The term "part of tangible personal property or certain digital property" includes only those items that are incorporated into and become a part of property sold and does not include those items that are merely used or consumed in its production. Purchases by advertising agencies of items used or consumed in the production of items for sale are subject to sales and use tax, pursuant to G.S. 105-164.4. For example, a photograph, transparency, printing plate, positive, negative, or color separation does not become an ingredient or component part of property sold even though the image thereon is reproduced as a part of the property sold and the purchase of such items is subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-164.28A; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; August 1, 1998; October 1, 1993; October 1, 1991; December 1, 1984; May 11, 1979;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .0902 ADVERTISING ARTISTS**

(a) Sales by Advertising Artists. -- Advertising artists are retailers when they produce, cause to be produced, fabricate, purchase, or otherwise acquire items, as the term item is defined in G.S. 105-164.3, that they sell at retail for any use or purpose other than for resale. Items sold by advertising artists include catalogs, magazines, handbills, brochures, programs, pamphlets, or similar printed materials; other tangible personal property such as signs, paintings, portraits, negatives, photographs, vinyl wraps, certain digital property, or other tangible artistic creations. Pursuant to G.S. 105-164.4, advertising artists making retail sales of items to users or consumers shall collect, report, and remit sales and use tax on the sales price of such items.

The sales price to which the tax applies is the total amount for which the item is sold including all charges for services rendered in the production, fabrication, manufacture, installation, postage, telephone and electronic messages, copy, models' fees, stage props, printing, printing plates, film, positives, negatives, transparencies, and color separations, even though the artist may separately state the charges on the invoice or similar billing document given to the purchaser at the time of sale.

(b) Purchases for Use in Rendering Professional Services. -- Advertising artists are the users or consumers of the items purchased by them for use in rendering professional services, regardless of whether the items are acquired in the name or account of the artist or their client. Pursuant to G.S. 105-164.4, purchases by advertising artists of items used in rendering professional services are subject to sales and use tax on the purchase price of the item without any deduction for the cost of the material used, labor or service costs, transportation charges, or other expenses. Advertising artists that purchase taxable items sourced to this State from suppliers who do not charge and remit the applicable sales tax shall remit the use tax, pursuant to G.S. 105-164.6, due directly to the Department.

(c) Purchases for Resale. -- Pursuant to G.S. 105-164.13, purchases by advertising artists of items for resale that become a part of tangible personal property or certain digital property sold by the advertising artist at retail or wholesale are exempt from sales or use tax when the purchases are supported by a completed Certificate of Exemption in accordance with 17 NCAC 07B .0106. The term "part of tangible personal property or certain digital property" includes only those items that are incorporated into and become a part of property sold and does not include those items that are merely used or consumed in its production. Purchases by advertising artists of items used or consumed in the production of items for sale are subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13; 105-164.28; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, 1980;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .0903 HANG TAGS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

**17 NCAC 07B .0904 PUBLIC RELATIONS FIRMS**

(a) Rendering Professional Services. -- For purposes of G.S. 105-164.4, charges by a public relations firm to plan and conduct a public relations program that requires it to conduct research, opinion polls and surveys, compile data, perform analysis, and present a written, oral, or electronic report of its findings to its client, are not subject to sales or use tax.

(b) Purchases in Rendering Professional Services. -- Purchases by a public relations firm shall be subject to sales and use tax, pursuant to G.S. 105-164.4, on the purchase price of any item, as the term item is defined in G.S. 105-164.3, sourced to this State, and purchased for use in rendering professional services or carrying out the goals or objectives of the plan or concept.

(c) Making Retail Sales. -- Pursuant to G.S. 105-164.4, retail sales by public relations firms of taxable items are subject to sales or use tax. Taxable items sold by public relations firms include tangible personal property and certain digital property produced, fabricated, purchased, or acquired by the public relations firm and sold to its client and delivered to the client or to others on behalf of its client. Taxable items sold by public relations firms also include repair, maintenance, and installation services. The sales price of an item includes fees charged for costs directly involved in the production of the item and charges specifically associated with the fabrication, manufacture, or delivery of the item, such as charges for commissions, supervision, research, transportation charges, postage, telephone and electronic messages, copying, models' fees, stage props, printing, printing plates, films, positives, negatives, transparencies, and color separations even though the firm may separately state such charges on the invoice, similar billing document, or in the firm's records.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. October 1, 1993;  
Amended Eff. April 1, 2006;  
Readopted Eff. January 1, 2024.

**SECTION .1000 - BARBERS: BEAUTY SHOP OPERATORS: SHOE REPAIRMEN: WATCH REPAIRMEN**

**17 NCAC 07B .1001 BARBER AND BEAUTICIAN SUPPLIES**

(a) Sales to barber and beauty shop operators of tools, furniture, fixtures, equipment, materials, health and beauty aids and any and all other supplies purchased for use in connection with the operation of their business are subject to the applicable statutory state and local sales or use tax. Barber and beauty shop supply houses and other businesses making sales of the above items to barber and beauty shop operators to be used or consumed in rendering personal services to their customers are liable for collecting and remitting the applicable statutory state and local sales or use tax to this Department on such sales.

(b) Barber and beauty shop operators who purchase hair tonics, cosmetics and other health and beauty aids for resale and who maintain an inventory and facilities for regularly and continuously making retail sales of such items to their customers shall register with this Department as retail merchants and are liable for collecting and remitting the applicable statutory state and local sales or use tax on such sales. Barber and beauty shop operators purchasing hair tonics, cosmetics and other health and beauty aids, some of which are regularly and continuously sold to their customers and some of which are used or consumed in rendering personal services to their customers, may purchase such items without payment of tax to barber and beauty shop supply houses and other suppliers by furnishing the suppliers with properly executed Streamlined Sales Tax Agreement Certificates of Exemption, Form E-595E. By executing the certificates, the barber and beauty shop operators assume responsibility for payment of tax directly to this department on the sales price of items sold to their customers and on the cost price of items used or consumed in rendering personal services to their customers. The above provisions do not apply to barber and beauty shop operators who make occasional or infrequent sales of hair tonics and other health and beauty aids from their stock of merchandise which was purchased to be used in rendering services to their customers. Receipts of barber and beauty shop operators derived from rendering personal services are not taxable.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .1002 SHOE REPAIRMEN**

**17 NCAC 07B .1003 WATCH: CLOCK AND JEWELRY REPAIRMEN**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;

*Eff. February 1, 1976;*  
*Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; February 1, 1988;*  
*Repealed Eff. March 1, 2016.*

## **SECTION .1100 - QUALIFYING AND CONDITIONAL FARMERS**

### **17 NCAC 07B .1101 FARM MACHINERY: EQUIPMENT: SERVICES**

(a) Sales of items, as the term item is defined in G.S. 105-164.3, to farmers or other persons are exempt from tax when all of the following requirements are met:

- (1) the farmer or other person is a qualified or conditional farmer;
- (2) the farmer or other person has a current exemption certificate number;
- (3) the item is listed in G.S. 105-164.13E(a);
- (4) the farmer or other person primarily uses the item in farming operations; and
- (5) the seller complies with the certificate of exemption requirements in G.S. 105-164.28.

(b) Examples of farm machinery, attachment and repair parts for farm machinery, and lubricants applied to farm machinery that are exempt from sales and use tax, pursuant to G.S. 105-164.13E, when purchased by qualifying or conditional farmers and used primarily in farming operations include the following:

- (1) tractors;
- (2) plows;
- (3) harrows;
- (4) cultivators;
- (5) mowers;
- (6) planters;
- (7) corn pickers and snappers;
- (8) manure spreaders;
- (9) manure loaders;
- (10) harvester threshers;
- (11) rotary tillers;
- (12) fertilizer distributors;
- (13) wind-rowers;
- (14) forage blowers;
- (15) stalk cutters;
- (16) seeders;
- (17) grain loaders;
- (18) harvesters;
- (19) cotton pickers;
- (20) rotary hoes;
- (21) corn and hay elevators;
- (22) tobacco curers;
- (23) tobacco flues;
- (24) tobacco trucks or slides;
- (25) wagons;
- (26) non-highway trailers;
- (27) mechanical rakes;
- (28) balers;
- (29) rod weeders;
- (30) combines;
- (31) tobacco transplanters;
- (32) shredders for corn stalks;
- (33) power loader lifts;
- (34) platform carriers;
- (35) portable insecticide sprayers;
- (36) chainsaws;
- (37) motor oils, greases, lubricants, and anti-freeze; and
- (38) hydraulic fluids.

(c) Examples of commercially manufactured equipment, and parts and accessories for equipment, that are exempt from sales and use tax, pursuant to G.S. 105-164.13E, when used, placed, or installed in a commercially manufactured facility, enclosure, or structure for housing, raising, or feeding animals include:

- (1) animal clippers and parts for animal clippers;
- (2) cooling fans;
- (3) egg cooling cabinets for housing, raising, or feeding poultry;
- (4) feed mills;
- (5) mechanical barn cleaners;
- (6) scales; and
- (7) silo unloaders.

(d) Examples of repair, maintenance, and installation services that are exempt from sales and use tax, pursuant to G.S. 105-164.13E, when purchased by a qualifying or conditional farmer include:

- (1) Repair or maintenance of a tractor that is used primarily in farming operations.
- (2) Repair of a roof for a chicken house used for housing, raising, or feeding chickens.
- (3) Repair or maintenance for any of the items listed in Paragraph (b) of this Rule.
- (4) Repair of a fence used for housing, raising, or feeding animals.

(e) Examples of items purchased by a qualifying or conditional farmer from a retailer that are subject to the sales or use tax, pursuant to G.S. 105-164.4, include:

- (1) lawn mowers;
- (2) snow plows;
- (3) oil and fuel storage tanks, mobile or stationery, and their fittings;
- (4) drainage tile;
- (5) paint, cleaning compounds and brushes;
- (6) snap bean graders;
- (7) all-terrain vehicles not used primarily in farming operations;
- (8) tools for maintaining machinery and equipment;
- (9) sickle grinders;
- (10) tobacco balers; and
- (11) ventilators that are part of a building or structure that have no moving parts and are installed in tobacco barns, other than bulk tobacco barns.

(f) The items listed in Paragraphs (a), (b), and (c) or this Rule must be purchased in accordance with G.S. 105-164.13E and G.S. 105-164.28A in order to be exempt from sales and use tax; otherwise, the items purchased are subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13E; 105-164.28; 105-164.28A; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; August 1, 1996; April 1, 1995; July 1, 1994; October 1, 1993; June 1, 1992;  
Readopted Eff. January 1, 2024.

## **17 NCAC 07B .1102 EXPERIMENTAL FARMS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

## **17 NCAC 07B .1103 TRACTORS: BACKHOES: DRAGLINES**

## **17 NCAC 07B .1104 IRRIGATION EQUIPMENT**

## **17 NCAC 07B .1105 ANIMAL CLIPPERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; August 1, 1996; October 1, 1993; August 1, 1988; July 5, 1980;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .1106      LAYING CAGES**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. November 1, 1982; July 5, 1980;  
Repealed Eff. January 3, 1984.

- 17 NCAC 07B .1107      EGG CLEANING DETERGENT**
- 17 NCAC 07B .1108      EGG COOLING CABINETS**
- 17 NCAC 07B .1109      FEED MILLS**
- 17 NCAC 07B .1110      COOLING FANS**
- 17 NCAC 07B .1111      VENTILATORS**
- 17 NCAC 07B .1112      SILO UNLOADERS: BARN CLEANERS**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43;  
Article 44;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; August 1, 1996; October 1, 1993; October 1, 1991; August 1, 1988; July 5,  
1980;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .1113      MACHINERY STORAGE EQUIPMENT**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1991; August 1, 1988;  
Repealed Eff. October 1, 1993.

- 17 NCAC 07B .1114      SCALES**
- 17 NCAC 07B .1115      SNAPBEAN GRADERS**
- 17 NCAC 07B .1116      LIQUID FERTILIZER APPLICATORS**
- 17 NCAC 07B .1117      MECHANICAL POST HOLE DIGGERS**
- 17 NCAC 07B .1118      SICKLE GRINDERS**
- 17 NCAC 07B .1119      TOBACCO TYING MACHINES**
- 17 NCAC 07B .1120      COTTON BAGS AND SHEETS**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43;  
Article 44;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; August 1, 1996; October 1, 1993; October 1, 1991; August 1, 1988;  
November 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .1121      LITTER**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. September 12, 1981.

**17 NCAC 07B .1122      RIGHT-OF-WAY EQUIPMENT**

Sales of tractors and bush-cutting equipment to power companies, railroad companies, counties, cities, and contractors for use in cutting and maintaining rights-of-way are subject to the applicable statutory state and local sales or use tax.

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43;

*Article 44;*

*Eff. February 1, 1976;*

*Amended Eff. June 1, 2006; October 1, 1993; October 1, 1991; October 1, 1988;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

## **17 NCAC 07B .1123 CERTAIN SALES TO COMMERCIAL ANIMAL FARMERS**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;*

*Eff. February 1, 1976;*

*Amended Eff. June 1, 2006; August 1, 1998; August 1, 1996; May 1, 1995; October 1, 1993;*

*June 1, 1992; February 1, 1988;*

*Repealed Eff. January 1, 2024.*

## **SECTION .1200 – HOTELS: MOTELS: TOURIST CAMPS AND TOURIST CABINS**

### **17 NCAC 07B .1201 TAXABILITY OF GROSS RECEIPTS**

*History Note: Authority G.S. 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*

*Eff. February 1, 1976;*

*Amended Eff. October 1, 2009; October 1, 1993; October 1, 1991; August 1, 1988; July 1, 1984;*

*Repealed Eff. April 1, 2016.*

### **17 NCAC 07B .1202 SUPPLIES AND EQUIPMENT FOR AN ACCOMMODATION**

For purposes of G.S. 105-164.13, a hotel, motel, inn, tourist camp, tourist cabin, or other accommodation provider making purchases of supplies, equipment, or fixtures including linens, bedding, bathroom supplies, cleaning supplies, and furniture are purchased for use and not resale, and the accommodation provider shall pay the sales or use tax on the supplies, equipment, or fixtures at the time of purchase, pursuant to G.S. 105-164.4.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*

*Eff. February 1, 1976;*

*Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;*

*Readopted Eff. January 1, 2024.*

### **17 NCAC 07B .1203 SINGLE FAMILY COTTAGES**

*History Note: Authority G.S. 105-164.4; 105-262; 105-264;*

*Eff. February 1, 1976;*

*Amended Eff. September 30, 1977;*

*Repealed Eff. January 3, 1984.*

## **SECTION .1300 - SALES IN INTERSTATE COMMERCE**

### **17 NCAC 07B .1301 OUT-OF-STATE DELIVERIES**

(a) To qualify for the exemption from sales or use tax on out-of-State deliveries set out in G.S. 105-164.13(33a), a retailer who delivers items, as the term item is defined in G.S. 105-164.3, to the purchaser at a point outside the State, or causes items to be delivered by a common carrier or the United States Postal Service to the purchaser at a point outside the State, shall maintain documentation substantiating the transportation and delivery to a point outside the State. Documentation substantiating the transportation and delivery to a point outside the State shall be any of the following:

- (1) A waybill or bill of lading made out to the seller's order calling for delivery.
- (2) An insurance or registry receipt issued by the United States Postal Service, or a postal service receipt.
- (3) A trip sheet that is signed by the retailer's delivery agent, shows the signature and address of the person who received the delivered goods outside the State, and states the location and time of delivery.
- (4) Retailer's records kept in the ordinary course of business substantiating that a sale of certain digital property is sourced to a location outside North Carolina.

(b) A retailer is liable for rates of sales or use tax due on the sale as though the delivery was made in this State if it does not maintain documentation substantiating the transportation and delivery of an item to a point outside the State.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .1302 IN-STATE DELIVERIES**

Pursuant to G.S. 105-164.4, the sales price of items, as the term item is defined in G.S. 105-164.3, sold at retail that are delivered to a purchaser or the purchaser's agent in this State are subject to sales and use tax. Tax is due even if the purchaser or the purchaser's agent may subsequently transport, or employ someone else to transport the item out of this State.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; January 1, 1982; February 8, 1981;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .1303 GIFTS TO DONEES**

(a) A donee is a person that receives an item, as the term item is defined in G.S. 105-164.3, from a purchaser without charge. Pursuant to G.S. 105-164.4, retailers making sales of items sourced to this State shall collect and remit the sales and use tax due on the sales price of the item, even if the item is given away by the purchaser to a donee or delivered directly to a donee.

(b) Pursuant to G.S. 105-164.6, the purchaser of items used or consumed in this State is liable for use tax due on the purchase price of the items, even if the items are given away by the purchaser to a donee or delivered directly to a donee, unless the sales tax is paid to the retailer at the time of purchase.

(c) A retailer who, at the direction of a buyer, delivers property to the purchaser's donee at a point outside the State shall maintain proof of delivery in accordance with 17 NCAC 07B .1301.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; July 18, 2002; July 1, 1999; October 1, 1993; October 1, 1991; March 1, 1984; January 3, 1984;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .1304 MACHINERY ENTERING STATE**

When a North Carolina vendor sells tangible personal property and installs same on machinery or other property brought into this state for the purpose of having the property installed thereon and the North Carolina vendor delivers the property to the vendee at a point outside this state, the sale is consummated outside this state and is exempt from this state's tax.

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .1305 FOREIGN COMMERCE: PURCHASES FOR EXPORT**

(a) Tangible personal property purchased for export and exempt from sales or use tax pursuant to G.S. 105-164.13(33) will lose its exemption if:

- (1) the purchaser of the tangible personal property fails to submit Form E-599C, Purchaser's Affidavit of Export, to the seller and comply with the terms and conditions listed on the form; and
- (2) the tangible personal property is not exported within 90 days of purchase.

(b) Form E-599C requires the following information:

- (1) name of vendor;

- (2) address of vendor;
- (3) name of affiant;
- (4) title of affiant, if applicable;
- (5) name of vendee;
- (6) address of vendee;
- (7) name of foreign country;
- (8) identification of property purchased;
- (9) signature of affiant; and
- (10) signature, date, seal, and commission expiration date of Notary Public.

(c) A separate Form E-599C, Purchaser's Affidavit of Export, is required for each transaction.

(d) This exemption from sales and use tax does not extend to property acquired for personal use or consumption by the purchaser, including gifts.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. October 1, 1993; Readopted Eff. January 1, 2024.

## **SECTION .1400 – SALES OF MEDICINES: DRUGS AND MEDICAL SUPPLIES**

### **17 NCAC 07B .1401 PRESCRIPTION DRUGS**

*History Note:* Authority G.S. 105-164.13; 105-262; Eff. February 1, 1976; Amended Eff. July 1, 2000; October 1, 1993; May 1, 1990; August 1, 1988; Repealed Eff. April 1, 2016.

### **17 NCAC 07B .1402 MEDICINES: SALES TO PHYSICIANS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Amended Eff. October 1, 1993; October 1, 1991; August 1, 1988; Repealed Eff. July 1, 2000.

### **17 NCAC 07B .1403 NONPRESCRIPTION MEDICINES AND DRUGS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Amended Eff. October 1, 1991; August 1, 1988; Repealed Eff. October 1, 1993.

### **17 NCAC 07B .1404 MEDICAL SUPPLIES, INSTRUMENTS, AND EQUIPMENT**

Pursuant to G.S. 105-164.4, sales to physicians, dentists, hospitals, or other consumers of medical supplies, medical instruments, medical equipment, and laboratory equipment used to diagnose, prevent, treat, or cure disease are subject to sales and use tax. For purposes of G.S. 105-164.13, these items are not purchased for resale or pursuant to a prescription. Examples of medical supplies, instruments, and equipment subject to sales and use tax include the following:

- (1) adhesive tape;
- (2) alcohol;
- (3) bandages;
- (4) battery chargers;
- (5) bed pans;
- (6) betadine solution;
- (7) blood glucose monitors;
- (8) blood glucose test/reagent strips;
- (9) blood or urine control strips;

- (10) breathing circuits;
- (11) carbon dioxide (CO<sub>2</sub>) saturation monitors and accessories;
- (12) cold packs and hot packs;
- (13) collection bags;
- (14) cotton;
- (15) crutch and cane holders;
- (16) cylinder tank carriers;
- (17) denture adhesive;
- (18) dial-a-does insulin delivery devices;
- (19) dressings;
- (20) exam and surgical gloves;
- (21) gauze;
- (22) glucose for insulin reactions;
- (23) incontinence pads, sheets, and liners;
- (24) intravenous (IV) hangers;
- (25) knives;
- (26) lancets;
- (27) lubricants;
- (28) microscopes;
- (29) mouthpieces;
- (30) needles and syringes;
- (31) non-corrective eye lenses;
- (32) ostomy barrier wipes and powders;
- (33) ostomy cleansers, deodorants, and adhesive removers;
- (34) peak flow meters;
- (35) percussors;
- (36) pulse oximeters;
- (37) rollabout chairs;
- (38) soap;
- (39) scissors;
- (40) sterile water;
- (41) tissues;
- (42) tracheal suction catheters;
- (43) tracheostomy care kits;
- (44) tracheostomy cleaning brushes;
- (45) tracheostomy masks and collars;
- (46) tubing, sold by the linear foot or otherwise;
- (47) urinals;
- (48) urine test or reagent strips or tablets; or
- (49) x-ray machines.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. July 1, 2000; August 1, 1998; October 1, 1993; October 1, 1991;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .1405 INSULIN**

*History Note:* Authority G.S. 105-164.13; 105-262;  
 Eff. February 1, 1976;  
 Amended Eff. August 1, 1988;  
 Repealed Eff. October 1, 1993.

**17 NCAC 07B .1406 BLOOD PRODUCTS: BODY TISSUE**

*History Note:* Authority G.S. 105-164.3; 105-262; 105-264; 130A-410;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1989; September 14, 1977;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

## **SECTION .1500 - FINANCE COMPANIES: FINANCE CHARGES AND CARRYING CHARGES**

### **17 NCAC 07B .1501 FINANCE COMPANIES**

(a) If a finance company maintains a regular place of business wherein repossessed tangible personal property is sold or placed on display for sale as an adjunct to the principal business of the finance company, such finance company must register with the department and collect and remit the applicable state and local tax on its sales.

(b) If a finance company, as an incident only of its finance business, has occasion, from time to time, to repossess articles of tangible personal property upon which payments have become delinquent and sells such tangible personal property either at public auction or at private sale, such sales shall be deemed occasional sales and are not subject to the tax.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. June 1, 1992; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .1502 FINANCE AND CARRYING CHARGES**

*History Note:* Authority G.S. 105-164.3; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

## **SECTION .1600 – SALES TO OR BY HOSPITALS: EDUCATIONAL: CHARITABLE OR RELIGIOUS INSTITUTIONS: ETC.: AND REFUNDS THERETO**

### **17 NCAC 07B .1601 SALES TO OR BY NONPROFIT ENTITIES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; July 1, 2000; October 1, 1993; October 1, 1991; January 1, 1982; July 5, 1980;  
RRC objection January 31, 2024 and rule returned to agency on February 1, 2024.

### **17 NCAC 07B .1602 REFUNDS TO NONPROFIT ENTITIES**

(a) Eligibility. -- A nonprofit entity listed in G.S. 105-164.14(b) may file Form E-585, Nonprofit and Governmental Entity Claim for Refund State, County and Transit Sales and Use Taxes, to obtain a refund of sales and use tax paid by it on the following purchases when used in carrying on the work of the nonprofit entity:

- (1) Direct purchases of an item, as the term item is defined in G.S. 105-164.3, including reimbursement by the nonprofit entity for purchases by an authorized person of tangible personal property and services on behalf of the nonprofit entity. For purposes of this Rule, an authorized person is a person designated by a nonprofit entity, within its records, to purchase tangible personal property and services on behalf of the nonprofit entity.
- (2) Indirect purchases of building materials, supplies, fixtures, and equipment that become part of or are annexed to any building or structure the entity owns or leases, and is being erected, altered, or repaired for use by the entity in carrying on its nonprofit activities.

A claim for refund applies to sales and use tax paid during the period for which the claim for refund is filed. Taxes for which a refund is allowed under G.S. 105-164.14(b) are not an overpayment of tax and do not accrue interest.

(b) Form E-585, requires the following information:

- (1) name and address of entity requesting the refund;

- (2) Federal Employer Identification Number;
- (3) account number;
- (4) refund period beginning and ending dates;
- (5) contact person name and telephone number;
- (6) designation as either a nonprofit entity or governmental entity;
- (7) National Taxonomy of Exempt Entities (NTEE) number for nonprofit entities;
- (8) name of taxing county if taxes were paid in only one county. Where more than one county's sales and use tax has been paid, attach Form E-536E, Schedule of County Sales and Use Taxes for Claims for Refund, and show the amount paid for each county's applicable local and transit rates of tax.
- (9) total purchases of items for use on which State, food, county and transit sales or use tax was paid directly to the retailer;
- (10) amount of sales and use tax paid directly to retailers on purchases;
- (11) amount of sales and use tax paid indirectly to retailers on purchases;
- (12) amount of use tax paid directly to the Department on purchases;
- (13) total tax paid;
- (14) total refund amount requested;
- (15) allocation of food, county and transit tax amounts; and
- (16) signature of person authorized to legally bind entity and date form signed.

(c) Records -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid. Records shall be maintained by the nonprofit entity on a county-by-county basis to identify local and transit sales and use tax paid by the nonprofit entity. A claim for refund shall be denied if a nonprofit entity fails to produce documentation supporting a direct or indirect purchase upon request by the Department.

(d) Documentation for Direct Purchases. -- Documentation to substantiate sales or use tax paid directly to a retailer or the Department is an invoice or copy of an invoice that identifies the item purchased, the date of the purchase, the purchase price of the item, the amount of sales or use tax paid, and a record reflecting the date of payment. Documentation to substantiate an authorized person is designated to make purchases on behalf of the nonprofit entity shall include the name and address of the designee and the effective date of the designation.

(e) Documentation for Indirect Purchases. -- Documentation to substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by the nonprofits' real property contractor or other person, is a certified statement from the real property contractor or other person that purchased the items.

- (1) The certified statement shall include the following information:
  - (A) the date the item was purchased;
  - (B) the type of item purchased;
  - (C) the name of the retailer or other person from whom the item was purchased;
  - (D) the invoice or order reference number of the purchase;
  - (E) the purchase price of the item;
  - (F) the amount of sales or use tax paid to this State with the applicable local and transit rates of tax shown separately from the State rate of tax.
  - (G) the project for which the item was used;
  - (H) if the item was purchased in this State, the county in North Carolina in which the item was delivered and a copy of the sales invoice;
  - (I) if the item was not purchased in this State, the county in North Carolina in which the item was used; and
  - (J) the signature of the real property contractor or corporate officer or employee of the real property contractor who is authorized to provide the information.
- (2) In the event the real property contractor or other person makes several purchases from the same retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices, the total amount of the invoices, and the general State, and applicable local and transit rates of sales or use tax paid.
- (3) If items are withdrawn from a real property contractor or other person's warehouse stock, the certified statement shall include the purchase price of the items and the amount of the general State, and applicable local and transit rates of sales and use tax paid.
- (4) A real property contractor or other person shall not include in its certified statement sales or use tax paid on items purchased and used to fulfill the real property contract that did not become part of or annexed to the building constructed. Examples of items that shall not to be included in the certified statement are

scaffolding, forms for concrete, fuel to operate machinery and equipment, tools, equipment repair parts, and equipment rentals.

(f) Taxes Not Eligible for Refund. -- The refund provisions of this Rule do not apply when a non-profit entity listed in G.S. 105-164.14(b), reimburses a personal expense of an employee. This includes purchases paid for by the employee of food, lodging, or other personal taxable travel expenses, including any sales and use tax incurred. The refund provisions of this Rule do not apply to the following taxes:

- (1) Sales or use tax remitted on taxable sales.
- (2) Sales or use tax paid on the purchase of "alcoholic beverages" as defined in G.S. 18B-101.
- (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan.
- (4) Local occupancy taxes paid to certain counties and cities in this State.
- (5) Local prepared food and beverage taxes paid to various local governments in this State.
- (6) Highway use tax or alternate highway use tax paid on the purchase, vehicle subscription, lease, or rental of motor vehicles.
- (7) White goods disposal tax paid on purchases of new white goods.
- (8) Scrap tire disposal tax paid on purchases of new tires.
- (9) Dry-cleaning solvent tax paid on dry-cleaning solvent purchased by a dry cleaning facility.
- (10) Solid waste disposal tax.
- (11) 911 service charge for prepaid wireless telecommunications service.
- (12) Other states' sales or use taxes paid to those states.

(g) The provisions of G.S. 105-164.14(b) and this Rule apply to out-of-state nonprofit entities to the extent the out-of-state nonprofit entity pays North Carolina sales or use tax on purchases for use in carrying on the entities nonprofit activities, whether those activities occur in or outside this State.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976;  
Amended Eff. April 1, 2006; July 1, 2000; July 1, 1999; August 1, 1998; April 1, 1997; August 1, 1996; October 1, 1993; March 1, 1993; June 1, 1992; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .1603 PARENTS AND TEACHERS ASSOCIATIONS**  
**17 NCAC 07B .1604 CONTRACTOR'S TOOLS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .1605 CLUBS: ASSOCIATIONS: ETC.**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1982; July 5, 1980;  
RRC objection January 31, 2024 and rule returned to agency on February 1, 2024.

**SECTION .1700 - SALES TO OR BY THE STATE: COUNTIES: CITIES: AND OTHER POLITICAL SUBDIVISIONS**

**17 NCAC 07B .1701 GOVERNMENTAL SALES AND PURCHASES**

(a) Sales to and Purchases by Governmental Entities. -- With the exception of electricity, telecommunications service, and ancillary service, sales to North Carolina State agencies are exempt from State and local sales or use tax if all of the conditions set out in G.S. 105-164.13(52) are met. This exemption does not apply to sales of items, as the term item is defined in G.S. 105-164.3, to a person, including a real property contractor, for use in the performance of a contract with State agencies or to

sales of items to employees of State agencies. Pursuant to G.S. 105-164.4, sales to counties, cities, and other political subdivisions are subject to sales and use tax.

(b) **Taxable Sales by Governmental Entities.** -- A governmental entity, including a State agency that sells items at retail is a retailer. A governmental entity that is a retailer shall register with the Department, in accordance with 17 NCAC 07B .0104, and report, collect, and remit sales and use tax due on retail sales. The annual refund for certain governmental entities, as provided by G.S. 105-164.14(c), does not apply to the tax due on retail sales made by a governmental entity. Governmental entities registered with the Department may purchase items for resale without paying sales tax to the seller by providing a completed Certificate of Exemption in accordance with 17 NCAC 07B .0106.

(c) **Sales to the North Carolina Department of Transportation.** -- Sales of items to the Department of Transportation are exempt from State, local, and transit rates of sales and use tax, pursuant to G.S. 105-164.13(40). This exemption does not apply to sales of items to a person, including a real property contractor, for use in the performance of a contract with the Department of Transportation or to sales of items to an employee of the Department of Transportation.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. October 1, 2009; August 1, 1998; August 1, 1996; October 1, 1993; October 1, 1991; May 1, 1990; February 1, 1987; Readopted Eff. January 1, 2024.*

#### **17 NCAC 07B .1702 REFUNDS TO COUNTIES, CITIES, AND OTHER GOVERNMENTAL ENTITIES**

(a) **Eligibility.** -- A governmental entity listed in G.S. 105-164.14(c) may file Form E-585, Nonprofit and Governmental Entity Claim for Refund for State, County and Transit Sales and Use Taxes, to obtain a refund of sales and use tax paid by it on the following purchases:

- (1) Direct purchases of items, as the term item is defined in G.S. 105-164.3.
- (2) Indirect purchases of building materials, supplies, fixtures, and equipment that become part of or are annexed to any building or structure the entity owns or leases, and is being erected, altered, or repaired for use by the entity.

A claim for refund applies to sales and use tax paid during the period for which the claim for refund is filed. Taxes for which a refund is allowed under G.S. 105-164.14(c) are not an overpayment of tax and do not accrue interest.

(b) **Claims for refund by governmental entities** shall be filed on Form E-585, and requires all the information set out in 17 NCAC 07B .1602(b).

(c) **Records.** -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid. Records shall be maintained by the governmental entity on a county-by-county basis to identify local and transit sales and use tax paid by the governmental entity. Local tax rates by county, including any transit tax can be found on the Department's website at [www.ncdor.gov](http://www.ncdor.gov).

(d) **Documentation for Direct Purchases.** -- Documentation to substantiate sales or use tax paid directly to a retailer or the Department is an invoice or copy of an invoice that identifies the item purchased, the date of the purchase, the purchase price of the item, the amount of sales or use tax paid, and a record reflecting the date of payment.

(e) **Documentation for Indirect Purchases by a Real Property Contractor or Other Person.** -- Documentation to substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by the governmental entity's real property contractor or other person, is a certified statement from the real property contractor or other person that purchased the items.

- (1) A certified statement shall contain the information set out in G.S. 105-164.14(e)(1) through (6).
- (2) If the item was purchased in this State, the person shall attach a copy of the sales invoice.
- (3) In the event the real property contractor or other person makes several purchases from the same retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices, the total amount of the invoices, and the sales or use tax paid.
- (4) If items are withdrawn from a real property contractor or other person's warehouse stock, the certified statement shall include the purchase price of the items and the amount of the sales or use tax paid.
- (5) A real property contractor or other person shall not include in its certified statement sales or use tax paid on items purchased and used to fulfill the real property contract that did not become part of or annexed to the building constructed. Examples of items that shall not be included in the certified statement are scaffolding, forms of concrete, fuel to operate machinery and equipment, tools, equipment repair parts, temporary fencing/netting, and equipment rentals.

- (f) Taxes not Eligible for Refund – The refund provisions of this Rule do not apply to the following taxes:
- (1) Sales or use tax remitted on taxable sales made by the governmental entity.
  - (2) Sales or use tax paid on the purchase of "alcoholic beverages" as defined in G.S. 18B-101.
  - (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan.
  - (4) Local occupancy taxes paid to certain counties and cities in this State.
  - (5) Local prepared food and beverage taxes paid to various local governments in this State.
  - (6) Highway use tax or alternate highway use tax paid on the purchase, vehicle subscription, lease, or rental of motor vehicles.
  - (7) White goods disposal tax paid on purchases of new white goods.
  - (8) Scrap tire disposal tax paid on purchases of new tires.
  - (9) Dry-cleaning solvent tax paid on dry-cleaning solvent purchased by a dry cleaning facility.
  - (10) Solid waste disposal tax.
  - (11) 911 service charge for prepaid wireless telecommunications service.
  - (12) Other states' sales or use taxes paid to those states.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. July 1, 2000; August 1, 1998; April 1, 1997; August 1, 1996; October 1, 1993; October 1, 1991; May 1, 1990; February 1, 1997; Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .1703 SALES TO STATE**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Amended Eff. October 1, 1993; October 1, 1991; July 5, 1980; Repealed Eff. August 1, 1998.

#### **17 NCAC 07B .1704 GOVERNMENTAL ENTITIES NOT ELIGIBLE FOR REFUNDS**

G.S. 105-164.14(c) lists the governmental entities eligible for annual refunds of sales and use tax paid on certain direct purchases. A governmental entity not listed in that subsection is not eligible for an annual refund. The governmental entities that are not eligible for an annual refund include the following:

- (1) An alcoholic beverage control board.
- (2) A community college established under G.S. 115D.
- (3) A drainage district.
- (4) A housing authority.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264; Eff. February 1, 1976; Amended Eff. April 1, 1999; October 1, 1993; May 1, 1990; July 5, 1980; Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .1705 HOUSING AUTHORITIES**

Sales of items, as the term item is defined in G.S. 105-164.3, to housing authorities created and existing under Chapter 157 of the North Carolina General Statutes for use in carrying on their activities are subject to the statutory rates of sales and use tax pursuant to G.S. 105-164.4, and such housing authorities are not entitled to refunds under the provisions of G.S. 105-164.14.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; August 1, 1988; March 1, 1984; Readopted Eff. January 1, 2024.

## **17 NCAC 07B .1706 PRISON CONCESSION STANDS**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. October 1, 1991;  
Repealed Eff. October 1, 1993.*

### **SECTION .1800 – HOSPITALS AND SIMILAR INSTITUTIONS**

#### **17 NCAC 07B .1801 SALES TO AND PURCHASES BY HOSPITALS AND SIMILAR INSTITUTIONS**

(a) General. -- Hospitals and similar institutions are primarily engaged in rendering services and are the consumers of all items, as the term item is defined in G.S. 105-164.3, they purchase for use in connection with the operation of the hospital or similar institutions. Pursuant to G.S. 105-164.4, hospitals and similar institutions purchasing items for use, such as linens, soap, toilet paper, facial tissues, and other supplies, shall pay sales or use tax due on the purchase of the items. For purposes of this Rule, similar institutions include nursing homes, ambulatory surgical facilities, psychiatric hospitals, chemical dependency facilities, and other institutions primarily engaged in providing a health service, as the term is defined in G.S. 131E-176(9a).

(b) Purchases of Drugs for Use. -- Hospitals and similar institutions are the consumers of drugs and over-the-counter drugs used in administering treatment to patients. Purchases of drugs and over-the-counter drugs by hospitals or similar institutions are subject to sales or use tax.

(c) Purchases and Sales of –Food:

- (1) Hospitals and similar institutions are the consumers of food they purchase to furnish meals to patients. Pursuant to G.S. 105-164.4 and G.S. 105-467, purchases of food used to furnish meals to patients by hospitals and similar institutions are subject to sales and use tax.
- (2) Hospitals and similar institutions that make sales of food to guests, visitors, employees, staff, students, patients when the sale of food is not part of their health care services, or other persons shall register with the Department, in accordance with 17 NCAC 07B .0104, and collect and remit the sales and use tax due on the sales.
- (3) If food purchased by a hospital or similar institution for use in furnishing meals to patients cannot be distinguished from the food purchased for resale to other persons, the hospital or similar institution may purchase all the food exempt from sales or use tax, pursuant to G.S. 105-164.13(5), under a certificate of exemption, in accordance with 17 NCAC 07B .0106. A hospital or similar institution that purchases food under a certificate of exemption assumes liability for payment of sales or use tax due on the purchase price of food used in furnishing meals to its patients.

(d) Gift Shops and Other Retail Sales. -- A hospital or similar institution that operates a gift shop or other business making retail sales shall register with the Department and collect and remit the sales and use tax due on its retail sales. The tax due shall be computed on the sales price or purchase price of the item sold. If, at the time of sale, a hospital or similar institution cannot distinguish whether an item will be used or resold, the hospital or similar institution may purchase the item exempt from sales and use tax, pursuant to G.S. 105-164.13(5), under a certificate of exemption. A hospital or similar institution that purchases an item under a certificate of exemption which is subsequently used by the hospital, including items used to provide services to patients, must pay the sales or use tax due on the purchase price of the item.

(e) Use of a Certificate of Exemption. -- Except as provided by Paragraphs (c) and (d) of this Rule, a Certificate of Exemption may not be used by hospitals or similar institutions when making taxable purchases of items for use or consumption. The sales or use tax due on taxable purchases from retailers that collect North Carolina sales or use tax shall be paid to the retailer. Pursuant to G.S. 105-164.6, hospitals and similar institutions that make taxable purchases from suppliers that do not collect and remit North Carolina sales tax shall register with the Department and remit the tax due on the purchase price of items purchased for use or consumption.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; May 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991; July 1, 1989;  
Readopted Eff. January 1, 2024.*

#### **17 NCAC 07B .1802 REFUNDS TO HOSPITALS AND SIMILAR MEDICAL FACILITIES**

*History Note:* Authority G.S. 105-164.14; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; August 1, 1998; April 1, 1997; August 1, 1996; October 1, 1993; October 1, 1991; May 1, 1990; May 1, 1985;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .1803 OXYGEN EQUIPMENT**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

**17 NCAC 07B .1804 OXYGEN  
17 NCAC 07B .1805 HOSPITAL SUPPLIES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; January 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**SECTION .1900 - TIRE RECAPPERS AND RETREADERS: TIRE AND TUBE REPAIRS**

**17 NCAC 07B .1901 TIRE RECAPPING MATERIALS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. March 1, 2016.

**17 NCAC 07B .1902 SECONDHAND TIRES**

Sales to users or consumers of secondhand tires that have been recapped or retreaded are subject to sales or use tax on the full sales price without any deduction whatever on account of any trade-in credit or allowance. Sales to users or consumers of unrecapped or unretreaded secondhand tires are also subject to sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .1903 TIRE REPAIR MATERIALS  
17 NCAC 07B .1904 SALES BY TIRE RECAPPERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993;  
Repealed Eff. March 1, 2016.

**17 NCAC 07B .1905 TIRE RETREADERS**

(a) Sales by Tire Retreaders:

- (1) Sales of Retreaded Tires. – Pursuant to G.S. 105-164.4, the sales price of a retreaded tire is subject to sales and use tax on the sales price of the retreaded tire, without any deduction for any trade-in credit or allowance.

- (2) Tire Retreading Services. – Pursuant to G.S. 105-164.4, the gross receipts derived from tire retreading services are subject to sales and use tax, without any deduction for any trade-in credit or allowance.
- (3) Sales of Other Parts or Services. -- The sales price of other items sold by a tire retreader including shoes, valves, dust caps, and repair, maintenance, and installation services are subject to sales and use tax, pursuant to G.S. 105-164.4.

(b) Purchases by Tire Retreaders:

- (1) Purchases of Ingredient or Component Parts. – Pursuant to G.S. 105-164.13, a tire retreader may purchase exempt from sales and use tax tangible personal property that enters into or becomes an ingredient or component part of retreaded tires that are resold. Such items may include camelback or other rubber products, cement and rubber solvent, cord fabric, wheel weights, and other similar items.
- (2) Purchases of Mill Machinery or Mill Machinery Parts or Accessories. -- Purchases by tire retreaders of mill machinery, or mill machinery parts or accessories used primarily in the "production" phase of the retreading process are exempt from sales and use tax, pursuant to G.S. 105-164.13(5e). For purposes of this Rule, "Production" as a phase of industrial or manufacturing operations shall mean all steps performed in processing and refining rooms, and in other quarters and departments of a plant, where conditioning, treating, or other operations are done on ingredient materials as an actual routine on the assembly or processing line turning out a finished product of manufacture for sale. The "Production" phase also includes the following:
  - (A) The movement of raw materials or ingredients from an inventory or a stockpile located on the premises of the manufacturing facility to the assembly or processing line.
  - (B) The movement of goods in process along the assembly or processing line.
  - (C) The movement of manufactured products from the assembly or processing line into shipping or storage areas and yards located on the premises of the manufacturing facility.
  - (D) The work of experimentation and research performed on the manufactured products.

"Production" does not include any activity connected with the movement of raw materials or ingredients into inventory nor does it include "distribution" which is any activity connected with the movement of manufactured products within storage warehouses, shipping rooms, and other such finished product storage areas and the removal of such products therefrom for sale or shipment, or "administration" which is any administrative work of offices, promotion of sales, and collection of accounts.

(c) The following items when sold to tire retreaders for use primarily in the retreading process are considered to be mill machinery or mill machinery parts or accessories exempt from sales and use tax, pursuant to G.S. 105-164.13(5e). This is not an all-inclusive list:

- (1) Air compressors.
- (2) Bagging and debagging equipment.
- (3) Boilers.
- (4) Buffing discs.
- (5) Buffing equipment.
- (6) Buffing rasps.
- (7) Casing balancers and balancing casings to be retreaded.
- (8) Crayons for marking tires.
- (9) Curing tubes and rims.
- (10) Dust collectors.
- (11) Inspection spreaders used to inspect casings being retreaded.
- (12) Knives, stitchers, rollers, shears, awls, and splicing tools used to perform work on the ingredient material or the manufactured product.
- (13) Matrix loaders.
- (14) Mold cleaners.
- (15) Mold lube.
- (16) Molds and matrices.
- (17) Pre-condensing tanks for air lines used for applying cement, dusting buffed casings, and inflating curing tubes.
- (18) Rasp teeth.
- (19) Spinners used for applying cement used on casings being retreaded.
- (20) Sprayers.
- (21) Steam traps and valves used in steam lines for curing molds.

- (22) Thermometers, pyrometers, and durometers used in testing mold heat and cure hardness of the rubber used in the retreading process.
  - (23) Tire handling equipment used between the beginning and ending steps for the retreading process.
  - (24) Tire trimmers.
  - (25) Tread builders used to apply tread rubber to casings being retreaded.
  - (26) Wire brushes.
- (d) Purchases of items used or consumed. -- Purchases by tire retreaders of items used or consumed by them are subject to sales and use tax, pursuant to G.S. 105-164.4. The following are examples of items used or consumed by tire retreaders that are subject to sales or use tax. This is not an all-inclusive list:
- (1) Administrative equipment such as office supplies, file cabinets, and other office equipment.
  - (2) Advertising materials.
  - (3) Balancing machinery used after the retreading process is completed.
  - (4) Cleaning compounds for janitorial and sanitary purposes.
  - (5) Equipment used to remove tires from the rim before the retreading process begins.
  - (6) Gloves.
  - (7) Inspection bags.
  - (8) Motor vehicle jacks.
  - (9) Tire tools not used between the beginning and end of the retreading process.
  - (10) Uniforms for employees.
- (e) Purchases of Other Items for Resale. -- Tire retreaders making purchases of items for resale may purchase such items exempt from sales and use tax, pursuant to G.S. 105-164.13(5), and when purchased in accordance with 17 NCAC 07B .0106.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. October 1, 2009; July 1, 1999; October 1, 1993; June 1, 1992; October 1, 1991; May 1, 1985;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .1906 SCRAP TIRE DISPOSAL FEE**

*History Note:* Authority G. S. 105-262; 105-264; 130A-309.55; 130A-309.56;  
 Eff. October 1, 1990;  
 Amended Eff. June 1, 1992;  
 Repealed Eff. October 1, 1993.

**17 NCAC 07B .1907 SCRAP TIRE DISPOSAL TAX**

- (a) The scrap tire disposal tax established in G.S. 105-187.16 applies to the sale or purchase of new tires including new tires for motor vehicles, aircraft, construction equipment, maintenance and industrial equipment, and implements of husbandry, farm tractors, special mobile equipment as defined in G.S. 105-164.3, or vehicles designed primarily for use in non-highway work.
- (b) Lessors of vehicles shall pay the scrap tire disposal tax to the retailer or wholesale merchant when they purchase a new tire.
- (c) Lessors of tires shall pay the scrap tire disposal tax to the retailer or wholesale merchant when they purchase a new tire. The receipts from the lease or rental of tires are not subject to the scrap tire disposal tax but are subject to the sales or use tax, pursuant to G.S. 105-164.4.
- (d) The scrap tire disposal tax applies to purchases of new tires from inside or outside of North Carolina for storage, use or consumption in North Carolina, including for placement on a vehicle offered for sale, lease or rental in this State.
- (e) Tire retailers shall separately state and charge the scrap tire disposal tax on the invoice or similar billing document given to purchasers at the time of sale except where the retailer displays a statement indicating the sales price includes the scrap tire disposal tax.
- (f) The sales price on which the scrap tire disposal tax is computed includes the federal excise tax on new tires. The sales price on which the scrap tire disposal tax is computed does not include the sales and use tax due on the sale. The sales price on which the sales and use tax is computed does not include the scrap tire disposal tax due on the sale.

(g) Persons required to collect and remit the scrap tire disposal tax shall register with the Department in accordance with 17 NCAC 07B .0104. The scrap tire disposal tax shall be paid and reported on Form E-500G, Scrap Tire Disposal Tax Return, which shall contain the following information:

- (1) name and address of entity filing return;
- (2) beginning and ending dates of return period;
- (3) account number;
- (4) amount of gross receipts;
- (5) amount of sales for resale;
- (6) amount of exempt sales by type;
- (7) total exempt sales;
- (8) total taxable sales;
- (9) amount of receipts or purchases for tires with a bead diameter of less than 20 inches;
- (10) amount of tax due for receipts or purchases for tires with a bead diameter of less than 20 inches;
- (11) amount of receipts or purchases for tires with a bead diameter of at least 20 inches;
- (12) amount of tax due for receipts or purchases for tires with a bead diameter of at least 20 inches;
- (13) amount of total tax for all tires;
- (14) amount of total tax due; and
- (15) signature of person authorized to legally bind entity and date form signed.

*History Note:* Authority G.S. 105-164.3; 105-164.29; 105-187.15; 105-187.16; 105-187.17; 105-262; 105-264; Eff. October 1, 1991; Amended Eff. October 1, 1993; June 1, 1992; Readopted Eff. January 1, 2024.

## **SECTION .2000 - SALES AND GIFTS BY EMPLOYERS TO EMPLOYEES**

### **17 NCAC 07B .2001 SALES TO EMPLOYEES**

(a) Pursuant to G.S. 105-164.4, an employer engaged in business in this State shall collect and remit the sales and use tax due on the retail sale of an item, as the term item is defined in G.S. 105-164.3, to an employee. The tax due shall be computed on the sales price of the item. An employer required to collect sales or use tax shall register with the Department in accordance with 17 NCAC 07B .0104. The fact that an employer's sales are infrequent, comprise only a small fraction of the total business, or are to employees only, shall not relieve an employer of these requirements.

(b) Employees shall pay the sales or use tax due on the purchase of an item from their employer, pursuant to G.S. 105-164.4 and G.S. 105-164.6. The tax due shall be computed on the sales price or purchase price of the item.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.19; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.

### **17 NCAC 07B .2002 GIFTS AND WAGES TO AN EMPLOYEE OR OTHER PERSON**

Pursuant to G.S. 105-164.4, an employer shall pay the sales or use tax due on the purchase of an item, as the term item is defined in G.S. 105-164.3, that is provided to an employee or other person as a gift or as compensation. The tax due shall be computed on the sales price or purchase price of the item given away, irrespective of whether the item is fabricated, produced, manufactured, or processed by the employer, or acquired elsewhere.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.

## **SECTION .2100 – ELECTRICITY: PIPED NATURAL GAS: BOTTLED GAS: COAL: COKE: FUEL OIL: OXYGEN: ACETYLENE: HYDROGEN: LIQUEFIED PETROLEUM GAS AND OTHER COMBUSTIBLES**

**17 NCAC 07B .2101 ELECTRICITY, PIPED NATURAL GAS, AND OTHER FUEL**

(a) Gross Receipts. -- For purposes of this Rule, "gross receipts" means the total amount or consideration for which the item subject to tax is sold or purchased and includes:

- (1) All charges, costs, credits, and discounts included in the "sales price" as defined in G.S. 105-164.3;
- (2) All charges for items provided in the production and delivery of the taxable item to customers, even if some charges are billed separately from the charge for metered services;
- (3) Separately stated charges billed to customers for repair, maintenance, and installation services or contribution in aid of construction; and
- (4) The amount actually charged to customers for the taxable item consumed during the billing period, even if a customer participates in an equal pay agreement.

(b) Electricity. -- Electricity is tangible personal property and the gross receipts derived from the retail sales, including any separately stated charges billed to customers for repair, maintenance, and installation services or contribution in aid of construction, is subject to the combined general rate of sales and use tax, pursuant to G.S. 105-164.4(9). Sales tax is computed on the gross receipts after any allowance for conservation or load control discounts on metered electric service for residential customers. Local and transit rates of sales and use tax not included in the combined general rate do not apply to sales or purchases of electricity.

(c) Piped Natural Gas. -- Piped natural gas is tangible personal property and the gross receipts derived from the retail sales, including any separately stated charges billed to customers for repair, maintenance, and installation services or contribution in aid of construction, is subject to the combined general rate of sales and use tax, pursuant to G.S. 105-164.4(a)(9). Local and transit rates of sales and use tax not included in the combined general rate do not apply to sales or purchases of piped natural gas.

(d) Other Fuel. -- The sale of fuels including bottled gas, coal, coke, fuel oil, oxygen, acetylene, hydrogen, liquefied petroleum gas, or other combustible is subject to sales and use tax, pursuant to G.S. 105-164.4(a)(1).

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.16; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; July 1, 2000; August 1, 1998; October 1, 1993; October 1, 1991; May 1, 1990; August 1, 1986;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .2102 SAWDUST USED AS FUEL**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009;  
Repealed Eff. January 1, 2024.

**17 NCAC 07B .2103 PROPANE SOLD TO SCHOOLS**

**17 NCAC 07B .2104 LP GAS SOLD TO FARMERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; May 1, 2009; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .2105 AVIATION FUEL**

The gross receipts derived from the retail sale of aviation gasoline and jet fuel are subject to the combined general rate of sales and use tax, pursuant to G.S. 105-164.4(a)(15). For purposes of this Rule, gross receipts include any federal excise tax imposed on the retailer, even if the federal excise tax is listed separately on the invoice, bill of lading, or similar billing document. Gross receipts do not include federal excise taxes imposed directly on a consumer if the tax is separately stated on the invoice, bill of sale, or similar document given to the customer.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; October 1, 1990; January 3, 1984;  
Readopted Eff. January 1, 2024.

## **SECTION .2200 - FOOD AND FOOD PRODUCTS FOR HUMAN CONSUMPTION**

### **17 NCAC 07B .2201 FOOD AND FOOD PRODUCTS**

(a) Retail sales and purchases of food and food products not included in Paragraph (b) of this Rule are subject to the two percent local food rate of sales and use tax, imposed by Articles 39, 40, and 42 of Chapter 105 of the North Carolina General Statutes, and are exempt from the general State rate of sales and use tax, pursuant to G.S. 105-164.13B. The local and transit taxes imposed by Articles 43 and 46 of Chapter 105, do not apply to food and food products that are exempt from the State rate of sales and use tax.

(b) The following food and food products are subject to sales and use tax, pursuant to G.S. 105-164.4:

- (1) Dietary supplements.
- (2) Food sold through a vending machine.
- (3) Prepared food, other than bakery items sold without eating utensils by an artisan bakery.
- (4) Soft drinks.
- (5) Candy.
- (6) Food or prepared food provided by prepaid meal plans.

(c) Schools making purchases of food that is exempt under G.S. 105-164.13(26) and G.S. 105-164.13(26a), are required to furnish their suppliers a Certificate of Exemption, or the required data elements, in accordance with 17 NCAC 07B .0106. Failure to provide a Certificate of Exemption or other documentation to the supplier, for entry of the information in their records and on the sales invoice identifying the food purchased as food to be sold exempt by the school, shall subject the transaction to sales and use tax.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.6; 105-164.13; 105-164.13B; 105-164.28; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-506.2; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; August 1, 2002; May 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991; February 1, 1986; May 11, 1979;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .2202 DISPOSABLE LUNCHROOM SUPPLIES**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

### **17 NCAC 07B .2203 EMPLOYEES' MEALS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; October 1, 1991; February 1, 1986;  
Repealed Eff. July 1, 1994.

### **17 NCAC 07B .2204 MEALS ON TRAINS: PLANES: ETC.**

*History Note:* Authority G.S. 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
RRC objection January 31, 2024 and rule returned to agency on February 1, 2024.

### **17 NCAC 07B .2205 CATERING**

(a) Catering is the retail sale of food, prepared food, beverages, and other tangible personal property or services at a location designated by the customer or another person. A person engaged in the catering business, including a personal chef that provides and prepares food for consumers, is a retailer. A location may include the caterer's banquet facility, a hotel, a restaurant, the customer's home, or any other location. All charges connected with the furnishing, preparing or serving of food, prepared food, beverages, and other tangible personal property or services to consumers are part of the sales price subject to sales and use tax, pursuant to G.S. 105-164.4.

(b) Charges for services, including bartending or carving services, connected with the sale of catered food or drink are part of the sales price subject to sales tax, pursuant to G.S. 105-164.4, even if the charges for the services are separately stated on an invoice or similar billing document. Separately stated bartending charges, including corkage fees, for service of beverages owned or provided by the caterer's customer are not part of the sales price subject to sales tax under G.S. 105-164.4.

(c) Charges for a venue by a caterer that are connected with the furnishing, preparing, and serving food or drink are part of the sales price subject to sales and use tax, pursuant to G.S. 105-164.4, even if the charges are separately stated on the invoice or similar billing document.

(d) Charges by a caterer for chairs, linens, tables, flatware, and similar items used to provide catering are subject to sales and use tax, pursuant to G.S. 105-164.4, even if the charges are separately stated on the invoice or similar billing document. In addition, a caterer shall pay sales and use tax on the purchase price of such items as they are not resold to their customers.

(e) Charges for nontaxable services that are not a part of the sales price and are not connected with the furnishing, preparing, or serving of food, prepared food, beverages, and other tangible personal property are not subject to sales tax, pursuant to G.S. 105-164.4, provided the charges are separately stated on the invoice or similar billing document given to the customer at the time of the sale and in the catering business' records; otherwise, the non-separately stated charges are part of the sales price and is subject to sales tax under G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.6; 105-164.22; 105-262; 106-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, 1980; Readopted Eff. January 1, 2024.

### **17 NCAC 07B .2206 GRATUITIES**

*History Note:* Authority G.S. 105-164.4; 150-164.13A; 105-262; Eff. February 1, 1976; Amended Eff. July 5, 1980; Repealed Eff. February 8, 1981.

### **17 NCAC 07B .2207 FOOD SERVICE SUPPLIES**

Paper doilies, paper place mats, paper coasters, paper napkins, drinking straws and similar disposable items which become a part of the sale or service of food and are expended by customers in consuming their meals are exempt from sales or use tax when sold to school lunchrooms, restaurants, cafes, cafeterias and other such places of business selling and serving prepared meals and foods. Sales of plastic or cloth place mats, cork, plastic or china coasters, china, silverware, cloth napkins, tablecloths or other reusable items to restaurants, cafes, cafeterias and other similar places of business for use in serving meals and not for resale are subject to the applicable statutory state and local sales or use tax. Sales of patty paper and paper containers to restaurants for use in storing food are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; Eff. February 1, 1976; Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, 1980; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .2208 FRATERNITY AND SORORITY MEALS**

*History Note:* Authority G.S. 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;

*Eff. February 1, 1976;*  
*Amended Eff. May 1, 2009; October 1, 1993;*  
*Repealed Eff. April 1, 2016.*

#### **17 NCAC 07B .2209 SCHOOL STORES' SALES**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993;*  
*Repealed Eff. January 1, 2024.*

#### **17 NCAC 07B .2210 SUMMER CAMPS AND SIMILAR CAMPS**

(a) For purposes of this Rule, a summer camp is a program primarily providing children and adolescents recreational, athletic, or educational facilities and programming for a limited period of time during the summer vacation period. Similar camps are camps that provide such facilities and programming to children and adolescents during other school breaks or to persons with special needs at any time.

(b) Pursuant to G.S. 105-164.4F(e), a summer camp or similar camp that charges a weekly or monthly fee for campers enrolled in the courses or activities offered by the camp is not liable for collecting sales tax on such charges, even if the fee includes food and prepared food provided to campers during time spent at the camp.

Summer camps and similar camps purchasing food, prepared food, or other tangible personal property that is used to provide food and prepared food to campers as part of the operation of the camp shall pay sales and use tax on the purchases, pursuant to G.S. 105-164.4.

(c) Summer camps and similar camps that operate cafeterias, restaurants, snack stands, or similar places that make retail sales of food, prepared food, or other tangible personal property to campers or other persons shall collect and remit the sales tax on the retail sales.

(d) A person who, in addition to operating a summer camp or similar camp, rents accommodations shall collect and remit the sales and use tax on the gross receipts derived from such rentals of accommodations, pursuant to G.S. 105-164.4F(b).

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4F; 105-164.6; 105-262; 105-264; 105-467; 105-468;*  
*105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993; July 5, 1980;*  
*Readopted Eff. January 1, 2024.*

#### **17 NCAC 07B .2211 COVER CHARGE**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993;*  
*Repealed Eff. April 1, 2016.*

#### **17 NCAC 07B .2212 SALES OF FISH AND OTHER SEAFOODS**

(a) A person making retail sales of fish or other seafood shall collect and remit sales and use tax on the sales price of the fish or other seafood unless exempt under Paragraph (b) of this Rule. The rates of sales and use tax on fish and other seafood are as follows:

- (1) Fish or other seafood sold for ingestion or chewing by humans and that is consumed for its taste or nutritional value is subject to the two percent local food rate of sales and use tax, imposed by Articles 39, 40, and 42 of Chapter 105 of the North Carolina General Statutes, unless the fish or other seafood is prepared food.
- (2) Fish or other seafood meeting the definition of prepared food in G.S. 105-164.4L is subject to sales and use tax, pursuant to G.S. 105-164.4.
- (3) Live fish or other seafood not intended for human consumption, such as pet fish or fish for ponds, is subject to sales and use tax, pursuant to G.S. 105-164.4.
- (4) Fish or other seafood sold for bait is subject to sales and use tax, pursuant to G.S. 105-164.4.
- (5) Other sales of fish or other seafood are subject to sales and use tax, pursuant to G.S. 105-164.4.

(b) Pursuant to G.S. 105-164.13(7), sales of fish or other seafood in its original or unmanufactured state by a person selling in the capacity of a producer, such as an angler or fisher selling in that capacity, are exempt from sales and use tax.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.13; 105-262; 105-264; 105-467; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976;  
Amended Eff. August 1, 2009; May 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .2213 SERVICE CHARGES IMPOSED ON FOOD, BEVERAGES, OR PREPARED FOOD**

(a) Service Charges Up To 20 Percent. -- A service charge imposed by a retailer for the service of food, beverages, or prepared food, is considered a tip and not subject to sales and use tax pursuant to G.S. 105-164.4, if it meets all of the following requirements:

- (1) The service charge does not exceed 20 percent of the sales price.
- (2) The service charges is separately stated in the price list, menu, or written proposal and also in the invoice or similar billing document.
- (3) The service charge is turned over to the personnel directly involved in the service of the food, beverages, or prepared food, in accordance with G.S. 95-25.6.

(b) Service Charges Over 20 Percent. -- If a service charge imposed by a retailer for the service of food, beverages, or prepared food, exceeds 20 percent of the sales price, the portion of the service charge that equals 20 percent of the sales price is considered a tip and not subject to sales and use tax pursuant to G.S. 105-164.4, if it meets all of the following requirements:

- (1) The service charge is separately stated in the price list, menu, or written proposal and also in the invoice or similar billing document.
- (2) A portion of the service charge that is at least 20 percent of the sales price is turned over to personnel directly involved in the service of the food, beverages, or prepared food in accordance with G.S. 95-25.6.

(c) Service charges imposed on food, beverages, or prepared food include:

- (1) Automatic gratuity charged to large dining parties.
- (2) Service charges for delivery of room service.
- (3) Service charges for bottle service in nightclubs.
- (4) Service charges for banquet room catering.

(d) Personnel not directly involved in the service of food, beverages, or prepared food include:

- (1) Hosts.
- (2) Maître d's.
- (3) Valets.
- (4) Manager and supervisors.
- (5) Chefs.
- (6) Bartenders that prepare, but do not regularly serve food or drinks.
- (7) Dishwashers.
- (8) Bussers.

(e) Service charges subject to sales and use tax pursuant to G.S. 105-164.4, include:

- (1) For service charges of 20 percent or less of the sales price, the full amount of a service charge if any portion of the service charge is paid to personnel not directly involved in service of food, beverages, or prepared food.
- (2) For service charges that exceed 20 percent of the sales price, the full amount of a service charge if any portion of the service charge that is less than 20 percent of the sales price is paid to personnel not directly involved in service of food, beverages, or prepared food.
- (3) The full amount of a service charge that is not separately stated as set out in G.S. 105-164.13A.
- (4) The portion of any service charge that exceeds 20 percent.

(f) Record Keeping. -- Failure of a retailer to keep records that establish that a service charge meets the requirements in Paragraph (a) or (b) of this Rule subjects the retailer to liability for sales and use tax on the full amount of the service charge.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13A; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. January 3, 1984;

*Amended Eff. July 1, 2000; October 1, 1993;  
Readopted Eff. January 1, 2024.*

## **SECTION .2300 - SALES TO OUT-OF-STATE MERCHANTS FOR RESALE**

### **17 NCAC 07B .2301 IN GENERAL**

*History Note: Authority G.S. 105-164.3; 105-164.5; 105-262;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; February 1, 1988;  
Repealed Eff. January 1, 2024.*

### **17 NCAC 07B .2302 INTERSTATE SALE**

*History Note: Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; February 1, 1988;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

### **17 NCAC 07B .2303 REGISTRATION: WHOLESALER'S RESPONSIBILITY**

*History Note: Authority G.S. 105-164.3; 105-164.5; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. February 1, 1988.*

## **SECTION .2400 - VETERINARIANS**

### **17 NCAC 07B .2401 SALES OF MEDICAL SUPPLIES AND EQUIPMENT TO VETERINARIANS**

- (a) Veterinarians are the consumer of items, as the term item is defined in G.S. 105-164.3, that they use in rendering professional services. Retail sales to veterinarians of medical instruments, equipment, supplies, animal blood, and other tangible personal property used to test, diagnose, prevent, treat, or cure disease in animals are subject to sales or use tax, pursuant to G.S. 105-164.4, unless exempt in accordance with Paragraph (d) or (e) of this Rule. Medical instruments and equipment include knives, needles, scissors, microscopes, X-ray machines, and other laboratory equipment. Medical supplies include cotton, gauze, adhesive tape, bandages, and other dressings.
- (b) Retail sales of dietary pet food, vitamins, joint supplements, flea and tick treatments, soap, collars, toys, and identification tags used by a veterinarian in the treatment of an animal or in the course of rendering professional services are subject to sales and use tax, pursuant to G.S. 105-164.4, unless exempt in accordance with Paragraph (d) or (e) of this Rule.
- (c) For purposes of G.S. 105-164.13(12), retail sales to veterinarians of durable medical equipment are subject to sales and use tax because the equipment is not sold pursuant to a prescription.
- (d) Sales to veterinarians of drugs required by federal law to be dispensed only on prescription are exempt from sales and use tax, pursuant to G.S. 105-164.13(13).
- (e) In accordance with G.S. 105-164.13E, sales of qualifying items to veterinarians to fulfill a service for a person who holds a qualifying farmer exemption certificate or a conditional farmer exemption certificate are exempt from sales and use tax.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.13E; 105-262; 105-264; 105-467;  
105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; August 1, 1996; April 1, 1995; October 1, 1993; October 1, 1991; August 1,  
1986;  
Readopted Eff. January 1, 2024.*

### **17 NCAC 07B .2402 SALES BY VETERINARIANS**

Sales by veterinarians are subject to sales or use tax unless a specific exemption applies to the sale. A veterinarian who makes taxable retail sales must register with the Department and file sales and use tax returns. A veterinarian who is registered with the Department may obtain a Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E. The

certificate can be used to purchase, without payment of tax, items the veterinarian is purchasing for resale. If a veterinarian uses an item, such as flea powder, soap, or pet food, in providing professional services and also sells the same type of item, the veterinarian may not know when purchasing the item whether the veterinarian will use the item or sell it. For items of this type, the veterinarian may use the Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E, to purchase the item without payment of tax. The veterinarian is then liable for remitting the applicable use tax, if the veterinarian uses the item, or the applicable sales tax, if the veterinarian sells the item.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; July 1, 2000; June 1, 1992; August 1, 1986; May 11, 1979;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **SECTION .2500 - FURNITURE AND STORAGE WAREHOUSEMEN**

### **17 NCAC 07B .2501 WAREHOUSEMEN SERVICES**

Receipts derived from services rendered by warehousemen in moving, storing, packing and shipping tangible personal property belonging to other persons are not subject to the tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .2502 MOVING AND PACKING MATERIALS**

Crating, boxing, packaging and packing materials purchased by warehousemen to be used by them in moving, storing, packing or shipping tangible personal property are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .2503 SECONDHAND FURNITURE**

Except as provided in 17 NCAC 07B .2504, sales by warehousemen of secondhand furniture or other tangible personal property to which they have acquired title are subject to the applicable statutory state and local sales or use tax and warehousemen making such sales must register with the department and collect and remit the tax due on such sales.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .2504 SALES TO SATISFY LIENS**

Sales made at auction by warehousemen to satisfy their liens existing on account of any moving, storing or other service charge are deemed to be occasional or isolated sales and are not subject to the tax.

*History Note:* Authority G.S. 105-164.3; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **SECTION .2600 - LIABILITY OF CONTRACTORS: USE TAX ON EQUIPMENT BROUGHT INTO STATE: BUILDING MATERIALS**

**17 NCAC 07B .2601 USE TAX ON EQUIPMENT BROUGHT INTO STATE**

*History Note:* Authority G.S. 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; October 1, 1991; May 1, 1990; December 1, 1984;  
Repealed Eff. August 1, 1996.

**17 NCAC 07B .2602 CONTRACTORS, SUBCONTRACTORS, AND RETAILER-CONTRACTORS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43;  
Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; August 1, 2002; October 1, 1993; June 1, 1992; October 1, 1991;  
February 8, 1981;  
Repealed Eff. April 1, 2016.

**17 NCAC 07B .2603 ASPHALT PLANTS: CONCRETE PLANTS: WEIGH HOPPERS**

Purchases of asphalt plants, concrete plants, weigh hoppers, or other equipment by real property contractors, retail-contractors, subcontractors, or other consumers to produce concrete or asphalt for use in fulfilling their contracts are subject to sales and use tax, pursuant to G.S. 105-164.4H.

*History Note:* Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; December 1, 1984; July 5, 1980;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .2604 SAND: DIRT: STONE**

(a) Retail sales of sand, dirt, and stone to consumers, including real property contractors, retailer-contractors, or subcontractors for use in fulfilling their contracts, are subject to sales and use tax unless exempt in accordance with Paragraph (b) of this Rule.

(b) Pursuant to G.S. 105-164.13(3), sales of sand, dirt, and stone from mines are exempt from sales and use tax when sold in their original or unmanufactured state by the producer in the capacity of producer.

*History Note:* Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .2605 SANDBLAST SAND**

Retail sales of sandblast sand to consumers, including real property contractors, retailer-contractors, or subcontractors for use in fulfilling their contracts, are subject to sales and use tax, pursuant to G.S. 105-164.4H.

*History Note:* Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .2606 PRE-FABRICATED BUILDINGS: CONTRACTORS**

**17 NCAC 07B .2607 SUBCONTRACTORS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43;  
Article 44; Article 46;

*Eff. February 1, 1976;*  
*Amended Eff. October 1, 2009; August 1, 2009; October 1, 1993; October 1, 1991; October 1, 1990; July 5, 1980;*  
*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

**17 NCAC 07B .2608 PLUMBING: HEATING CONTRACTORS: PURCHASES**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 2009; October 1, 1993; October 1, 1991;*  
*Repealed Eff. April 1, 2016.*

**17 NCAC 07B .2609 PLUMBING: HEATING CONTRACTORS: SALES**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

**17 NCAC 07B .2610 PLUMBING: HEATING RETAILER-CONTRACTORS**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. January 1, 1982.*

**17 NCAC 07B .2611 BUILDING MATERIALS**

**17 NCAC 07B .2612 LUMBER SOLD TO COMMERCIAL FISHERMEN**

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264;*  
*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2002; October 1, 1993; June 1, 1992; October 1, 1991; February 1, 1988;*  
*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

**SECTION .2700 - DENTISTS: DENTAL LABORATORIES AND DENTAL SUPPLY HOUSES**

**17 NCAC 07B .2701 SALES TO DENTISTS AND ORTHODONTISTS**

(a) Dentists and orthodontists are the consumers of items, as the term item is defined in G.S. 105-164.3, that they use in rendering professional services. Retail sales to dentists and orthodontists of dental supplies, equipment, furnishings, and other tangible personal property that does not become part of a dental prostheses, are subject to sales and use tax, pursuant to G.S. 105-164.4. Retail sales to dentists and orthodontists of durable medical equipment for use in rendering professional services are subject to sales and use tax, pursuant to G.S. 105-164.4, when the durable medical equipment is not sold pursuant to a prescription.

(b) Pursuant to G.S. 105-164.13(12), sales to dentists and orthodontists of prosthetic devices for human use are exempt from sales and use tax. The term prosthetic device includes the following items when purchased to become a component part of a prosthetic device worn on or in the body: headgear, bows, neck straps, wires, bands, brackets, rubber bands, jackscrews, bonding agents used to attach the prosthetic device to teeth, and other similar tangible person property. A prosthetic device also includes a dental prosthesis. A dental prosthesis includes an artificial replacement of one or more teeth and bridges, crowns, and dentures.

(c) Pursuant to G.S. 105-164.13(13), sales to dentists and orthodontists of drugs required by federal law to be dispensed only on prescription are exempt from sales and use tax.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993; October 1, 1991; January 3, 1984; November 1, 1982;*  
*Readopted Eff. January 1, 2024.*

### **17 NCAC 07B .2702 SALES TO DENTAL LABORATORIES**

- (a) Sales to dental laboratories do not qualify for the exemption in G.S. 105-164.13(5e) and G.S. 105-164.13(8) unless they are identified in Paragraphs (b) or (c) of this Rule.
- (b) Pursuant to G.S. 105-164.13(8), sales to dental laboratories of tangible personal property that becomes a component part of a dental prosthesis manufactured by the dental laboratories are exempt from sales and use tax.
- (c) Pursuant to G.S. 105-164.13(5e), sales to dental laboratories of machinery, equipment, parts, or accessories used directly in manufacturing a dental prosthesis are exempt from sales and use tax.
- (d) Sales to contractors and subcontractors of machinery, equipment, parts, or accessories for use by them in the performance of contracts with dental laboratories are exempt from sales and use tax pursuant to G.S. 105-164.13(5e), if the machinery, equipment, parts, or accessories will be used by the dental laboratories directly in manufacturing dental prostheses.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; June 1, 1992; October 1, 1991; January 1, 1982;  
Readopted Eff. January 1, 2024.

### **17 NCAC 07B .2703 DENTAL SUPPLY HOUSES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

## **SECTION .2800 – FLORIST: NURSERIES: GREENHOUSES**

### **17 NCAC 07B .2801 FLORISTS: NURSERY AND GREENHOUSE OPERATORS**

- (a) "Nursery Stock" means flowers, trees, potted plants, shrubbery, and other plants grown by nurseries and greenhouse operators.
- (b) Retail sales of nursery stock are subject to sales and use tax, unless exempt pursuant to Paragraph (f) of this Rule.
- (c) Retail sales of planters, hoses, nozzles and sprayers, rain barrels, sprinklers and timers, fertilizer, insect and weed control, garden tools, birdbaths, and other tangible personal property are subject to sales and use tax, pursuant to G.S. 105-164.4.
- (d) Producer of Nursery Stock. -- If a nursery or greenhouse operator is the producer of an article of nursery stock, the article is a product of a farm for the purposes of G.S. 105-164.13(4b). A nursery or greenhouse operator is the producer of nursery stock in either of the following circumstances:
  - (1) The operator owns the article and grows the article from seed, cutting, or other similar propagation.
  - (2) The operator purchases the article of nursery stock, does not sell the article during the planting season in which it was purchased, retains the article until at least the next planting season, and growth is added to the article by virtue of such retention.
- (e) Determining Primary Business. -- A producer shall determine whether it is primarily a retail merchant as follows:
  - (1) Determine the producer's total gross sales of products of a farm produced by the producer of nursery stock.
  - (2) Determine the producer's total gross sales from sales not included in Subparagraph (1) of this Paragraph.
  - (3) If the producer's gross sales determined in Subparagraph (2) of this Paragraph are greater than the gross sales determined in Subparagraph (1) of this Paragraph, the producer is primarily a retail merchant.
  - (4) Producers that have more than one location shall determine if it is primarily a retail merchant for each location separately.
  - (5) The total gross sales used to determine the classification as primarily a retail merchant shall include all sales without regard to any sales exempt from sales and use tax.
  - (6) The classification shall remain in effect until the primary business determination has changed for a period of at least six months.
- (f) Exempt Sales of Nursery Stock by a Producer. -- Nursery stock sold in its original state by the producer of the nursery stock is exempt from sales and use tax, pursuant to G.S. 105-164.13(4b), unless the producer is primarily a retail merchant.
- (g) Sales by a Person that is Primarily a Retail Merchant. -- Pursuant to G.S. 105-164.4, a person that is primarily a retail merchant shall collect and remit sales and use tax on all retail sales of purchased and produced nursery stock.
- (h) Real Property Contracts:

- (1) A person classified as primarily a retail merchant that withdraws nursery stock from their inventory to fulfill a real property contract to perform landscaping shall pay use tax on the nursery stock.
- (2) A producer not classified as primarily a retail merchant that withdraws nursery stock from their inventory to fulfill a real property contract to perform landscaping does not owe use tax if they are the producer of the nursery stock. If the person is not the producer of the nursery stock, the person shall pay use tax on the nursery stock.

(i) Record Keeping for Producers. -- Producers that make exempt sales and taxable sales shall maintain separate records of each. Failure to keep separate records in a manner that can be accurately and conveniently checked by the agents of the Secretary of Revenue subjects all sales to sales and use tax, pursuant to G.S. 105-164.4.

(j) Exempt Purchases. -- A nursery or greenhouse operator, including an operator that is primarily a retail merchant, that meets the requirements of a qualifying or conditional farmer is eligible for the exemption provided in G.S. 105-164.13E.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4H; 105-164.6; 105-164.13; 105-164.13E; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. June 1, 2006; July 1, 2000; October 1, 1993; June 1, 1992; October 1, 1991;  
 March 1, 1987;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .2802 FLORIST WIRE SALES**

(a) Pursuant to G.S. 105-164.4B, a florist wire sale is a sale in which a retail florist takes a customer's order and transmits the order to another retail florist to be filled and delivered.

(b) A retail florist in North Carolina that accepts a customer's order as part of a florist wire sale and transmits the order to another retail florist located inside or outside North Carolina shall collect and remit sales tax on the sales price of the order. The sales price of a florist wire sale includes charges for delivery, relay charges, and charges for other services. Charges are a part of the sales price regardless of whether the florist keeps the charges or forwards them to other florists through a florist delivery association or other person. The sales price is subject to sales and use tax even if the florist separately states the charges on an invoice or other similar billing document given to the purchaser at the time of sale.

(c) A retail florist in North Carolina that receives a florist wire sale from another retail florist located inside or outside North Carolina is not liable for sales tax on the receipts derived from the transactions, pursuant to G.S. 105-164.4B(d)(3).

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. June 1, 2006; April 1, 1999; October 1, 1993; October 1, 1991; March 1, 1987;  
 Readopted Eff. January 1, 2024.

**SECTION .2900 – VENDING MACHINES**

**17 NCAC 07B .2901 SALES THROUGH VENDING MACHINES**

(a) Requirement. -- A person who sells tangible personal property through a vending machine is a retailer and shall register with the Department in accordance with 17 NCAC 07B .0104, and remit sales and use tax on the sales price of the items sold.

(b) Sales Price Subject to Tax. – Pursuant to G.S. 105-164.13(50), tobacco products and newspapers sold through a vending machine are taxed on 100 percent of the sales price for which the property is sold. Other tangible personal property sold through a coin-operated vending machine are taxed on 50 percent of their sales price. All items sold through a vending machine that is not coin-operated are taxed on 100 percent of the sales price for which the property is sold.

(c) Failure of a retailer to keep records that establish which vending machine sales are taxable at 50 percent of the sales price subjects the retailer to liability of 100 percent of the sales price for sale tax on the sale.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. April 1, 2006; July 1, 2000; October 1, 1993; June 1, 1992; July 1, 1989;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .2902 SALES OF VENDING MACHINES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .2903 EXCLUSION OF TAX FROM RECEIPTS**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. March 1, 1993; July 1, 1989; August 1, 1988; July 5, 1980;  
Repealed Eff. July 1, 2000.

**SECTION .3000 – ARTICLES TAKEN IN TRADE: TRADE-INS: REPOSSESSIONS: RETURNED MERCHANDISE: USED OR SECONDHAND MERCHANDISE**

**17 NCAC 07B .3001 TRADE-INS**

Sales or use tax must be computed and paid on the full gross sales price of a new article without any deduction for any trade-in credit or allowance. The sale of a used article by the vendor who accepted it in trade as a credit or part payment on the sale of a new article is also subject to tax at the gross sales price.

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; June 1, 1995; October 1, 1993; May 1, 1990; January 3, 1984;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .3002 REPOSSESSIONS**

Retailers shall not deduct from their gross taxable sales the unpaid amounts on repossessed merchandise. However, where a retailer repossesses an article of tangible personal property pursuant to either a limited or full recourse endorsement by such retailer to a financing institution and he resells such tangible personal property to recover the unpaid sales price, such resale is not subject to sales tax provided the sales tax was paid on the gross sales price of the initial sale. Otherwise, the sale of any repossessed article is subject to the applicable statutory state and local sales or use tax. The full gross sales price of any used article taken in trade by the vendor as a credit or part payment of the sales price of such nontaxable repossessed article is subject to the applicable statutory state and local sales or use tax when sold at retail.

*History Note:* Authority G.S. 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; May 1, 1990; January 3, 1984;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .3003 RETURNED MERCHANDISE**

If an article sold is returned and the sale is rescinded by a refund of the entire amount paid including tax, the vendor is entitled to obtain a refund of or credit for the sales or use tax paid to the Department by reason of the initial sale of such merchandise. The records of the taxpayer must clearly reflect and support his claim for any such refund or credit.

*History Note:* Authority G.S. 105-164.41; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .3004 USED PROPERTY**

(a) General. -- Taxable sales are not limited to sales of newly manufactured items. The fact that property is used or secondhand does not exempt it from sales or use tax, pursuant to G.S. 105-164.4.

(b) Retail sales of used tangible personal property are subject to sales or use tax, except as provided in 17 NCAC 07B .3002 or other statutory exemption.

(c) Purchases. -- Property is considered purchased, and subject to sales and use tax pursuant to G.S. 105-164.4, when a retailer acquires property in any of the following circumstances:

- (1) the retailer reacquires property that is collateral for a nonrecourse endorsement given by the retailer to a financial institution; or
- (2) the retailer accepts used, secondhand, or other property in lieu of other consideration.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; October 1, 1993; October 1, 1991; January 3, 1984;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .3005 REPAIR PARTS FOR USED PROPERTY**

Sales of repair parts to registered merchants for use in reconditioning used property for sale to other registered merchants for resale are exempt from tax when such parts are sold pursuant to a Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E.

*History Note:* Authority G.S. 105-164.5; 105-262;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .3006 PARTS FROM JUNKED AUTOS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 5, 1980;  
Repealed Eff. January 1, 1982.

#### **17 NCAC 07B .3007 REPAIR PARTS FOR EXEMPT PROPERTY**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. May 1, 1990.

#### **17 NCAC 07B .3008 TRADE-UP: SALES OF USED ARTICLES**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

#### **17 NCAC 07B .3009 TRANSFER OF INVENTORY HELD FOR RESALE TO NEW BUSINESS**

(a) When a business acquires another business or converts to a new type of entity, such as through a change in ownership or entity type, and the inventory held for resale of the previous business is sold or transferred to the new business for resale, sales and use tax is not due on the transaction. The new business is liable for collecting and remitting sales and use tax on its retail sales of items, as the term item is defined in G.S. 105-164.3, acquired from the previous business, including any articles repossessed by the previous business that would be exempt from tax under G.S. 105-164.13(16) if they had been resold by the previous business.

(b) When one or more corporations merge into a surviving or other corporation pursuant to the provisions of G.S. 55-11-01, and the inventory held for resale by the predecessor corporation is transferred to a surviving or other corporation for resale, sales and use tax is not due on the transaction. When one or more corporations merge into a surviving or other corporation the exemption from sales and use tax for articles repossessed by a predecessor corporation is applicable to the sale of the repossessed articles when they are sold by the surviving or other corporation.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. July 1, 2000; October 1, 1993; October 1, 1991; November 1, 1982;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .3010 TRADE-INS ON EXEMPT SALES**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; October 1, 1991;  
Repealed Eff. July 1, 2000.

#### **17 NCAC 07B .3011 USED PROPERTY SOLD FOR REPAIR CHARGES**

The retail sale of taxable tangible personal property that is left with merchants for repair or storage and is sold to satisfy repair or storage charges because the owners fail to reclaim it within a stipulated period of time is subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .3012 TRADE: GRAIN FOR FLOUR**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

#### **17 NCAC 07B .3013 USED PARTS FROM JUNKED PROPERTY**

Retail sales of used parts that have been removed from junked tangible personal property, including motor vehicles, by persons engaged in the business of selling the parts are subject to the applicable sales tax. When repossessed articles are dismantled and their parts are sold at retail, the parts have lost their identity as repossessed articles and are subject to tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. March 1, 1993;  
Amended Eff. July 1, 2000;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **SECTION .3100 - RADIO AND TELEVISION STATIONS**

#### **17 NCAC 07B .3101 RADIO AND TELEVISION RECEIPTS**

Receipts of radio and television companies derived from the broadcasting or telecasting of programs are not subject to sales or use tax, unless the receipts are derived from certain digital property, video programming, or satellite digital audio radio service.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Readopted Eff. February 1, 2024.

### **17 NCAC 07B .3102 BROADCASTING EQUIPMENT**

(a) Sales of broadcasting equipment and parts and accessories thereto and towers to commercial radio or television companies which operate under the regulation and supervision of the Federal Communications Commission are exempt from sales and use tax. Taxable tangible personal property purchased by the radio and television companies other than towers, antennas and broadcasting equipment or parts and accessories thereto is subject to the applicable statutory state and local sales or use tax.

(b) Sales to a cable service provider of broadcasting equipment, parts, and accessories attached to the equipment are exempt from sales and use tax. The term broadcasting equipment does not include cable. Therefore, cable and other tangible personal property not considered broadcasting equipment, parts, and accessories attached to the equipment are subject to the applicable statutory state and local sales and use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-164.13; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; October 1, 1993; October 1, 1991; December 1, 1984; March 1, 1984;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .3103 RENTAL OF FILMS: RECORDINGS**

Receipts derived from the lease or rental of motion picture film or prerecorded videotape cassettes to theaters or similar businesses for exhibition to the public and receipts derived from the lease or rental of such film or prerecorded videotape cassettes to schools, churches, hospitals, prisons and similar institutions and organizations for exhibition to students, congregations, patients and inmates are exempt from sales or use tax. Receipts derived from the lease or rental of motion picture film or prerecorded videotape cassettes to businesses, individuals, organizations and other lessees for any use other than for public exhibition are subject to the applicable statutory state and local sales or use tax. Projection equipment, screens, advertising matter and other tangible personal property which are leased, rented or sold at retail for use in showing film, videotape cassettes, DVDs, or any other prerecorded formats are subject to the applicable state and local sales or use tax regardless of whether the film or videotape is privately or publicly exhibited.

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; April 1, 1997; October 1, 1993; October 1, 1991; November 1, 1982;  
January 1, 1982;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

### **17 NCAC 07B .3104 BROADCASTING ACCESSORIES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 1998; June 1, 1992;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

### **17 NCAC 07B .3105 SALES OF DEVELOPED FILM TO TELEVISION STATIONS**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

### **17 NCAC 07B .3106 CABLE SERVICE PROVIDERS**

(a) For purposes of this Rule, cable service provider means a cable television company that:

- (1) receives payment or other consideration from its subscribers for cable service;
- (2) uses broadcasting equipment, parts and accessories attached to the equipment, and a tower to receive and prepare signals for transmission over its cable systems; and

- (3) is regulated and supervised by the Federal Communications Commission.
- (b) Pursuant to G.S. 105-164.13(5d), purchases of broadcasting equipment and parts and accessories attached to the equipment by a cable service provider are exempt from sales and use tax. Examples of exempt broadcasting equipment include towers and antenna. Broadcasting equipment does not include cable for purposes of the exemption.
- (c) Pursuant to G.S. 105-164.13(22), the lease or rental of motion picture films, transcriptions, and recordings by cable service providers that operate under the regulation and supervision of the Federal Communications Commission are exempt from sales and use tax.
- (d) Pursuant to G.S. 105-164.13(43a), purchases of computer software by cable service providers, that is used to provide ancillary service, cable service, Internet access service, telecommunications service, or video programming, is exempt from sales and use tax.
- (e) Purchases of other tangible personal property by cable services providers, including antenna cable, transmission cable, trunk, feeder and drop cable, are subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. March 1, 1984;  
Amended Eff. August 1, 2009; April 1, 1997; October 1, 1993; October 1, 1991; August 1, 1986;  
December 1, 1984;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .3107 PRODUCTION COMPANIES**

- (a) For purposes of G.S. 105-164.13, purchases by a production company, as defined in G.S. 105-164.3, of items including cameras, machinery, equipment, film, and props or building materials used in the construction of sets are purchased for use, not resale, except as provided in Paragraph (b) of this Rule. These items are also not mill machinery, or mill machinery parts or accessories.
- (b) Pursuant to G.S. 105-164.13, purchases of film by a production company that becomes an ingredient or a component part of release prints that are actually produced and sold, leased, or rented to its customers are exempt from sales and use tax. Purchases of chemicals used to develop release prints for sale, lease, or rental that become an ingredient or a component part of the release prints are exempt from sales and use tax.

*History Note:* Authority G.S. 105-164.3; 105-164.13; 105-262; 105-264;  
Eff. June 1, 1992;  
Amended Eff. October 1, 2009; October 1, 1993;  
Readopted Eff. January 1, 2024.

### **SECTION .3200 - TELECOMMUNICATIONS AND TELEGRAPH COMPANIES**

#### **17 NCAC 07B .3201 TELECOMMUNICATIONS AND TELEGRAPH COMPANIES**

#### **17 NCAC 07B .3202 TELEPHONE COMPANY PROPERTY SUBJECT TO GENERAL RATE**

*History Note:* Authority G.S. 105-164.4; 105-164.4A; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2002; April 1, 1999; October 1, 1993; October 1, 1991; October 1, 1990; July 1, 1989; March 1, 1984; January 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

#### **17 NCAC 07B .3203 TOLL OR PRIVATE TELECOMMUNICATIONS SERVICES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. July 1, 1989;  
Amended Eff. October 1, 1991; October 1, 1990;  
Repealed Eff. October 1, 1993.

#### **17 NCAC 07B .3204 CELLULAR TELECOMMUNICATIONS COMPANIES**

*History Note: Authority G.S. 105-164.4; 105-164.4A; 105-164.6; 105-262; 105-264; Eff. June 1, 1992; Amended Eff. August 1, 2002; July 1, 2000; October 1, 1993; Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

## **SECTION .3300 - ORTHOPEDIC APPLIANCES**

### **17 NCAC 07B .3301 EXEMPT PROSTHETIC DEVICES**

(a) Medical Prosthetic Devices. -- Pursuant to G.S. 105-164.13(12), sales of prosthetic devices as defined in G.S. 105-164.3, for human use are exempt from sales and use tax. Prosthetic devices for human use are exempt from sales and use tax whether or not the prosthetic device is sold on prescription. Examples of medical prosthetic devices that qualify for the exemption in G.S. 105-164.13(12) include the following:

- (1) Abdominal belts of the brace type.
- (2) Abdominal binders and supports.
- (3) Access ports.
- (4) Acetabular cups as part of a hip implant.
- (5) Ankle braces.
- (6) Anti-embolism stockings
- (7) Arch supports.
- (8) Artificial eyes.
- (9) Artificial heart valves.
- (10) Artificial larynx.
- (11) Artificial limbs.
- (12) Atrial valves.
- (13) Back braces.
- (14) Bone cement and wax.
- (15) Bone growth stimulators – implanted.
- (16) Bone pins, plates, nails, screws.
- (17) Braces.
- (18) Breast implants.
- (19) Breast prosthesis – external
- (20) Continuous positive airway pressure (CPAP) – worn.
- (21) Casts and casting materials.
- (22) Catheters – excluding suction catheters and similar catheters.
- (23) Cervical collars.
- (24) Cochlear implants.
- (25) Non-Injectable Collagen.
- (26) Contact lenses.
- (27) Corrective eyeglasses.
- (28) Defibrillator and leads – implanted.
- (29) Dental prosthesis.
- (30) Dialysis catheters – hemodialysis.
- (31) Dialysis catheters – peritoneal.
- (32) Drainage catheters.
- (33) Drainage catheters – urinary.
- (34) Drainage drains.
- (35) Drainage shunts.
- (36) Ear, nose, and throat implants.
- (37) Feeding catheters.
- (38) Foley catheters.
- (39) Gastric bands.
- (40) Gastrostomy kits.
- (41) Grafts.
- (42) Hands and feet implants.
- (43) Head halters.

- (44) Hearing aids and hearing aid batteries.
- (45) Hip and knee implants.
- (46) Humid vents for tracheostomies.
- (47) Implanted expander – tissue and breast.
- (48) Infuser pumps – worn.
- (49) Infusion sets for external insulin pumps.
- (50) Insulin pumps.
- (51) Intra-gastric balloons.
- (52) Knee immobilizers.
- (53) Mastectomy surgical bras
- (54) Maxillofacial devices – implanted.
- (55) Membranes implants.
- (56) Nasal cannulas.
- (57) Nerve stimulators – implanted with leads.
- (58) Obturators for cleft palates.
- (59) Ocular implants.
- (60) Orbital implants.
- (61) Orthobiologics implants.
- (62) Orthopedic shoes, shoe lifts, inserts, arch supports, heel protectors.
- (63) Ostomy – adhesives.
- (64) Ostomy – barriers, including wafer, seal ring, protective film, paste, stomahesive,
- (65) Ostomy – catheters.
- (66) Ostomy – collection leg bags and pouches.
- (67) Ostomy – drain tubes and valves.
- (68) Pacemakers and leads.
- (69) Pacemakers – not implanted
- (70) Penile pumps.
- (71) Pressure garments.
- (72) Programmable drug infusion devices.
- (73) Salem sump with anti-reflux valves.
- (74) Seprafilm.
- (75) Shoes – post operative.
- (76) Shoulder and elbow implants.
- (77) Skin implants – synthetic.
- (78) Sleeves – compression; excluding compression clothing for athletic purposes.
- (79) Slings.
- (80) Speech aids – worn electronic units.
- (81) Sphincters.
- (82) Splint and splint materials.
- (83) Staples, sutures and suture alternatives.
- (84) Stents – implanted in body.
- (85) Stockings – compression; excluding compression clothing for athletic purposes.
- (86) Stump shrinkers.
- (87) Supports – dorsolumbar, lumbosacral, maternity, post-operative, or sacroiliac.
- (88) Surgical mesh implants.
- (89) Suspensories.
- (90) Tendon implants.
- (91) Testicular and penile implants.
- (92) Trachea tubes.
- (93) Tracheostomy inner cannulas.
- (94) Tracheostomy speaking valves.
- (95) Traction devices – worn on the body.
- (96) Transcutaneous electrical nerve (TENS) units – worn.
- (97) Trusses.
- (98) Tubes of the following types that are implanted in the body: tracheotomy or laryngectomy.

(99) Vena cava filters.

(b) Dental Prosthetic Devices. -- Pursuant to G.S. 105-164.13(12), sales of dental prosthetic devices are exempt from sales and use tax. The term prosthetic device includes headgear, bows, neck straps, wires, bands, brackets, rubber bands, jackscrews, bonding agents used to attach prosthetic devices to teeth, and other appliances when purchased by orthodontists to assemble into various types of appliances to be worn on or in the body. Dental prosthesis also includes an artificial replacement of one or more teeth and includes bridges, crowns, and dentures.

(c) Records. -- A retailer that sells prosthetic devices for human use shall keep sales records that clearly identify the prosthetic device, repair or replacement parts, and all other items included in the sales price of the device. Failure of a retailer to keep records that establish a sale of a prosthetic device is exempt from sales and use tax subjects the retailer to sale and use tax on the sale.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. October 1, 2009; April 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991; July 1, 1989; February 1, 1986; Readopted Eff. January 1, 2024.*

### **17 NCAC 07B .3302 EXEMPT DURABLE MEDICAL EQUIPMENT AND DURABLE MEDICAL SUPPLIES**

(a) Durable Medical Equipment. -- Pursuant to G.S. 105-164.13(12), sales of durable medical equipment as the term is defined in G.S. 105-164.3 are exempt from sales and use tax, when sold on prescription.

(b) Durable Medical Supplies. -- Pursuant to G.S. 105-164.13(12), sales of durable medical supplies as the term is defined in G.S. 105-164.3 are exempt from sales and use tax, when sold on prescription. Examples of durable medical equipment and durable medical supplies that qualify for the exemption in G.S. 105-164.13(12) include the following:

- (1) Abduction, cervical, and orthotic pillows.
- (2) Ambu resuscitators (reusable).
- (3) Anesthesia machines.
- (4) Anesthesia ventilators.
- (5) Anti-thrombolytic pumps.
- (6) Apnea monitors.
- (7) Aqua K pumps and pads.
- (8) Audiology equipment – diagnostic.
- (9) Automatic external defibrillators.
- (10) Autotransfusion equipment.
- (11) Bed – kodel pads.
- (12) Beds – alternating pressure pads.
- (13) Beds – blanket cradles.
- (14) Beds – hospital beds – bassinets.
- (15) Beds – hospital beds – beds and accessories/repair parts.
- (16) Beds – incubators/isolettes.
- (17) Beds – specialty care.
- (18) Billie lights.
- (19) Blood pressure equipment – diagnostic.
- (20) Bone growth stimulators – external – not worn.
- (21) Cardiology equipment – diagnostic.
- (22) Cardiopulmonary bypass machines.
- (23) Cauterization equipment.
- (24) Chair scales.
- (25) Cofflators.
- (26) Collection basins – urinals, bedpans, etc.
- (27) Commode chairs.
- (28) Commodes.
- (29) Compressors and other air power sources for a device in this list or for use in administering medication.
- (30) Continuous passive motion devices.
- (31) Continuous positive airway pressure (CPAP) devices – not worn.

- (32) Crash carts – stocked.
- (33) Dialyzers – single patient – multiple use.
- (34) EEG.
- (35) Enteral – feeding bags – disposable.
- (36) Enteral – feeding connectors.
- (37) Enteral – feeding tubing.
- (38) Enteral pumps and intravenous (IV) stands.
- (39) Exam tables.
- (40) External insulin pumps; adaptors, piston rods, and batteries for the pumps - not worn.
- (41) Feeding plugs.
- (42) Fever thermometers – reusable.
- (43) Glucose meters – not worn.
- (44) Heat lamps – medical purposes.
- (45) Heated humidifier systems.
- (46) Heating pads.
- (47) Humidifiers.
- (48) Implantable cardioverter defibrillator (ICD) /Pacemaker Programmers.
- (49) Infra-red lamps and bulbs.
- (50) Infusion pumps, whether parenteral or another type - reusable.
- (51) Intermittent positive pressure breathing (IPPB) machines.
- (52) Intraaortic balloon pump (IABP).
- (53) Intravenous (IV) stands.
- (54) Intravenous (IV) poles.
- (55) Intravenous (IV) therapy arm boards – reusable.
- (56) Kidney dialysis machines and associates parts.
- (57) Kinetic therapy beds.
- (58) Lithotripters.
- (59) Mammography equipment – diagnostic.
- (60) Mattresses, whether spring, foam, or pressure.
- (61) Medical atomizers – reusable.
- (62) Medical instruments – reusable.
- (63) Monitors – stationary.
- (64) Magnetic resonance imaging (MRI)/ Computed tomography (CT)
- (65) Nebulizers.
- (66) Needleless drug delivery system – reusable – such as injection guns.
- (67) Nerve stimulators – programmers.
- (68) Ophthalmoscopes.
- (69) Ostomy irrigation sets.
- (70) Oscopes.
- (71) Overbed tables and trays.
- (72) Oxygen delivery – Oxygen concentrators; oxygen regulators; oxygen systems, whether liquid or gas.
- (73) Oxygen tents/beds.
- (74) Pacemakers – not implanted – not worn.
- (75) Pacemaker transmitters.
- (76) Paraffin bath units.
- (77) Parenteral – feeding bags – disposable.
- (78) Parenteral – feeding connectors.
- (79) Parenteral – feeding tubing.
- (80) Parenteral pumps and intravenous (IV) stands.
- (81) Patient positioners, including prone or side-lying positioners.
- (82) Percussors.
- (83) Platelet separators.
- (84) Pressure reduction therapy beds.
- (85) Programmable drug infusion pumps.
- (86) Radiology equipment – diagnostic.

- (87) Respiratory bags – resuscitation.
- (88) Respiratory equipment – arterial blood gas (ABG) machines, blood gas analyzer.
- (89) Respiratory equipment – not oxygen delivery – such as sensors or analyzers.
- (90) Respiratory-pulse oximetry equipment.
- (91) Resuscitators – reusable.
- (92) Scopes and lasers – endoscope.
- (93) Sling scales.
- (94) Speech aids – non-worn electronic.
- (95) Staplers – empty – reusable.
- (96) Stethoscopes.
- (97) Stirrups.
- (98) Stretchers.
- (99) Suction pumps.
- (100) Suction regulators.
- (101) Surgical laser devices.
- (102) Tourniquets – non-pneumatic.
- (103) Tourniquets – pneumatic.
- (104) Traction equipment.
- (105) Transcutaneous electrical nerve stimulator (TENS) units – not worn.
- (106) Ultrasound equipment.
- (107) Ultraviolet lights.
- (108) Vaporizers.
- (109) Ventilators.
- (110) Wheelchair cushions - brace/support.
- (111) Whirlpools - portable, over-the-tub type devices specifically manufactured for a medical purpose.
- (112) X-ray equipment.

(c) Records. -- A retailer that sells durable medical equipment or durable medical supplies, pursuant to a prescription, shall keep sales records that clearly identify the sales price, the prescription, and the durable medical equipment or supplies. The retailer shall keep the original prescription for inspection by the Secretary or an agent of the Secretary. Failure of a retailer to keep records that establish that a sale of durable medical equipment or durable medical supplies is exempt from sales and use tax subjects the retailer to sales and use tax on the sale.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976;  
Amended Eff. October 1, 2009; April 1, 1999; August 1, 1998; October 1, 1993; June 1, 1992; October 1, 1991; February 1, 1986;  
Readopted Eff. January 1, 2024.

- 17 NCAC 07B .3303      APPLIANCES IMPLANTED IN PATIENTS**
- 17 NCAC 07B .3304      PROTECTIVE HELMETS FOR PATIENTS**
- 17 NCAC 07B .3305      HEARING AIDS**
- 17 NCAC 07B .3306      INVALID WALKERS: WALKING CANES**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1998.

## **SECTION .3400 - MEMORIAL STONE AND MONUMENT DEALERS AND MONUMENT MANUFACTURERS**

- 17 NCAC 07B .3401      MEMORIAL STONE SALES**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;

*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2009; December 1, 1994; October 1, 1993; June 1, 1992; October 1, 1991;*  
*Repealed Eff. March 1, 2016.*

**17 NCAC 07B .3402 MONUMENT MANUFACTURERS: TOOLS AND SUPPLIES**

Sales to monument manufacturers of stencils, abrasives and cutting tools and equipment used by such manufacturers in the cutting, shaping, and polishing process and the solvents used to remove the stencils from the monuments are exempt from sales and use tax. Monument dealers who do not cut, shape, polish and otherwise process monuments are not classified as manufacturers and sales of stencils and other supplies to monument dealers for use in lettering or polishing monuments which they sell are subject to the applicable statutory state and local sales or use tax.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .3403 SUPPLIES TO INSTALL MEMORIAL STONES/MONUMENT/BRONZE GRAVE MARKERS**

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
*Eff. February 1, 1976;*  
*Amended Eff. May 1, 2009; December 1, 1994; October 1, 1993; October 1, 1991;*  
*Repealed Eff. March 1, 2016.*

**17 NCAC 07B .3404 BRONZE GRAVE MARKERS**

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Repealed Eff. December 1, 1994.*

**SECTION .3500 - MACHINISTS: FOUNDRYMEN: AND PATTERN MAKERS**

**17 NCAC 07B .3501 MACHINISTS: FOUNDRYMEN: PATTERN MAKERS**

(a) Sales to users or consumers of dies, castings, patterns, tools, machinery and any other tangible personal property made by machinists, foundrymen or pattern makers, and parts and other tangible personal property fabricated and sold for use or consumption on or with such items of tangible personal property, are subject to the applicable statutory state and local sales or use tax unless exempt from the tax under the provisions of Paragraph (b) of this Rule.

(b) The following sales of any such property are exempt from tax:

- (1) For use or consumption by the holder of a standard commercial fishing license issued under G.S. 113-168.2 for principal use in commercial fishing operations; the holder of a shellfish license issued under G.S. 113-169.2 for principal use in commercial shellfishing operations; and the operator of a for-hire boat, as defined in G.S. 113-174, for principal use in the commercial use of the boat.
- (2) For use or consumption by or on ocean-going vessels plying the high seas in interstate or foreign commerce in transporting freight or passengers for hire exclusively.

(c) The tax due shall be computed at the applicable rate on the full selling price of such property, including charges for any services that go into the fabrication, manufacture or delivery thereof.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; January 1, 1982;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

## **17 NCAC 07B .3502      MOLDS: DIES: MILL MACHINERY**

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262;  
                          Eff. February 1, 1976;  
                          Amended Eff. October 1, 1991; October 1, 1988;  
                          Repealed Eff. October 1, 1993.

## **17 NCAC 07B .3503      MOLDS: DIES: FOR RESALE**

Sales of molds, patterns or dies to manufacturers for resale to their customers are exempt from tax and classified as wholesale sales when such sales are supported by completed Streamlined Sales and Use Tax Agreement Certificates of Exemption, Form E-595E. Manufacturers are considered to be purchasing such items for resale only when title thereto and the right of possession thereof will pass to their customers and the manufacturer-vendors' books, records and invoices show that such items are actually sold to their customers.

*History Note:*     Authority G.S. 105-164.5; 105-262;  
                          Eff. February 1, 1976;  
                          Amended Eff. May 1, 2009;  
                          Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **17 NCAC 07B .3504      MOLDS: DIES: RETAINED BY SELLER**

Manufacturers making sales of molds, patterns or dies to users or consumers in this state shall register with the Department of Revenue for the purpose of collecting and remitting the tax due on such sales. If manufacturers make retail sales of molds, patterns or dies to manufacturer-customers within and without this state, with the right of possession and title thereto passing to such customers, the manufacturer-customers are exempt from sales and use tax when the manufacturers selling the molds, patterns or dies retain them in their possession within this state for use in manufacturing tangible personal property for sale to such customers. Out-of-state manufacturers making retail sales of molds, patterns or dies to customers within this state are not required to collect and remit North Carolina sales or use taxes on such sales when the out-of-state manufacturers retain the molds, patterns or dies in their possession for their use outside this state in manufacturing tangible personal property for sale to such customers.

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43;  
                          Article 44; Article 46;  
                          Eff. February 1, 1976;  
                          Amended Eff. August 1, 2009; October 1, 1993;  
                          Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **17 NCAC 07B .3505      MOLDS: DIES: NONMANUFACTURERS' USE**

Manufacturers making retail sales of molds, patterns or dies to nonmanufacturing users or consumers within and without this state, with right of possession and title thereto passing to such customers, are liable for collecting and remitting the applicable statutory state and local sales or use tax on such sales, when the manufacturers selling the molds, patterns or dies retain them in their possession within this state for use in manufacturing tangible personal property for sale to such customers.

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
                          Article 46;  
                          Eff. February 1, 1976;  
                          Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; October 1, 1988;  
                          Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **17 NCAC 07B .3506      MOLDS: DIES: RECORD KEEPING**

*History Note:*     Authority G.S. 105-164.22; 105-262;  
                          Eff. February 1, 1976;  
                          Amended Eff. August 1, 2009;  
                          Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

## SECTION .3600 - FUNERAL EXPENSES

### 17 NCAC 07B .3601 FUNERAL EXPENSES

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; February 1, 1987;  
Repealed Eff. March 1, 2016.

### 17 NCAC 07B .3602 CREMATION CHARGES

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. February 1, 1986;  
Repealed Eff. October 1, 1993.

### 17 NCAC 07B .3603 DEATH BENEFIT PAYMENTS

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 5, 1980;  
Repealed Eff. August 1, 2009.

## SECTION .3700 - LUBRICANTS: OILS AND GREASES

### 17 NCAC 07B .3701 LUBRICATING SERVICE

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Repealed Eff. March 1, 2016.

### 17 NCAC 07B .3702 SALES OF LUBRICANTS

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; April 1, 1999; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

### 17 NCAC 07B .3703 CAR WASH BUSINESSES

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Repealed Eff. September 1, 2018.

## SECTION .3800 - PROMOTIONAL ITEMS: GIFTS

### 17 NCAC 07B .3801 PROMOTIONAL ITEMS AND GIFTS

(a) Purchases by a person of items, as the term item is defined in G.S. 105-164.3, for use by the person as promotional items or gifts are not purchases for resale and are subject to sales or use tax, pursuant to G.S. 105-164.4. If the seller does not

collect the North Carolina sales and use tax on such sales, the purchaser shall remit the use tax, pursuant to G.S. 105-164.6, directly to the Department.

(b) Purchases by a person of items for use in satisfying a customer's redemption of reward points or items earned by the customer through a rewards program are not purchases for resale and are subject to sales or use tax, pursuant to G.S. 105-164.4. If the seller does not collect North Carolina sales and use tax on such sales, the purchaser shall remit the use tax, pursuant to G.S. 105-164.6, directly to the Department.

(c) If the item purchased is of the type or character customarily sold by a retailer, the retailer may purchase the item without payment of the sales tax as a purchase for resale when the retailer complies with 17 NCAC 07B .0106. The retailer shall remit the use tax, pursuant to G.S. 105-164.6, to the Department on all taxable items withdrawn from inventory and used as promotional items or gifts.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.28; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .3802 SALES OF TRADING STAMPS**  
**17 NCAC 07B .3803 REDEMPTION OF TRADING STAMPS**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; May 1, 2009; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .3804 GIFT CERTIFICATES AND GIFT CARDS**

Charges for gift certificates or gift cards are not subject to sales and use tax, pursuant to G.S. 105-164.4, at the time of initial sale for the gift certificate or gift card. When the holder of a gift certificate or gift card redeems the gift certificate or gift card for items, as the term item is defined in G.S. 105-164.3, the transaction is subject to the same sales and use taxes applicable to the item as if it were purchased without a gift certificate or gift card.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

**SECTION .3900 - CONTAINERS: WRAPPING: PACKING AND SHIPPING MATERIALS**

**17 NCAC 07B .3901 CONTAINERS: WRAPPING: PACKING AND SHIPPING MATERIALS**  
**17 NCAC 07B .3902 HOGSHEADS: CARDBOARD CONTAINERS: ETC.**  
**17 NCAC 07B .3903 PACKAGING MATERIALS: WAREHOUSEMEN AND MOVERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; August 1, 1998; October 1, 1993; October 1, 1991; April 1, 1986; May 11, 1979;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .3904 MARKING MACHINES**

Sales of marking machines to retailers and wholesalers for use in imprinting price, size, or other information on tickets, tags, etc., are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .3905 ICE HANDLING SUPPLIES**  
**17 NCAC 07B .3906 EGG CARTONS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43;  
Article 44;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .3907 DEPOSITS FOR REUSABLE CONTAINERS**

(a) Pursuant to G.S. 105-164.13(47), deposits charged by a retailer or wholesale merchant for a beverage container that is returnable to the retailer or wholesale merchant for reuse when the amount charged is refundable or creditable to the purchaser are not subject to sales and use tax, whether or not the deposit is separately stated on the invoice or similar billing document.

(b) Deposits charged by a retailer or wholesale merchant for reusable containers, other than beverage containers, are subject to sales and use tax, pursuant to G.S. 105-164.4, when the purchaser of the property packaged within a reusable container exercises control over the container as is ordinarily associated with ownership, while the container is in their possession. Such amounts are a part of the sales price even though designated as a deposit for the containers.

(c) When a retailer or wholesale merchant retains title to reusable containers and the right to control the use the purchaser makes of the containers, the containers are not considered to be a part of the sale of the property packaged within the reusable container. In such cases, amounts charged to the purchasers as security for the return of the containers are not subject to sales and use tax, pursuant to G.S. 105-164.13(23), if such charges are shown separately from the sales price of the property on the invoice or similar billing document given to the purchaser at the time of sale. If such amounts are not separately stated on the invoice or similar billing document given to the purchaser at the time of sale, the total charge is subject to sales and use tax.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2002; January 1, 1982; July 5, 1980;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .3908 FOOD STORAGE SUPPLIES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. July 5, 1980.

**17 NCAC 07B .3909 DRUMS FOR PACKAGING PRODUCTS**

Sales of drums to manufacturers, producers, wholesalers, and retailers are exempt from tax under G.S. 105-164.13(23) when such drums are used for packaging, shipment, or delivery of tangible personal property which is sold at wholesale or retail and when such drums constitute a part of the sale of such tangible personal property and are delivered with it to the customer. Sales of paint to manufacturers, producers, wholesalers, and retailers for use in painting such drums are also exempt from tax.

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .3910 RETURNABLE CONTAINERS**

Pursuant to G.S. 105-164.13(23), when a person sells tangible personal property in returnable containers without charging for the use of the containers for a specified time but, at the expiration of the specified time, the containers enter a period of

overdue detention and a penalty is charged to encourage the return of the containers, the charge is not subject to sales and use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. August 1, 1998;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .3911 GIFT WRAPPING**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264;  
Eff. January 3, 1984;  
Amended Eff. November 1, 1994; October 1, 1993;  
Repealed Eff. September 1, 2018.

**SECTION .4000 - FERTILIZER: SEEDS: FEED AND INSECTICIDES**

**17 NCAC 07B .4001 FERTILIZER: LIME AND LAND PLASTER**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

**17 NCAC 07B .4002 FERTILIZER AND SEEDS**

**17 NCAC 07B .4003 FEED, REMEDIES, VACCINES, MEDICATIONS, AND LITTER MATERIAL FOR ANIMALS**

**17 NCAC 07B .4004 INSECTICIDES AND SIMILAR PRODUCTS**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; June 1, 2006; August 1, 2003; August 1, 1998; August 1, 1996; October 1, 1993; October 1, 1991; May 1, 1990; April 1, 1986; February 1, 1986; May 11, 1979;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .4005 DEFOLIANTS: INHIBITORS: ETC.**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. October 1, 1993.

**17 NCAC 07B .4006 HOUSEHOLD INSECTICIDES: ETC.**

**17 NCAC 07B .4007 PROCESSED MANURE**

**17 NCAC 07B .4008 BREAD USED FOR FEED**

**17 NCAC 07B .4009 RIDING STABLES**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; August 1, 2003; August 1, 1998; August 1, 1996; October 1, 1993; October 1, 1991; December 1, 1982; January 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .4010 INSECTICIDES FOR LAWNS**

## **17 NCAC 07B .4011      INSECTICIDES SOLD TO CONTRACTORS**

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262;  
                          Eff. February 1, 1976;  
                          Amended Eff. July 5, 1980;  
                          Repealed Eff. December 1, 1982.

### **SECTION .4100 - ARTISTS: ART DEALERS: PHOTOGRAPHERS: ETC.**

## **17 NCAC 07B .4101      OBJECTS OF ART**

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43;  
                          Article 44;  
                          Eff. February 1, 1976;  
                          Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
                          Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

## **17 NCAC 07B .4102      SALES OF PHOTOGRAPHS AND VIDEOS**

(a) Photographs. -- The sales price of photographs, whether the photographs are transferred electronically or as tangible personal property, are subject to the sales and use tax, pursuant to G.S. 105-164.4. The sales price of photographs include sitting fees charged to a customer who ultimately purchases photographs, and all charges for developing or printing. When transferred electronically, the sale of a photograph includes a photograph provided by email, electronic storage device, access through a website owned by the photographer, access through a website owned by a third-party, or by other electronic means. A copyright fee that entitles a purchaser the right to reproduce a photograph does not constitute part of the sales price of the photograph and is not subject to sales and use tax when the charge is separately stated.

(b) Videos. -- The sales price of videos, whether the videos are transferred electronically or as tangible personal property, are subject to sales and use tax, pursuant to G.S. 105-164.4. When transferred electronically, the sale of a video includes a video provided by email, electronic storage device, access through a website owned by the videographer, access through a website owned by a third-party, or by other electronic means.

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498;  
                          105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
                          Eff. February 1, 1976;  
                          Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
                          Readopted Eff. January 1, 2024.

## **17 NCAC 07B .4103      PHOTO TINTING**

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
                          Eff. February 1, 1976;  
                          Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
                          Repealed Eff. September 1, 2018.

## **17 NCAC 07B .4104      BLUEPRINTS**

Sales of photostatic copies or blueprints by a photostat or blueprint producer or others to consumers or users are subject to the applicable statutory state and local sales or use tax to be computed on the gross receipts.

*History Note:*     Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
                          Eff. February 1, 1976;  
                          Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
                          Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

## **17 NCAC 07B .4105      PHOTO SUPPLIES AND MATERIALS**

(a) Sales of items, as the term item is defined in G.S. 105-164.3, such as frames, films, storage media, and other articles by photographers, photo finishers, videographers, or others are retail sales subject to sales and use tax, pursuant to G.S. 105-164.4.

(b) Purchases of items by a commercial or portrait photographer or videographer for use or consumption are subject to sales and use tax, pursuant to G.S. 105-164.4. However, pursuant to G.S. 105-164.13(5), purchases by commercial or portrait photographers of items including mounts, frames, and paper, which become an ingredient or component part of the finished product are not subject to the sales and use tax when purchased for resale.

(c) Pursuant to G.S. 105-164.13(5e), purchases by a commercial or portrait photographers of mill machinery or mill machinery parts or accessories such as films, chemicals, proof paper, cameras, trays, and similar items are exempt from the sales and use tax when the mill machinery or mill machinery parts or accessories are for use in the "production" phase of the manufacturing of photographs. For purposes of this Rule, "Production" as a phase of industrial or manufacturing operations shall mean all steps performed in processing and refining rooms, and in other quarters and departments of a plant, where conditioning, treating, or other operations are done on ingredient materials as an actual routine on the assembly or processing line turning out a finished product of manufacture for sale. The "Production" phase also includes the following:

- (1) The movement of raw materials or ingredients from an inventory or a stockpile located on the premises of the manufacturing facility to the assembly or processing line.
- (2) The movement of goods in process along the assembly or processing line.
- (3) The movement of manufactured products from the assembly or processing line into shipping or storage areas and yards located on the premises of the manufacturing facility.
- (4) The work of experimentation and research performed on the manufactured products.

"Production" does not include any activity connected with the movement of raw materials or ingredients into inventory nor does it include "distribution" which is any activity connected with the movement of manufactured products within storage warehouses, shipping rooms, and other such finished product storage areas and the removal of such products therefrom for sale or shipment, or "administration" which is any administrative work of offices, promotion of sales, and collection of accounts.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4106 PHOTOENGRAVINGS: ELECTROTYPES: ETC.**

(a) Pursuant to G.S. 105-164.13(5), purchases by commercial printers and publishers of an item, as the term item is defined in G.S. 105-164.3, including photoengravings, electrotypes and lithographs used in the "production" phase, as production is defined in 17 NCAC 07B .4105, to produce items for sale, are exempt from sales and use tax. Lithographic and gravure plates and dies, including custom made plates and dies and tangible personal property used to fabricate plates and dies for use in the "production" of printed matter for sale, are exempt from sales and use tax, pursuant to G.S. 105-164.13(5), when title to the plates and dies do not pass to the printers' customers.

(b) Purchases of photoengravings, electrotypes, lithographs, paper, ink, and all other printing equipment and supplies by consumers or in-house printers are not for resale and are subject to the sales and use tax, pursuant to G.S. 105-164.4.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4107 SALES OF MOVIE FILM** **17 NCAC 07B .4108 NEGATIVE DEVELOPING**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13(5e); 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; January 1, 1982; July 5, 1980;

*Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

**17 NCAC 07B .4109 BLUEPRINTS SOLD TO ARCHITECTS**

For purposes of G.S. 105-164.13, sales of blueprints, photographs and other items, as the term item is defined in G.S. 105-164.3, to an architectural or engineering firm are sales for use or consumption and not for resale, and are subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4110 BLUEPRINTS SOLD BY ARCHITECTS**

Architects are liable for sales tax on blueprints or plans when they reproduce plans or drawings and sell them. No tax is due when plans and specifications are instruments of service and title thereto remains with the architects.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**SECTION .4200 - SALES TO THE UNITED STATES GOVERNMENT OR AGENCIES THEREOF**

**17 NCAC 07B .4201 IN GENERAL**

(a) Sales made directly to the United States Government, or any qualifying agency or instrumentality thereof, are not subject to the sales and use tax, pursuant to G.S. 105-164.13(17). Qualifying United States Government agencies are divisions of the federal government. Qualifying United States instrumentalities are non-governmental agencies that act independently and whose obligations are backed by the federal government, whose enabling legislation or charter is to provide a necessary public service and are immune from sales and use tax under federal law. In order for a transaction to be a sale to the United States Government, or qualifying agency or instrumentality thereof, the entity shall purchase the the item directly from the retailer and make payment directly to the retailer with its own funds. For example, meals and lodging billed to and paid for by the federal government are not subject to sales and use tax, however meals and lodging billed to and paid for by a federal employee who is subsequently reimbursed by the federal government are subject to sales and use tax.

(b) Examples of qualifying United States Government agencies and instrumentalities thereof include the Departments of Defense, United States Armed Forces, federally operated hospitals, American Red Cross, Federal Reserve banks, federal land banks, federal housing projects, federal housing authorities, United States Postal Service, or any other department of the federal government whose activities are directly under federal control and whose purchases are paid for from the federal treasury.

(c) Sales made to the following organizations shall not be subject to sales and use tax, pursuant to G.S. 105-164.13(17), provided that the organization is authorized by the regulations of the Departments of Defense or a branch of the United States Armed Forces: United States Armed Forces Activities Funds, post exchanges, officers' mess funds, noncommissioned officers funds and other voluntary unincorporated organizations of United States Armed Forces personnel.

*History Note: Authority G.S. 105-164.13; 105-262; 105-264; Eff. February 1, 1976; Amended Eff. August 1, 1988; Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4202 EXEMPT SALES TO THE UNITED STATES GOVERNMENT**

(a) Retailer Records. -- A retailer that makes sales directly to the United States Government, or a qualifying agency or instrumentality thereof, shall retain copies of any Certificates of Exemption, Form E-595E, purchase requisitions or affidavits, or other documentation provided to substantiate the exemption from sales and use tax, pursuant to G.S. 105-164.13(17). Qualifying United States Government agencies are divisions of the federal government and qualifying instrumentalities are non-governmental agencies that act independently and whose obligations are backed by the federal government, whose enabling legislation or charter is to provide a necessary public service and are immune from sales and use tax under federal

law. Pursuant to G.S. 105-164.22, copies of the documentation shall be available for inspection by the Secretary of Revenue or the Secretary's agents upon request. Documentation shall be kept until the statute of limitations to request a refund and to be issued a proposed assessment have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8.

(b) United States Government Credit Card Program – GSA Smartpay. -- Under the program, credit cards may be centrally billed or individually billed.

- (1) Centrally billed charges are billed directly to and paid directly by the United States Government and are exempt from sales and use tax, pursuant to G.S. 105-164.13(17).
- (2) Individually billed charges are billed to and paid by the federal employee who is then reimbursed by the United States Government. Individually billed charges are subject to sales and use tax, pursuant to G.S. 105-164.4.

(c) Non-GSA Smartpay credit card programs implemented by qualifying agencies or instrumentalities of the United States Government are exempt from sales and use tax, pursuant to G.S. 105-164.13(17), when the charges are centrally billed and directly paid by the qualifying agency or instrumentality.

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-164.22; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; April 1, 1997; January 1, 1995; October 1, 1993; October 1, 1991;  
August 1, 1988;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4203 CONTRACTORS FOR THE FEDERAL GOVERNMENT**

Sales of items, as the term item is defined in G.S. 105-164.3, to a contractor are exempt from sale and use tax pursuant to G.S. 105-164.13(17), when a contract between the United States Government, or its agencies and instrumentalities, and a contractor contains a title passage clause from the Federal Acquisition Regulation as set out in 48 C.F.R. 1, such that title to items purchased by the contractor for use in performing the contract, pass from the contractor to the United States Government, or its agencies and instrumentalities, prior to any use by the contractor.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;  
Readopted Eff. February 1, 2024.

#### **17 NCAC 07B .4204 GOVERNMENT AGRICULTURAL OFFICES**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 2024.

#### **17 NCAC 07B .4205 FEDERAL CREDIT UNIONS AND THE FARM CREDIT SYSTEM**

(a) Federal Credit Unions. -- Sales to, or purchases by, federal credit unions organized under the Federal Credit Union Act, 12 U.S.C. 1751 et seq., are exempt from North Carolina sales and use tax, pursuant to G.S. 105-164.13(17).

(b) The Farm Credit System. -- Sales to, or purchases by, the farm credit system, as composed in 12 U.S.C. 2002, are exempt from North Carolina sales and use tax, pursuant to G.S. 105-164.13(17). The farm credit system includes Farm Credit Banks, the bank for cooperatives, Agricultural Credit Banks, the Federal Land Bank Associations, the Federal Land Credit Associations, the Production Credit Associations, the agricultural credit associations, the Federal Farm Credit Banks Funding Corporation, the Federal Agricultural Mortgage Corporation, service corporations established pursuant to 12 U.S.C. 2211, and such other institutions as may be made part of the farm credit system, all of which shall be chartered by and subject to regulation by the Farm Credit Administration.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; 12 U.S.C. 1768; 12 U.S.C. 2023; 12 U.S.C. 2077; 12 U.S.C. 2098; 12 U.S.C. 2134; 12 U.S.C. 2214;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; November 1, 1995; January 1, 1995; January 3, 1984;

*Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4206 FED SAVINGS/LOAN ASSOC, NATL AND STATE BANKS, CREDIT UNIONS**

For purposes of G.S. 105-164.13(17), sales which a state would be without power to tax under the Constitution or laws of the United States or under the Constitution of this State do not include the following sales:

- (1) Sales to federal savings and loan associations and national banks.
- (2) Sales to state banks and state chartered credit unions.

*History Note: Authority G.S. 105-164.13; 105-262; 105-264; 105-164.26; 12 U.S.C. 1464(h); 12 U.S.C. 548; Eff. February 1, 1976; Amended Eff. September 1, 2006; January 1, 1995; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4207 RESERVE OFFICERS' UNIFORMS**

Sales of uniforms, other than sales directly to the United States Government, for use in reserve officers training programs are subject to the applicable statutory state and local sales or use tax.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Eff. February 1, 1976; Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4208 POSTAL EMPLOYEES' ASSOCIATIONS**

A post office employees' association is not construed to be an instrumentality of the United States and sales by such organizations are subject to tax. Neither the situs of the sale nor the status of the vendor would make them exempt from the North Carolina sales or use tax.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Amended Eff. July 5, 1980; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4209 BUSINESSES IN FEDERAL AREAS**

The fact that a business is located in a federal area does not in itself exempt said business from collecting and remitting sales tax. Title 4 of the U.S. Code, Section 105, provides that a state which levies sales taxes shall have full jurisdiction and the power to levy and collect sales taxes in any federal area within such state to the same extent and with the same effect as though such area was not a federal area with certain exemptions provided in Title 4, U.S. Code, Section 107, for sales by the United States Government or its instrumentalities.

*History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4210 NATIVE AMERICAN INDIAN COUNTRY**

(a) Sales by Merchants on the Eastern Band of Cherokee Indian (EBCI) Reservation:

- (1) Pursuant to G.S. 105-164.13(25), sales of items, as the term item is defined in G.S. 105-164.3, by merchants on the EBCI Reservation are exempt from sales and use tax when such merchants are authorized to do business on the EBCI Reservation and are paying the tribal gross receipts levy to the Tribal Council. This exemption applies without regard to whether a purchaser is an enrolled member of the EBCI.
- (2) Admission charges to an entertainment activity on the EBCI Reservation are exempt from sales and use tax, pursuant to G.S. 105-164.13(25), provided the retailer that offers the entertainment activity is authorized to do business on the EBCI Reservation and pays the tribal gross receipts levy to the Tribal Council. This exemption applies without regard to whether a purchaser is an enrolled member of the EBCI.
- (3) For purposes of this Rule, a sale occurs on the EBCI reservation when it is sourced to the reservation pursuant to G.S. 105-164.4B.

(b) Sales to Federally Recognized Native American Nations:

- (1) Items Sourced to a Native American Nation's Indian Country. – Pursuant to G.S. 105-164.13(17), retail sales of items to a federally recognized Native American nation or an enrolled member of the federally recognized Native American nation residing within that nation's Indian Country, as the term Indian Country is defined in 18 U.S.C. 1151, are exempt from sales and use tax when such items are sourced to the nation's Indian Country.
- (2) Items Sourced Outside a Native American Nation's Indian Country. -- Retail sales of items to a federally recognized Native American nation or to an enrolled member of the federally recognized Native American nation are subject to sales and use tax, pursuant to G.S. 105-164.4, when sourced outside the nation's Indian Country even though such items may be used, or incorporated into improvements within the nation's Indian Country.

(c) Real Property Contracts with Federally Recognized Native American Nations: The sale of items to a real property contractor are exempt from sale and use tax, pursuant to G.S. 105-164.13(17), provided that the items are sourced to a federally recognized Native American nation's Indian Country, the purchase of the item is to fulfill a real property contract with the nation or an enrolled member of the nation, and the item is used or installed within the sourced-nation's Indian Country by the contractor or the contractor's subcontractor.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.4H; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1982;  
Readopted Eff. February 1, 2024.

## SECTION .4300 – REFUNDS TO INTERSTATE CARRIERS

### 17 NCAC 07B .4301 REFUNDS TO INTERSTATE CARRIERS

(a) Scope. -- This Rule explains the sales and use tax refund allowed to interstate carriers under G.S. 105-164.14(a). Taxes listed in 17 NCAC 07B .1602(f) are not eligible for refund as exceeding the scope of G.S. 105-164.14(a).

(b) Eligible Items. -- The items eligible for refund are railway cars and locomotives, and fuel, lubricants, repair parts, accessories, service contracts, and repair, maintenance, and installation services for a motor vehicle, railroad car, locomotive, or airplane the carrier operates. Other items eligible for refund when purchased by an interstate carrier for a motor vehicle, railroad car, locomotive, or airplane it operates include:

- (1) antennas;
- (2) antifreeze;
- (3) bedding for motor vehicle sleeping compartments;
- (4) charts for tachographs;
- (5) decals for motor vehicles;
- (6) emergency flares and reflectors;
- (7) fire extinguishers;
- (8) freon or nitrogen used in refrigerating and cooling motor vehicles;
- (9) furniture pads;
- (10) lifeboats and oxygen masks;
- (11) load jacks and chains;
- (12) mobile CB radios;
- (13) motor vehicle seat cushions;
- (14) paints for decals;
- (15) polyethylene liners used to waterproof trailers;
- (16) pouches for registration cards and permits;
- (17) radios;
- (18) ramp equipment used to embark or disembark aircraft;
- (19) ropes and chains to tie down cargo (adapted for use on motor vehicles; otherwise not allowed);
- (20) signs attached to trucks;
- (21) tarpaulins;
- (22) tire chains;

- (23) tire and tubes;
- (24) welding rods for repair of motor vehicles;
- (25) windshield solvents; or
- (26) zipped covers for grills.

(c) Items not Eligible. -- The following items not eligible for refund under G.S. 105-164.14(a) include:

- (1) certain digital property, as defined in G.S. 105-164.3;
- (2) drivers' gloves;
- (3) drivers' uniforms;
- (4) food trays on airplanes;
- (5) fork lift tires and parts;
- (6) gauges for testing equipment;
- (7) hand trucks;
- (8) pallets;
- (9) pillows on airplanes;
- (10) piped natural gas;
- (11) security seals;
- (12) tire volume discounts;
- (13) tools, shop supplies;
- (14) trip logs; or
- (15) wax and washing supplies.

(d) Amount of Refund. -- G.S. 105-164.14(a) sets out the formula for computing the amount of a refund. Under the formula, an interstate carrier may receive a refund for a percentage of the tax paid on eligible items.

(e) Due date of Claim for Refund. -- An interstate carrier claim for refund shall be filed quarterly on Form E-581, Interstate Carrier Claim for Refund State, County, and Transit Sales and Use Taxes. A claim is due within 60 days from the close of each calendar quarter ending in March, June, September, and December of each year covering the purchases or acquisitions during the preceding quarter.

(f) Form E-581, requires the following information:

- (1) name and address of entity requesting the refund;
- (2) Federal Employer Identification Number;
- (3) North Carolina sales and use tax account number;
- (4) refund period beginning and ending dates;
- (5) contact person name and telephone number;
- (6) name(s) of the taxing county;
- (7) total miles of operation;
- (8) total miles operated in North Carolina;
- (9) the ratio of miles operated in North Carolina;
- (10) total eligible purchases inside and outside North Carolina, not including sales tax paid;
- (12) purchases per mile ratio;
- (13) state sales and use tax paid on eligible purchases;
- (14) state sales and use tax on purchases per mile ratio;
- (15) amount of state sales and use tax refund;
- (16) the ratio of county and transit sales and use tax refund;
- (17) county and transit sales and use tax paid on eligible purchases;
- (18) amount of county and transit sales and use tax refund;
- (19) total refund amount requested;
- (20) signature of person authorized to legally bind entity and date form signed.

(g) Aviation Gasoline and Jet Fuel. -- An interstate carrier's claim for refund for taxes paid at the combined general rate pursuant to G.S. 105-164.4(a)(15), shall be filed quarterly on Form E-581A, Interstate Carrier Claim for Refund Combined General Rate Sales and Use Taxes. A claim is due within 60 days from the close of each calendar quarter ending in March, June, September, and December of each year covering the purchases or acquisitions during the preceding quarter.

(h) Form E-581A, requires the following information:

- (1) name and address of entity requesting the refund;
- (2) Federal Employer Identification Number;
- (3) North Carolina sales and use tax account number;
- (4) refund period beginning and ending dates;

- (5) contact person name and telephone number;
- (6) total miles of operation;
- (7) total miles operated in North Carolina;
- (8) ratio of miles operated in North Carolina;
- (9) total North Carolina combined general rate of sales and use tax paid on all purchases of aviation gasoline and jet fuel;
- (10) total refund amount requested;
- (11) signature of person authorized to legally bind entity and date form signed.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. September 1, 2006; July 1, 2000; August 1, 1998; August 1, 1996; October 1, 1993; July 1, 1990; February 1, 1987; March 1, 1984;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .4302 REFUNDS TO RAILROAD COMPANIES**

- (a) In General. -- Railroad companies, when applying for refunds pursuant to G.S. 105-164.14(a), shall comply with application frequency and form requirements set out in 17 NCAC 07B .4301.
- (b) Railcars Not Owned by Refund Applicant -- A refund applicant's total eligible purchases shall include the repair of railroad cars used by, but not owned by the applicant regardless of the fact that the applicant may bill the owner of the railcars for repairs performed on such railroad cars. The miles that a railcar not owned by the applicant travel over the rail lines of the applicant shall be included in establishing the number of miles of operation in this State and the total number of miles of operation inside and outside this State for the calendar quarter.
- (c) Railcars Owned by Refund Applicant. -- A refund applicant's total eligible purchases shall exclude repairs to railroad cars owned by the applicant, but operating on rail lines of another railroad company, regardless of the fact that the other railroad company may bill the applicant for repair parts used to maintain the applicant's railroad cars when in operation over the other railroad's rail lines. Additionally, an applicant's total eligible purchases shall exclude fuel, lubricants, repair parts, accessories, service contracts, and repair, maintenance, and installation services for which the applicant is billed by another railroad company when its railroad cars are traveling over the other railroad's rail lines.
- (d) Locomotives. -- The provisions of this Rule shall also apply to locomotives.

*History Note:* Authority G.S. 105-164.14; 105-262; 105-264;  
 Eff. February 1, 1976;  
 Amended Eff. October 1, 1993;  
 Readopted Eff. January 1, 2024.

**17 NCAC 07B .4303 APPLICATION**

An interstate carrier must file Form E-581 to obtain a refund under G.S. 105-164.14(a). A refund period is a calendar quarter. A claim for refund covers sales and use taxes paid during a quarter. A claim for refund is due within 60 days after the end of a quarter. The Department shall not accept a claim for refund filed later than three years after its due date. A claim for refund shall include only taxes paid for the calendar quarter covered by the claim. An amended claim for refund shall be filed to correct an understatement of a refund claimed for a prior quarter. An amended claim for refund must be filed to correct an overstatement of a refund made for a prior quarter.

*History Note:* Authority G.S. 105-164.14; 105-262;  
 Eff. February 1, 1976;  
 Amended Eff. September 1, 2006; July 1, 2000; October 1, 1993; November 3, 1978;  
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**SECTION .4400 - LEASE OR RENTAL**

**17 NCAC 07B .4401 LEASE RECEIPTS**

- (a) Rate of Tax. -- Pursuant to G.S. 105-164.4, the gross receipts derived from the lease or rental of tangible personal property are subject to the sales or use tax at the same rates, including any maximum tax, that apply to the retail sale of such property.

The maximum tax, if applicable, shall be determined for each lease or rental of tangible personal property, not on the aggregate tax for all leases or rentals of the leased tangible personal property.

(b) Computation of Tax. -- A person shall compute and pay tax on the gross receipts without any deduction.

(c) Due Date. -- The tax is due and payable at the time the lessor or retailer bills the lessee for rent whether such billing is for the lump sum rental or on a monthly or other periodic basis.

(d) Sale of Leased Tangible Personal Property. -- A retailer who leases or rents tangible personal property shall also collect the tax on the separate retail sale of the tangible personal property.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4402 ROYALTIES**

Royalties paid, or agreed to be paid, either on a lump sum or production basis, for tangible personal property used in this state are rentals subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4403 MAINTENANCE OF LEASED PROPERTY**

(a) Purchases of tangible personal property used to repair or maintain tangible personal property held for lease or rent are wholesales sales pursuant to G.S. 105-164.3(281) provided that the purchased property becomes part of the tangible personal property for lease or rent and the purchase is made by a person engaged in the business of leasing and renting the tangible personal property held for lease or rent. Pursuant to G.S. 105-164.13(5), these wholesale sales are not subject to tax when the purchaser complies with 17 NCAC 07B .0106.

(b) Sales of repair, maintenance, and installation services used to repair, recondition, or maintain tangible personal property held by the purchaser for lease or rental are wholesale sales pursuant to G.S. 105-164.3(281) and are exempt from tax pursuant to G.S. 105-164.13(5) when the purchaser complies with 17 NCAC 07B .0106.

(c) Except as provided in Paragraphs (a) and (b), a lessor is responsible for payment of the sales and use tax, pursuant to G.S. 105-164.4. Examples of tangible personal property that a lessor is liable for sales and use tax upon purchase includes, tools, shop supplies, and other tangible personal property that are used to repair tangible personal property held for lease or rental that do not become part of the tangible personal property held for lease or rental.

(d) When a lessee purchases tangible personal property or repair, maintenance, and installation services, to repair or maintain items leased or rented, the lessee is liable for payment of the sales and use tax on the purchase price.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; March 1, 1984;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4404 EQUIPMENT FURNISHED WITH OPERATOR**

(a) A transaction that provides equipment or other tangible personal property with an operator for a fixed or indeterminate period of time, is not a lease or rental, as defined in G.S. 105-164.3(121), but is rendering a service if the operator is necessary for the equipment or other tangible personal property to "perform as designed." The receipts from such services are not subject to the sales or use tax imposed by G.S. 105-164.4 unless the service is a repair, maintenance, and installation service or other taxable service. An operator is necessary for equipment or other tangible personal property to "perform as designed" when the operator's presence, skill, knowledge, and expertise are necessary to bring about the desired effect of the equipment or other tangible personal property. An operator who only maintains, sets-up, or inspects the equipment or other tangible personal property, or any combination of such actions, is not necessary for the equipment or other tangible personal property to "perform as designed."

(b) For purposes of G.S. 105-164.13, a person that purchases equipment or other tangible personal property to provide a service identified in Paragraph (a) of this Rule is not purchasing the equipment or other tangible personal property for resale and shall pay sales and use tax on the purchase price of the equipment or other tangible personal property, pursuant to G.S. 105-164.4, as the consumer thereof.

(c) A person that leases or rents items of equipment or tangible personal property similar to those items provided by that person in rendering a service pursuant to Paragraph (a) of this Rule shall maintain records that establish the purchase of items used in the provision of a service pursuant to Paragraph (a) from those held for lease or rent. A person who fails to maintain the records as required by this Paragraph shall pay sales and use tax on the purchase of all equipment pursuant to G.S. 105-164.4 notwithstanding that some equipment may be held for lease or rental equipment, and the exemptions provided by G.S. 105-164.13 for items held for resale shall not be applicable. The records shall be maintained until the statute of limitations to request a refund and to be issued a proposed assessment have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8.

(d) A person that provides the type of service described in Paragraph (a) of this Rule that purchases repair parts, lubricants, and other tangible personal property, or repair, maintenance, and installation services to maintain or repair equipment or other tangible personal property shall pay sales and use tax pursuant to G.S. 105-164.4, on the purchase price of such items, as the consumer of the repair parts, lubricants, other tangible personal property, or repair, maintenance, and installation services.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Readopted Eff. February 1, 2024.

#### **17 NCAC 07B .4405 LEASE WITH OPTION TO PURCHASE**

Sales or use tax is due on the gross receipts derived from or the total amount agreed to be paid for the lease or rental of tangible personal property under a lease agreement with an option to purchase. If the agreement provides that the lessee will pay a stipulated amount at the time the option is exercised less a credit for a portion or all of the lease payments, the tax is due on the amount actually paid. For example, when the option is exercised, if the purchase price of the tangible personal property is seven hundred dollars (\$700.00) and the credit allowed for lease payments under the agreement is two hundred dollars (\$200.00) on which the tax has been paid, additional tax is due on the five hundred dollars (\$500.00) at the time the option is exercised.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Eff. February 1, 1976; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4406 INSURANCE ON LEASED PROPERTY**

(a) Insurance Obtained by Lessor. -- The gross receipts derived from the lease or rental of tangible personal property for storage, use, or consumption within this State are subject to sales and use tax, pursuant to G.S. 105-164.4. The tax shall be computed on the gross receipts without deduction for any insurance charges paid to insure the property of the lessor or to insure the lessor against liability for damages to the property or person of others.

(b) Insurance Obtained by Lessee. -- Insurance premiums paid by the lessee directly to the insurer, or to the lessor as agent for transmittal to the insurer, are not subject to sales and use tax as imposed by G.S. 105-164.4, when a lessee purchases insurance on the lessee's own property or to insure themselves against liability for damages to the property or person of others. Insurance premiums paid directly by the lessee to the lessor as agent for transmittal to the insurer shall be separately stated from the lease or rental charges for the tangible personal property in the lessor's records and on the invoice, or similar billing document, given to the lessee; otherwise, pursuant to G.S. 105-164.22, the total amount charged by the lessor is subject to sales and use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, 1980; Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4407 LEASES FOR OUT OF STATE USE**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; July 5, 1980;  
Repealed Eff. April 1, 2016.

#### **17 NCAC 07B .4408 LEASES: OUT OF STATE NEGOTIATIONS**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-187.5; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 1996; May 1, 1994; October 1, 1993; July 5, 1980;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

#### **17 NCAC 07B .4409 LEASED PROPERTY: MAINTENANCE**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 5, 1980;  
Repealed Eff. January 1, 1982.

#### **17 NCAC 07B .4410 ASSIGNMENT OF LEASE**

(a) Assignment of a Lease Contract and Creation of a Security Interest in the Leased Property. Where upon a recourse basis a lessor assigns a lease contract and gives a security interest in the leased property which is designated as such but retains title to such property, the lessor remains liable for collecting and remitting tax on the lease receipts notwithstanding that the lessor does not receive rental payments directly from the lessee. However, if the assignee enforces the security agreement and acquires title to the leased property, he becomes the lessor of such property and liable for collecting and remitting tax on the receipts from its lease or rental.

(b) Assignment of a Lease Contract Together With its Right, Title and Interest in the Leased Property For Security Purposes. Where for security purposes and upon a recourse basis, a lessor assigns a lease contract together with its right, title and interest in the leased property, but the property will revert to the lessor at the expiration of the lease, the lessor remains liable for the collecting and remitting tax on the lease receipts notwithstanding that the lessor does not receive rental payments directly from the lessee.

(c) Assignment of a Lease Contract and All Right, Title and Interest in the Leased Property. When a lessor assigns a lease contract together with all right, title and interest in the leased property, the assignment is not for security purposes and the assignor does not retain any ownership rights in the contract or the property. The assignee has no recourse against the assignor. The assignee must be registered for sales and use tax purposes with this state and is liable to collect and remit the tax on the remaining lease receipts. The assignor shall obtain a valid certificate of resale from the assignee bearing the assignee's North Carolina sales and use tax registration number.

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; February 1, 1987;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4411 EXTENSION OF LEASES SUBJECT TO A MAXIMUM TAX**

When a maximum tax, pursuant to G.S. 105-164.4 105-164.6, or 105-164.27A would apply to the sale of tangible personal property and the tangible person property is leased for a definite stipulated period of time, the lease payments during the lease period are subject to the maximum tax.

- (1) Extension Provisions in Lease. -- If the original lease contains provisions for extension, whether by action or inaction, the extended term of the lease is part of the original lease and the maximum tax applies to the entire lease including any extension under the terms of the original lease.
- (2) No Extension Provisions in Lease. -- If the original lease does not contain provisions for extension at the option of the lessee, whether by action or inaction, but a new lease agreement is subsequently entered into, the maximum tax applies separately to the second lease. Any sales tax payments made on the maximum tax for the first lease is not applied to the second lease.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .4412 SALE OF LEASED PROPERTY**

When tangible personal property which has been leased is sold at retail, the sale is subject to the applicable retail rate of tax without regard to any tax which has been collected and remitted to the Department on receipts from the lease or rental of the property.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .4413 CONDITIONAL SALES CONTRACT**

(a) A conditional sales contract is an agreement that requires the following:

- (1) The transfer of title under a security agreement or deferred payment plan, upon completion of the required payments; or
- (2) The transfer of title upon completion of required payments and payment of an option price that does not exceed the greater of one hundred dollars (\$100.00) or one percent of the total required payments.

(b) An agreement that meets the requirements of Paragraph (a) of this Rule does not constitute a lease or rental, as defined in G.S. 105-164.3, and is considered a conditional sales contract. Any applicable sales and use tax for a conditional sales contract is due upon delivery of the item, as the term item is defined in G.S. 105-164.3, to the purchaser.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .4414 GOLF DRIVING RANGE FEES**

Charges by golf driving ranges for the use of the range are not subject to sales or use taxes. In such cases, the person who pays the charge is generally entitled to the use of a golf club, basket of balls and the driving range; thus, there is no sale or rental of tangible personal property. Sales or rentals of tangible personal property by such businesses are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .4415 SKATING RINK FEES**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
RRC objection January 31, 2024 and rule returned to agency on February 1, 2024.

**17 NCAC 07B .4416 HIGHWAY USE TAX AND ALTERNATE GROSS RECEIPTS TAX**

*History Note:* Authority G.S. 105-187.3; 105-187.4; 105-187.5; 105-187.6; 105-187.8; 105-187.9; 105-187.11;  
105-262;  
Eff. October 1, 1991;  
Amended Eff. June 1, 1992;  
Repealed Eff. October 1, 1993.

**SECTION .4500 - LAUNDRIES: DRY CLEANING PLANTS: LAUNDERETTES: LINEN RENTALS: AND SOLICITORS FOR SUCH BUSINESSES**

**17 NCAC 07B .4501 SALES BY LAUNDRIES: ECT.**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; April 1, 1997; October 1, 1993; June 1, 1992; October 1, 1991;  
August 1, 1988;  
Repealed Eff. March 1, 2016.

**17 NCAC 07B .4502 FUEL FOR LAUNDRIES: ETC.**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1991; February 1, 1986; May 1, 1985;  
Repealed Eff. October 1, 1993.

**17 NCAC 07B .4503 EQUIPMENT AND SUPPLIES FOR LAUNDRIES: ETC.**

(a) Pursuant to G.S. 105-164.13(10), sales to commercial laundries, and pressing and dry cleaning establishments of laundry and dry cleaning machinery used in the direct performance of the laundering or the pressing and cleaning service, as well as parts and accessories attached to such equipment and lubricants applied to such equipment, and tangible personal property listed in G.S. 105-164.13(10)a are exempt from sales and use tax. Examples of items exempt from sales and use tax when purchased by commercial laundries and pressing and dry cleaning establishments include the following:

- (1) water heaters, water softener tanks, central control collection systems, marking machines, packaging machines, and folding machines;
- (2) hydraulic fluids used in laundry and dry cleaning machinery;
- (3) boiler compounds used in boilers furnishing water or steam to the laundering, pressing or cleaning machinery;
- (4) steam hose leading directly from the boiler to the laundering and dry cleaning machinery;
- (5) press pads and covers for laundering and dry cleaning machinery;
- (6) baskets, hampers, casters, or other containers used between the laundering and cleaning processes to transport or contain garments being laundered or cleaned;
- (7) carbon and carbon filters used for reprocessing cleaning compounds;
- (8) lint rolls and refills;
- (9) conveyors used to transport garments along the laundering, cleaning, and pressing line during the process but not conveyors used before the laundering, cleaning, and pressing process begins or after it has been completed;
- (10) boiler room machinery, including valves, fittings and water pumps; and
- (11) transformers located on or adjacent to motors that power machinery used in the direct performance of laundering and cleaning services.

(b) Items not classified as laundering and dry cleaning machinery or parts or accessories are subject to sales and use tax, pursuant to G.S. 105-164.4. Examples of items not classified as laundering and dry cleaning machinery or parts or accessories include the following:

- (1) coin operated musical devices, amusement devices, coin changers, vending machines, and repair or replacement parts for such machines;
- (2) baskets, hampers, casters, or containers used for general purposes such as to pick up soiled garments or deliver clean garments;
- (3) smoke stacks, including any attached steel ladders;
- (4) wiring used in the general wiring system;
- (5) sewing machines used in repairing or altering the customers' property and the replacement or repair parts to the machines;
- (6) tailoring supplies such as buttons, threads, and zippers for use in repairing or altering garments for which no charge is made to the customer;

- (7) letterheads, monthly reports, envelopes and other office supplies;
- (8) protective clothing for employees such as rubber gloves, aprons, protective shoes, etc. whether paid for by the employer or the employee;
- (9) steam hose or pipe used in the general heating system;
- (10) janitorial supplies;
- (11) office furniture, fixtures and equipment, including cash registers;
- (12) uniforms for employees;
- (13) advertising materials;
- (14) structural or building materials, supplies, fixtures and equipment that shall become a part of or be annexed to any building or structure being erected, altered or repaired;
- (15) equipment used in the storage process to revitalize furs;
- (16) conveyors used before or after the laundering, pressing, and cleaning process to transport garments, but not those conveyors used to move the garments along the laundering, pressing, and cleaning line;
- (17) transformers used in connection with general wiring and power supply; and
- (18) water softener chemicals.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
 Eff. February 1, 1976;  
 Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991; January 1, 1982;  
 Readopted Eff. February 1, 2024.

**17 NCAC 07B .4504 LAUNDRY SUPPLIES**

*History Note:* Authority G.S. 105-164.13; 105-262;  
 Eff. February 1, 1976;  
 Amended Eff. October 1, 1993;  
 Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .4505 MISCELLANEOUS LAUNDRY EQUIPMENT**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
 Eff. February 1, 1976;  
 Repealed Eff. January 1, 1982.

**17 NCAC 07B .4506 GARMENT REPAIRS AND STORAGE**

**17 NCAC 07B .4507 RUG REINSTALLATION CHARGES**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
 Eff. February 1, 1976;  
 Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
 Repealed Eff. March 1, 2016.

**17 NCAC 07B .4508 LAUNDRY BUSINESS: INTERSTATE**

When a North Carolina dry cleaning firm performs cleaning services within this state, the place where the garments are delivered is the determining factor in sourcing the sale for sales and use tax purposes. If the solicitor delivers the garments in North Carolina, the applicable statutory state and local sales or use tax is due. If the garments are delivered outside North Carolina, this state's tax is not due notwithstanding whether the service is performed in this State. When a nonresident cleaning plant sends an employee into this state to pick up garments which are cleaned at the plant's location in another state and delivered to the customer in this state, the charge to the North Carolina customer is subject to the applicable statutory state and local sales and use tax. When a nonresident solicitor comes into this state to solicit cleaning business on his own behalf which he will have cleaned by a nonresident cleaning plant, the solicitor is liable for collecting and remitting the tax on the gross receipts derived from soliciting such business in this state.

*History Note:* Authority G.S. 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4509 UNIFORM RENTALS**

Uniform rental businesses are not soliciting laundry or cleaning but are soliciting rental business for themselves. The total charge to such businesses by commercial laundries and dry cleaners for laundering or dry cleaning articles of tangible personal property which are to be leased or rented are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4510 INDEPENDENT CLEANING SOLICITORS**

(a) Independent Cleaning Solicitors. -- For purposes of this Rule, an independent cleaning solicitor is a person engaged in the business of soliciting laundry, dry cleaning, or hat blocking services to customers but engages another business to perform the laundering, dry cleaning, or hat blocking.

(b) Sales by Independent Cleaning Solicitors. -- An independent cleaning solicitor making sales is a retailer, as defined in G.S. 105-164.3, and is liable for collecting and remitting the sales and use tax on their gross receipts derived from laundry, dry cleaning, or hat blocking services it solicits, pursuant to G.S. 105-164.4.

(c) Purchases by Independent Cleaning Solicitors. -- The purchase of laundry, dry cleaning, or hat blocking services by an independent cleaning solicitor to sell to its customers from a company that performs the laundering, cleaning, or other service is exempt as a wholesale sale, pursuant to G.S. 105-164.13(61b). Independent cleaning solicitors shall comply with 17 NCAC 07B .0106 when purchasing laundry, dry cleaning, or hat blocking services, for the purpose of resale.

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2009; October 1, 1993;  
Readopted Eff. January 1, 2024.

#### **17 NCAC 07B .4511 DYEING OF GARMENTS**

When North Carolina laundries or dry cleaning plants accept dyeing jobs which they ship to out-of-state dyers for dyeing, the North Carolina laundries or dry cleaning plants are liable for collecting and remitting the applicable statutory state and local sales or use tax on the charges to their customers for the dyeing work.

*History Note:* Authority G.S. 105-164.4; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;  
Eff. February 1, 1976;  
Amended Eff. May 1, 2009; October 1, 1993;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .4512 EXCLUSION OF TAX FROM RECEIPTS**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 5, 1980;  
Repealed Eff. August 1, 1988.

#### **17 NCAC 07B .4513 INDUCEMENTS TO CLEANING SERVICES**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1976;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .4514      CLEANING MACHINERY REPAIRS**

Sales of welding rods to commercial laundries and dry cleaning operators for use in repairing machinery used directly in the laundering or dry cleaning service are exempt from sales and use tax. Sales of oxygen and acetylene to such operators for use in repairing machinery are subject to the applicable statutory state and local sales or use tax.

*History Note:*      *Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2009; October 1, 1993;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4515      FUEL FOR CLEANING PLANTS**

*History Note:*      *Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. February 1, 1986; May 1, 1985;*  
*Repealed Eff. April 1, 1986.*

**SECTION .4600 - MOTOR VEHICLES AND BOATS**

**17 NCAC 07B .4601      SALES AND PURCHASES OF AUTOMOBILES AND OTHER MOTOR VEHICLES**

*History Note:*      *Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-164.13; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1991; July 1, 1990; February 1, 1988; March 1, 1987;*  
*Repealed Eff. October 1, 1993.*

**17 NCAC 07B .4602      BOATS, BOAT TRAILERS, AND ACCESSORIES**

A retail sale of a boat with a boat trailer is considered to be the sale of two separate articles. The retail sale of the boat trailer, a motor vehicle within the meaning of the statute, is subject to the three percent highway use tax. The retail sale of the boat is subject to the three percent rate of tax with a maximum tax of one thousand five hundred dollars (\$1,500.00) applicable to the sale of any boat except for those sales exempt from tax under the provisions of G.S. 105-164.13(9). The tax shall be computed on the gross sales price of the boat, including charges for the boat motor, fenders, boat and motor controls, compasses, windshields, horns, lights, or any other parts or accessories, all of which must be attached thereto at the time of delivery to the purchaser, labor for installing such parts and accessories, freight or any other charge for preparing the boat for sale. Life jackets, life rings, cushions, flares, fire extinguishers and rope are considered to be safety equipment rather than accessories to the boat and sales of such items at retail are subject to the general State tax and any applicable local sales or use tax notwithstanding they are sold with the boat. Parts and accessories, including boat motors, fenders, boat and motor controls, lights, windshields, horns and other above-named items sold separately from the sale of a boat are also subject to the general State tax and any applicable local sales or use tax.

*History Note:*      *Authority G.S. 105-164.4; 105-164.6; 105-262;*  
*Eff. February 1, 1976;*  
*Amended Eff. August 1, 2002; October 1, 1993; October 1, 1991; July 1, 1990; January 3, 1984;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4603      MOTOR VEHICLE SERVICE BUSINESSES**

**17 NCAC 07B .4604      SPECIAL EQUIPMENT-ACCESSORIES: MOTOR VEHICLES**

*History Note:*      *Authority G.S. 105-164.3; 105-164.4; 105-164.5; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;*  
*Eff. February 1, 1976;*  
*Amended Eff. September 1, 2006; October 1, 1993; June 1, 1992; October 1, 1991; July 1, 1990;*

*Repealed Eff. March 1, 2016.*

**17 NCAC 07B .4605      MOTOR VEHICLES TRADED IN**

*History Note:      Authority G.S. 105-164.4; 105-164.13; 105-262;  
Eff. February 1, 1976;  
Amended Eff. February 8, 1981;  
Repealed Eff. January 1, 1982.*

**17 NCAC 07B .4606      MOTOR VEHICLES USED BY DEALERS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1990; March 1, 1984;  
Repealed Eff. October 1, 1993.*

**17 NCAC 07B .4607      MOTOR VEHICLE KITS**

**17 NCAC 07B .4608      MOTOR VEHICLES: MILITARY PERSONNEL**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 3, 1984; July 5, 1980;  
Repealed Eff. October 1, 1990.*

**17 NCAC 07B .4609      FIRE TRUCKS AND EQUIPMENT**

(a) Firefighting Equipment. -- Retail sales of items such as axes, brooms, buckets, shovels, ropes, general purpose tools, gas masks, first aid kits, blankets, portable pumps, and portable fire extinguishers are subject to sales and use tax, pursuant to G.S. 105-164.4. Such items are subject to sales and use tax even if they are sold with fire trucks, as the items are firefighting equipment rather than accessories to the fire truck.

(b) Privately Owned Fire Trucks. -- Retail sales of privately owned fire trucks or vehicles that have permanently attached firefighting equipment and are used only for firefighting purposes are classified as special mobile equipment, not a motor vehicle as defined in G.S. 105-164.3, and sales thereof are not exempt under G.S. 105-164.13(32), but are subject to sales and use tax, pursuant to G.S. 105-164.4.

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3, 1984;  
Readopted Eff. February 1, 2024.*

**17 NCAC 07B .4610      MOTOR VEHICLES: SALES BY FEDERAL GOVERNMENT**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. July 1, 1990.*

**17 NCAC 07B .4611      PARTS FROM JUNKED MOTOR VEHICLES**

Persons, firms, or corporations engaged in the business of making retail sales of used parts from junked motor vehicles are liable for collecting and remitting the applicable rate of tax on such sales. When traded-in or repossessed articles are dismantled and the parts therefrom are sold at retail by such businesses, the parts lose their identity as traded-in or repossessed articles and are subject to the tax.

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; March 1, 1993; July 5, 1980;*

*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.*

**17 NCAC 07B .4612      MOTOR VEHICLE SELLING EXPENSES**

**17 NCAC 07B .4613      MOTOR VEHICLE LESSORS**

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1990; July 1, 1990;  
Repealed Eff. October 1, 1993.*

**17 NCAC 07B .4614      RECREATIONAL VEHICLES**

The definition of motor vehicle in G.S. 105-164.3 includes camper trailers, fifth-wheel trailers, motor homes, and travel trailers, as defined in G.S. 20-4.01, that are designed primarily for use upon the highways. The definition of motor vehicle in G.S. 105-164.3 does not include truck campers, as defined in G.S. 20-4.01.

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-187.3; 105-262; 105-264;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; October 1, 1990; July 1, 1990;  
Readopted Eff. February 1, 2024.*

**17 NCAC 07B .4615      MANUFACTURED HOMES**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3, 1984;  
Repealed Eff. March 1, 2016.*

**17 NCAC 07B .4616      DOUBLE-WIDE MOBILE HOMES**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. January 3, 1984; July 5, 1980; March 24, 1978;  
Repealed Eff. July 1, 1990.*

**17 NCAC 07B .4617      MOBILE CLASSROOM, OFFICE AND STORAGE TRAILERS**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1990; January 3, 1984; July 5, 1980; March 24, 1978;  
Repealed Eff. October 1, 1993.*

**17 NCAC 07B .4618      MOTOR VEHICLE SUPPLIES**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1991;  
Repealed Eff. June 1, 1992.*

**17 NCAC 07B .4619      HIGHWAY USE TAX**

*History Note:      Authority G.S. 105-187.3; 105-187.4; 105-187.5; 105-187.6; 105-187.8;  
105-187.9; 105-262;  
Eff. October 1, 1990;  
Amended Eff. June 1, 1992; October 1, 1991;  
Repealed Eff. October 1, 1993.*

## SECTION .4700 - PRINTERS AND NEWSPAPER OR MAGAZINE PUBLISHERS

### 17 NCAC 07B .4701 COMMERCIAL PRINTERS AND PUBLISHERS

(a) Pursuant to G.S. 105-164.4, retail sales of items, as the term item is defined in G.S. 105-164.3, by commercial printers or publishers are subject to sales and use tax including subscriptions, plates and dies sold to customers, book binding, and other repair, maintenance, and installation services.

(b) Exempt Purchases of Mill Machinery or Mill Machinery Parts or Accessories by Commercial Printers or Publishers. -- Pursuant to G.S. 105-164.13(5e), purchases by commercial printers and publishers of mill machinery or mill machinery parts or accessories for use in the production phase of printing and publishing, are exempt from sales and use tax. For purposes of this Rule, "Production" as a phase of industrial or manufacturing operations shall mean all steps performed in processing and refining rooms, and in other quarters and departments of a plant, where conditioning, treating, or other operations are done on ingredient materials as an actual routine on the assembly or processing line turning out a finished product of manufacture for sale. The "Production" phase also includes the following:

- (1) The movement of raw materials or ingredients from an inventory or a stockpile located on the premises of the manufacturing facility to the assembly or processing line.
- (2) The movement of goods in process along the assembly or processing line.
- (3) The movement of manufactured products from the assembly or processing line into shipping or storage areas and yards located on the premises of the manufacturing facility.
- (4) The work of experimentation and research performed on the manufactured products.

"Production" does not include any activity connected with the movement of raw materials or ingredients into inventory nor does it include "distribution" which is any activity connected with the movement of manufactured products within storage warehouses, shipping rooms, and other such finished product storage areas and the removal of such products therefrom for sale or shipment, or "administration" which is any administrative work of offices, promotion of sales, and collection of accounts. Items that are mill machinery or mill machinery parts or accessories when purchased by a commercial printer or publisher include the following:

- (1) Machinery and equipment and parts or accessories thereto for use directly in the production of newspapers, magazines, and other printed material for sale.
- (2) Custom made plates and dies for use directly in the production of newspapers, magazines, and other printed material for sale when title to the plates and dies does not pass to the printers' customers.
- (3) Tangible personal property such as wood and metal used to fabricate plates and dies for use in the production of printed material for sale when title to the plates and dies does not pass to the printers' customers.
- (4) Machinery, equipment, film, and other tangible personal property that are used or consumed by the printer in the production of the plates and dies that are directly used in the production of newspapers, magazines, and other printed material for sale.
- (5) Lithographic and gravure plates and dies retained by the printer or publisher that are directly used in the production of newspapers, magazines and other printed material for sale.
- (6) Photo engravings, electrotypes, and lithographs for direct use in printing tangible personal property for sale.
- (7) Printing presses for direct use in printing tangible personal property for sale.
- (8) Cushion paper, cover paper, and tissue for use in building up the printing surface of the press for direct use in printing tangible personal property for sale.
- (9) Offset or direct relief duplicating machines and repair parts or accessories for such machines, including offset blankets and plates.
- (10) Positives and negatives for use in preparing plates for use in the printing process.
- (11) Chemicals used to clean printing machinery.
- (12) Metal for making type.
- (13) Computers used in the printing process.
- (14) Mounting tape for use in the preparation of plates.
- (15) Printing machines when the machines are used to produce newspapers or other printed material for sale.
- (16) Photographs to be reproduced in newspapers.

(c) In-House Printers. -- The provisions of Paragraph (b) of this Rule do not apply to sales of printing equipment and supplies to businesses that operate print shops for the production of printed matter for their own use and not for sale.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; April 1, 2001; October 1, 1993; June 1, 1992; October 1, 1991; February 1, 1988;  
Readopted Eff. February 1, 2024;  
Amended Eff. March 1, 2025.

**17 NCAC 07B .4702 PRINTING OF CONTAINERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. April 1, 2006.

**17 NCAC 07B .4703 PRINTING CHARGES**

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 3, 1984.

**17 NCAC 07B .4704 PLATES FOR PRINTING CONTAINERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. November 1, 1982.

**17 NCAC 07B .4705 PRINTING SURFACE SUPPLIES**  
**17 NCAC 07B .4706 OFFSET PRINTING EQUIPMENT**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; October 1, 1991;  
Repealed Eff. April 1, 2006.

**17 NCAC 07B .4707 PRINTING CHEMICALS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, 1980;  
RRC objection January 31, 2024 and rule returned to agency on February 1, 2024.

**17 NCAC 07B .4708 POSTAGE CHARGES BY PRINTERS**

Pursuant to G.S. 105-164.13(17) and 18 USC 8, the face value of United State Postal Service postage sold by commercial printers for printed postal cards or envelopes, that are sold for use by the commercial printers' customer, is exempt from sale and use tax when the postage is printed or affixed to the printed postcards or envelopes prior to sale, and when the value of the postage is stated separately from other charges on the invoice or similar billing document given to the customer at the time of sale.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, 1980;  
Readopted Eff. January 1, 2024.

**17 NCAC 07B .4709 BOOKBINDING SUPPLIES: PRINTERS**

Sales of padding cement, stripping tape and stitching wire used to bind or join forms, booklets, etc., printed by commercial printers for sale are exempt from tax as an ingredient or component part of the manufactured products.

*History Note:* Authority G.S. 105-164.13; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .4710 BOOKBINDERS**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Repealed Eff. June 1, 2016.

**17 NCAC 07B .4711 GAS SOLD TO PRINTERS**  
**17 NCAC 07B .4712 METAL FOR MAKING TYPE**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; May 1, 1985;  
Repealed Eff. April 1, 2006.

**17 NCAC 07B .4713 TYPEWRITERS SOLD TO PRINTERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .4714 MOUNTING TAPE SOLD TO PRINTERS**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. April 1, 2006.

**17 NCAC 07B .4715 NEWSPAPER PUBLISHERS: MACHINERY**

Sales of machines to newspaper publishing companies for use in printing their customers' addresses are subject to the applicable statutory state and local sales or use tax without any maximum tax applicable thereto. Sales of addressograph plates to commercial printers for use in the mailing and shipping process are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**17 NCAC 07B .4716 TYPESETTING**

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; October 1, 1990;  
Repealed Eff. January 1, 2024.

**17 NCAC 07B .4717      PHOTOGRAPHS: NEWSPAPERS**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. April 1, 2006.

**17 NCAC 07B .4718      REPRODUCTION PROOFS**

Sales of reproduction proofs to commercial printers to be used to produce negatives which are then used to produce plates for the printing of tangible personal property for sale are exempt from tax.

*History Note:*      Authority G.S. 105-164.3; 105-262;  
Eff. February 1, 1976;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

**SECTION .4800 - BASIS OF REPORTING**

**17 NCAC 07B .4801      RECORDS REQUIRED TO BE KEPT**

(a) Persons making sales or purchases of an item, as the term item is defined in G.S. 105-164.3, shall keep records as required in G.S. 105-164.22 that establish the amount of the person's sales and use tax liability. Documentation shall be kept until the statute of limitations to request a refund and to be issued a proposed assessment have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8. Records to establish a person's sales and use tax liability include the following:

- (1) All cash and credit sales, including sales under any type of financing or installation plan.
- (2) The amount of all items purchased and copies of all bills of lading, invoices, and purchase orders.
- (3) Copies of all sales invoices furnished by wholesale merchants that shall show the name and address of the purchaser, the date of purchase, the item or items purchased, and the purchase price of the item.
- (4) All deductions and exemptions claimed in sales and use tax returns for each transaction.
- (5) All purchase, sales, and inventory records for items, as the term item is defined in G.S. 105-164.3, used or consumed in the conduct of business.
- (6) A true and complete inventory of the value of the materials, supplies, goods or merchandise on hand.
- (7) All exemption certificates, and records of all sales made to a person furnishing an exemption certificate.
- (8) All affidavits of capital improvement or other records that establish a transaction is a real property contract. For purposes of this Rule, other records means written records that establish a transaction is a capital improvement.
- (9) All affidavits certifying tax paid by the purchaser on an item that becomes a part of real property.
- (10) Records of all sales made through a facilitator engaged in business in the State.
- (11) All affidavits of export.
- (12) All shipping records for items that are delivered.
- (13) All agreements with facilitators.
- (14) All bank account records.
- (15) All point-of-sale records and cash register z-tapes.
- (16) Any other document, report, form, or other similar record that establishes a person's sales and use tax liability.

(b) Except for persons listed in G.S. 105-164.20(b), person's having both cash and credit sales may elect to report their tax liability on either the cash or accrual basis of accounting provided their records are kept in such a manner that they can determine their tax liability correctly on the basis used. If a person wishes to change the basis of reporting selected when applying for a Certificate of Registration in accordance with 17 NCAC 07B .0104 to another, the person shall apply to the Secretary of Revenue by written letter signed by the person and mailed to the attention of the Sales and Use Tax Division to the Department's mailing address set out in 17 NCAC 01A .0101 for permission to make such change. A person's selected basis continues in effect until the person receives permission from the Secretary, or the Secretary's designee, to change the basis selected. The Secretary, or the Secretary's designee, shall only grant permission allowing a person to change the basis of reporting upon a showing that the person's accounting system and processes shall establish the amount of the person's sales and use tax liability using the requested basis of accounting.

*History Note:*      Authority G.S. 105-164.20; 105-164.22; 105-262; 105-264;  
Eff. February 1, 1976;

*Amended Eff. October 1, 1993;  
Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4802 ACCRUAL BASIS**

(a) A person that elects to report and pay tax on the accrual basis pursuant to 17 NCAC 07B .4801, or is required to report on the accrual basis pursuant to G.S. 105-164.20, shall keep records that disclose a separate accounting of taxable and nontaxable sales.

(b) The person shall pay tax on the total sales price of all taxable items, as the term item is defined in G.S. 105-164.3, sold during the period covered by the sales and use tax return as required by G.S. 105-164.16, whether or not such sales are cash, credit, installment, or conditional sales, and whether or not the person retains the installment and conditional sales contracts or sells or assigns them to others and without regard to any finance reserve withheld on finance paper sold or assigned to others.

(c) Interest, financing, and carrying charges from credit extended under conditional sales contracts providing for deferred payment are not subject to tax if the charges are separately stated on the invoice or similar billing document given to the purchaser at the time of sale and maintained in the person's records of sales.

(d) Bad Debts. Pursuant to G.S. 105-164.13, bad debts that meet the requirements of G.S. 105-164.13(15) may be deducted from gross taxable sales, during corresponding periods, if the person maintains records disclosing separately the amount of bad debts representing taxable sales and the amount representing nontaxable sales. A person shall make the deduction for sales and use tax purposes within three years of charging off an account for income tax purposes. A person who is not required to file income tax returns may deduct a bad debt on a return filed for the period in which the bad debt is charged off in its books and records as uncollectible and would otherwise be eligible for a bad debt deduction for income tax purposes if the person were required to file income tax returns. In this instance, the person shall make the deduction for sales and use tax purposes within three years of the date the account is recognized and finally expensed as a bad debt in its books and records. A person that does not deduct a bad debt within the time allowed shall not make any deduction for the bad debt. If a deduction is taken for a bad debt and the debt is subsequently collected, in whole or in part, the tax on the amount of debt collected must be paid and reported on the sales and use tax return filed for the period in which the collection occurs. For purposes of reporting collection of the bad debt subsequent to having charged off and deducted such bad debt, any payments on the debt shall be applied first proportionally to the taxable price of the item and sales tax thereon, and secondly to interest, services charges, and any other charges.

*History Note: Authority G.S. 105-164.3; 105-164.13; 105-164.20; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 2024.*

**17 NCAC 07B .4803 CASH BASIS**

(a) A person making taxable and nontaxable sales that elects to report and pay tax on the cash basis, and is not required to report on the accrual basis pursuant to G.S. 105-164.20, shall keep records that disclose a separate accounting of taxable and nontaxable sales.

(b) The person shall pay tax on the total sales price of all taxable items, as the term item is defined in G.S. 105-164.3, sold during the period covered by the sales and use tax return as required by G.S. 105-164.16.

(c) Sales upon which tax is due include cash, credit, installment, or conditional sales, and on any portion of the sales price collected or constructively received during the return period.

(d) Interest, financing, and carrying charges from credit extended under conditional sales contracts providing for deferred payment of the purchase price are not subject to the tax if such charges are separately stated on the invoice or similar billing document given to the purchaser at the time of sale and maintained in the person's records of sales.

(e) A person that sells or assigns the finance paper on conditional, installment, or other deferred payment sales is deemed to have received the full balance of consideration for the sale of an item and shall remit tax on the total sales price of the item at the close of the period when the finance paper was assigned or sold including any finance reserve withheld on the finance paper.

(f) A person filing their sales and use tax returns on the cash basis of accounting that sells their accounts receivable shall remit tax on their taxable accounts receivable balance outstanding at the time they sell the accounts even though the accounts may be sold at a discount to the purchaser.

*History Note: Authority G.S. 105-164.3; 105-164.20; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*

*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 2024.*

## **SECTION .4900 – TRANSPORTATION CHARGES**

**17 NCAC 07B .4901      SHIPMENTS FROM OUTSIDE NORTH CAROLINA**  
**17 NCAC 07B .4902      SHIPMENTS FROM WITHIN NORTH CAROLINA**

*History Note:      Authority G.S. 105-164.12; 105-262;*  
*Eff. February 1, 1976.*  
*Amended Eff. August 1, 1996; October 1, 1993; October 1, 1991;*  
*Repealed Eff. August 1, 2002.*

## **SECTION .5000 - EYEGLASSES, CONTACT LENSES, AND OTHER OPTICAL AIDS AND SUPPLIES**

**17 NCAC 07B .5001      EYEGLASSES AND CONTACT LENSES**

(a) Eyeglasses:

- (1) Corrective Eyeglasses. -- Sales of corrective eyeglasses for human use, including frames as an integral part thereof, are exempt from sales and use tax as prosthetic devices, pursuant to G.S. 105-164.13(12). When eyeglass cases, lens wipes, and lens solution are given to the purchaser as part of the sale and included in the sales price of corrective eyeglasses for human use, they are also exempt under G.S. 105-164.13(12) from sales and use tax. Corrective eyeglasses, whether prescription eyeglasses or reading glasses, are not required to be sold on prescription in order for the exemption from sales and use tax to apply.
- (2) Record Keeping. -- A person who sells corrective eyeglasses shall keep sales records that clearly separate it sales of corrective eyeglasses from sales of other items. Pursuant to G.S. 105-164.22, failure of a person to keep records that establish a sale is exempt from sales and use tax subjects the person to liability for sales and use tax on the sale.

(b) Contact Lenses:

- (1) Corrective Contact Lenses. -- Sales of corrective contact lenses for human use are exempt from sales and use tax as prosthetic devices, pursuant to G.S. 105-164.13(12). When carrying cases, patient instruction booklets, patient care kits, aseptors, salt tablets, lens solution, and squeeze bottles are given to the purchaser as part of the sale and included in the sales price of corrective contact lenses for human use, they are also exempt under G.S. 105-164.13(12) from sales and use tax.
- (2) Record Keeping. -- A person who sells corrective contact lenses shall keep sales records that clearly separate its sales of corrective contact lenses from sales of other items. Pursuant to G.S. 105-164.22, failure of a person to keep records that establish a sale is exempt from sales and use tax subjects the person to liability for sales and use tax on the sale.

*History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.4D; 105-164.13; 105-164.22; 105-262; 105-264; 105-467;*  
*105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 2024.*

**17 NCAC 07B .5002      EYEGLASS FRAMES AND REPAIR PARTS**

(a) Eyeglass frames sold in connection with the repair or replacement of corrective eyeglasses for human use are exempt from sales and use tax, pursuant to G.S. 105-164.13(12), as prosthetic devices. Sales of repair or replacement parts for prosthetic devices, such as temples, nose pads, temple hinges, screws, and ear tips, are also exempt from sales and use tax. A person who sells corrective eyeglass frames and repair parts for corrective eyeglasses for human use shall keep sales records that clearly separate its sales of corrective eyeglass frames and repair parts for corrective eyeglasses for human use from sales of other items.

(b) Pursuant to G.S. 105-164.13(61b), sales of eyeglass frames, repair parts for eyeglasses, cases, optical merchandise, and optical supplies to registered retailers or wholesale merchants for resale are exempt from sales and use tax, when the purchaser complies with the requirements of 17 NCAC 07B .0106.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Readopted Eff. February 1, 2024.

#### **17 NCAC 07B .5003 OPTHALMIC INSTRUMENTS**

Sales of ophthalmic instruments and supplies to physicians, oculists, optometrists and other users are subject to the applicable statutory state and local sales or use tax.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; Eff. February 1, 1976; Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .5004 TAXABLE OPTICAL SUPPLIES**

(a) The sale to consumers of solutions for cleaning eyeglasses, eyeglass cleaning cloths or wipes, eyeglass cases, eyeglass chains or cords, and similar eyeglass supplies are exempt from sales and use tax pursuant to G.S. 105-164.13(12), provided that:

- (1) The items are sold with corrective eyeglasses and the items are not billed separate and apart from the corrective eyeglasses; and
- (2) The sale is a bundled transaction pursuant to G.S. 105-164.4D.

(b) The sale to consumers of aseptors, salt tablets, squeeze bottles, carrying cases, contact lens instruction booklets, contact lens care kits, and similar contact lens supplies are exempt from sales and use tax pursuant to G.S. 105-164.13(12), provided that:

- (1) The items are sold with corrective contact lenses and the items are not billed separate and apart from the corrective contact lenses; and
- (2) The sale is a bundled transaction pursuant to G.S. 105-164.4D.

*History Note:* Authority G.S. 105-164.4; 105-164.4D; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; Eff. February 1, 1976; Amended Eff. October 1, 2009; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.

### **SECTION .5100 - LEASED DEPARTMENTS AND TRANSIENT SELLERS**

#### **17 NCAC 07B .5101 LEASED DEPARTMENTS**

Where a store or other business has leased certain of its departments to other persons who make therein retail sales of tangible personal property, the lessee of each such leased department shall register with the North Carolina Department of Revenue and shall also, unless the Secretary has in writing agreed otherwise, file separate sales and use tax returns monthly. If the lessor keeps the books for the lessee and makes collections on account of the lessee's sales, the lessor may, as agent for the lessee, file the required separate monthly returns for each such lessee and pay to the Department the taxes due. However, the lessee shall not be relieved of his tax liability if the lessor fails to make the proper returns or fails to remit to the Department all taxes due by reason of the business conducted by the lessee.

*History Note:* Authority G.S. 105-164.16; 105-262; Eff. February 1, 1976; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 25, 2019.

#### **17 NCAC 07B .5102 TRANSIENT SELLERS**

*History Note:* Authority G.S. 105-164.4; 105-164.13; 105-262; Eff. February 1, 1976; Amended Eff. October 1, 1993; March 1, 1993; October 1, 1991;

Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**SECTION .5200 - BABY CHICKS AND POULTS**

**17 NCAC 07B .5201 CHICKS: EGGS: EXEMPTION**  
**17 NCAC 07B .5202 CHICKS: EGGS: TAXABLE**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; Article 39; Article 40; Article 42; Article 43; Article 44;  
Eff. February 1, 1976;  
Amended Eff. June 1, 2006; October 1, 1993; October 1, 1991;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**SECTION .5300 - CERTIFICATE OF AUTHORITY: BOND REQUIREMENTS**

**17 NCAC 07B .5301 CERTIFICATE OF AUTHORITY**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.27; 105-262;  
Eff. February 1, 1976;  
Amended Eff. April 1, 2001; October 1, 1993; February 1, 1987; January 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**17 NCAC 07B .5302 PROPER USE OF CERTIFICATE OF AUTHORITY**

*History Note:* Authority G.S. 105-64.4; 105-164.6; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

**SECTION .5400 - FORMS USED FOR SALES AND USE TAX PURPOSES**

**17 NCAC 07B .5401 MONTHLY SALES AND USE TAX REPORT FORM: E-500**  
**17 NCAC 07B .5402 QUARTERLY SALES AND USE TAX REPORT FORM: E-500B**  
**17 NCAC 07B .5403 SALES AND USE TAX CHART: E-502: THREE PERCENT**  
**17 NCAC 07B .5404 SALES AND USE TAX CHART: E-502A: FOUR PERCENT**  
**17 NCAC 07B .5405 REG. APPLICATION: SALES/USE TAX AND/OR INC TAX WITHHOLDING FORM AS/RP1**  
**17 NCAC 07B .5406 NOTICE OF PROPOSED TAX ASSESSMENT FORM: DOR 20**

*History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-164.15; 105-164.16; 105-164.29; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1994; October 1, 1993; October 1, 1990; July 1, 1990; January 1, 1982;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5407 PROPOSED ASSESSMENT OF WHOLESALE LICENSE FEE FORM: E-510B**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. October 1, 1990.

**17 NCAC 07B .5408 APPLICATION FOR RENEWAL OF WHOLESALE LICENSE FORM: E-514**  
**17 NCAC 07B .5409 NOTICE OF DELINQUENT TAX REPORT FORM: E-515**  
**17 NCAC 07B .5410 EXTENSION OF TIME FOR FILING SALES AND USE TAX REPORT FORM: E-517**  
**17 NCAC 07B .5411 CERTIFICATE OF OVERPAYMENT FOR 90 DAYS FORM: E-525**  
**17 NCAC 07B .5412 CERTIFICATE OF OVERPAYMENT FORM: E-525B**

*History Note:* Authority G.S. 105-164.5; 105-164.15; 105-164.19; 105-164.29; 105-262;  
Eff. February 1, 1976;  
Amended Eff. July 1, 1994; October 1, 1993; October 1, 1990; January 1, 1982;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5413 NOTICE OF PENALTY ASSESSMENT FORM: E-529**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. October 1, 1990.

- 17 NCAC 07B .5414 RECEIPT FOR SALES TAX PAID FORM: E-532**
- 17 NCAC 07B .5415 MERCHANTS CERTIFICATE OF REGISTRATION FORM: E-533**
- 17 NCAC 07B .5416 SCHEDULE OF COUNTY SALES AND USE TAXES FORM: E-536**
- 17 NCAC 07B .5417 CERTIFICATE OF AUTHORITY FORM: E-537**
- 17 NCAC 07B .5418 BOND FORM: E-537A**
- 17 NCAC 07B .5419 NUMERICAL AND ALPHABETICAL LIST OF COUNTIES IN N.C. FORM: E-540**
- 17 NCAC 07B .5420 ANALYSIS OF TAX BY LEASED DEPARTMENT FORM: E-541**
- 17 NCAC 07B .5421 ANALYSIS OF STATE SALES AND USE TAX BY CITY FORM: E-543**
- 17 NCAC 07B .5422 SALES REPORT FOR FAIR CONCESSIONS FORM: E-557**
- 17 NCAC 07B .5423 LIST OF POST OFFICES IN TAXING COUNTIES FORM: E-562**
- 17 NCAC 07B .5424 NOTICE OF AMENDED ASSESSMENT FORM: E-567A**

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.15; 105-164.6; 105-164.16; 105-164.29; 105-262;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; November 1, 1982;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5425 NONRESIDENT MERCHANTS REGISTRATION APPLICATION FORM: E-572**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.

**17 NCAC 07B .5426 NONRESIDENT MERCHANTS REGISTRATION CERTIFICATE FORM: E-573**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.

**17 NCAC 07B .5427 NONRESIDENT MERCHANTS CERTIFICATE OF RESALE FORM: E-574**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.

- 17 NCAC 07B .5428 MANUFACTURERS CERTIFICATE FORM: E-575**
- 17 NCAC 07B .5429 INTERSTATE CARRIER CLAIM FOR REFUND FORM: E-581**
- 17 NCAC 07B .5430 CLAIM FOR REFUND OF TAXES FORM: CHURCHES: ETC.: E-585**
- 17 NCAC 07B .5431 CLAIM FOR REFUND OF TAXES FORM: GENERAL REFUND: E-588**
- 17 NCAC 07B .5432 AFFIDAVIT FORM: E-589**
- 17 NCAC 07B .5433 CERTIFICATE OF RESALE FORM: E-590**

*History Note:* Authority G.S. 105-164.14; 105-164.15; 105-164.28; 105-262;

*Eff. February 1, 1976;*  
*Amended Eff. October 1, 1993; March 1, 1993; October 1, 1991; August 1, 1988;*  
*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5434      COMMERCIAL FISHERMAN'S CERTIFICATE FORM: E-558**

*History Note:      Authority G.S. 105-164.13; 105-164.15; 105-262; 105-264; 113-154; 113-155;*  
*Eff. September 30, 1977;*  
*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5435      CONTRACTOR'S AND SUBCONTRACTOR'S CERTIFICATE FORM: E-580.**

*History Note:      Authority G.S. 105-164.13; 105-164.15; 105-262; 105-264; 113-154; 113-155;*  
*Eff. September 30, 1977;*  
*Amended Eff. October 1, 1993; March 15, 1980;*  
*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5436      FARMER'S CERTIFICATE FORM: E-599**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-164.15; 105-262; 105-264;*  
*Eff. September 30, 1977;*  
*Repealed Eff. April 1, 1995.*

**17 NCAC 07B .5437      VETERINARIAN'S CERTIFICATE FORM: E-567**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-164.15; 105-262; 105-264;*  
*Eff. March 15, 1980;*  
*Repealed Eff. April 1, 1995.*

**17 NCAC 07B .5438      LOGGING AND PULPWOOD CERTIFICATE FORM: E-526**

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-164.15; 105-262; 105-264;*  
*Eff. March 15, 1980;*  
*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5439      MOTOR VEHICLE EXEMPTION FORM: E-599B**

*History Note:      Authority G.S. 105-164.13; 105-164.15; 105-262; 105-264;*  
*Eff. March 15, 1980;*  
*Amended Eff. July 1, 1990;*  
*Repealed Eff. October 1, 1993.*

**17 NCAC 07B .5440      PURCHASER'S AFFIDAVIT OF EXPORT FORM: E-599C**

*History Note:      Authority G.S. 105-164.13; 105-164.15; 105-262; 105-264;*  
*Eff. March 15, 1980;*  
*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5441      AFFIDAVIT FOR USE TAX FORM: E-589A (MECKLENBURG COUNTY)**

*History Note:      Authority G.S. 105-164.15; 105-262;*  
*Eff. January 1, 1982;*  
*Repealed Eff. October 1, 1990.*

**17 NCAC 07B .5442      REQUEST FOR SALES/USE TAX CREDIT BY VENDEE FORM: E-599M**

*History Note:* Authority G.S. 105-164.15; 105-262; 105-264;  
Eff. November 1, 1982;  
Amended Eff. October 1, 1993;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5443 SALES AND USE TAX CHART: E-502C: SIX PERCENT**

*History Note:* Authority G.S. 105-164.15; 105-262;  
Eff. January 3, 1984;  
Amended Eff. October 1, 1991; August 1, 1988;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5444 SEMIMONTHLY SALES AND USE TAX REPORT FORM: E-500D**

*History Note:* Authority G.S. 105-164.4; 105-164.16(b); 105-262;  
Eff. February 1, 1986;  
Amended Eff. October 1, 1993; October 1, 1990;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5445 COMMERCIAL LIVESTOCK/POULTRY FARMERS' CERT. FORM: E-599S**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. February 1, 1987;  
Amended Eff. October 1, 1993;  
Repealed Eff. May 1, 1995.

**17 NCAC 07B .5446 CERTIFICATE OF EXEMPTION FORM: E-599T**

*History Note:* Authority G.S. 105-164.4; 105-262;  
Eff. March 1, 1987;  
Repealed Eff. October 1, 1993.

**17 NCAC 07B .5447 MOTOR VEHICLE LEASE AND RENTAL REPORT FORM: E-500F**

**17 NCAC 07B .5448 SCRAP TIRE DISPOSAL TAX REPORT FORM: E-500G**

*History Note:* Authority G.S. 105-164.15; 105-187.5; 105-262; 130A-309.54;  
Eff. July 1, 1990;  
Amended Eff. October 1, 1993; October 1, 1991;  
Repealed Eff. April 1, 1999.

**17 NCAC 07B .5449 MONTHLY SALES AND USE TAX REPORT FORM: E-500C**

**17 NCAC 07B .5450 NOTICE FOR TAXPAYERS FILING THIRTEEN REPORTS A YEAR FORM: E-517A**

**17 NCAC 07B .5451 NOTICE FOR TAXPAYERS FILING TWENTY-SIX REPORTS/YEAR FORM: E-517B**

**17 NCAC 07B .5452 EXTENSION OF TIME FOR FILING SALES AND USE TAX REPORT FORM: E-517C**

**17 NCAC 07B .5453 SPECIAL SALES AND USE TAX REMITTANCE FORM: E-503**

**17 NCAC 07B .5454 NOTICE OF TAX DUE FORM: DOR 31**

**17 NCAC 07B .5455 NOTICE OF TAX DUE FORM: DOR 31A**

**17 NCAC 07B .5456 NOTICE TO NEWLY REGISTERED WHOLESALE MERCHANTS FORM: E-552**

**17 NCAC 07B .5457 NOTICE TO ALL TAXPAYERS FORM: E-505AC**

**17 NCAC 07B .5458 UTILITIES AND MUNICIPALITIES SALES TAX REPORT FORM: E-500E**

*History Note:* Authority G.S. 105-164.4(a)(4a); 105-164.4(a)(4c); 105-164.15; 105-164.16; 105-164.19; 105-262;  
Eff. October 1, 1990;  
Amended Eff. October 1, 1993; June 1, 1992;

*Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5459 CLAIM FOR REFUND OF COUNTY SALES AND USE TAXES FORM: E-585E**

*History Note: Authority G.S. 105-164.14; 105-164.15; 105-262; 105-264;  
Eff. October 1, 1991;  
Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5460 USE TAX REPORT FORM: E-554**

*History Note: Authority G.S. 105-164.3; 105-164.6; 105-164.8; 105-262;  
Eff. June 1, 1992;  
Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5461 CLAIM FOR REFUND OF STATE AND COUNTY SALES/USE TAXES FORM: E-585C**

*History Note: Authority G.S. 105-164.14; 105-164.15; 105-262;  
Eff. October 1, 1993;  
Repealed Eff. April 1, 1999.*

**17 NCAC 07B .5462 RESERVED FOR FUTURE CODIFICATION**

**17 NCAC 07B .5463 CLAIM FOR REFUND OF WHITE GOODS DISPOSAL TAX FORM: E-585W**

*History Note: Authority G.S. 105-164.14; 105-164.15; 105-187.23; 105-262;  
Eff. July 1, 1994;  
Repealed Eff. April 1, 1999.*

**SUBCHAPTER 7C - LOCAL GOVERNMENT: MECKLENBURG COUNTY: SUPPLEMENTAL LOCAL  
GOVERNMENT AND ADDITIONAL SUPPLEMENTAL LOCAL GOVERNMENT  
SALES AND USE TAX ACTS**

**SECTION .0100 - LOCAL GOVERNMENT SALES AND USE TAXES**

**17 NCAC 07C .0101 COLLECTION AND ADMINISTRATION OF THE TAX  
17 NCAC 07C .0102 COUNTY ELECTIONS**

*History Note: Authority G.S. 105-262; 105-465; 105-469;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.*

**17 NCAC 07C .0103 SALES TAX IMPOSED**

*History Note: Authority G.S. 105-262; 105-467;  
Eff. February 1, 1976;  
Amended Eff. October 1, 1993; October 1, 1991; May 1, 1990; July 1, 1989;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.*

**17 NCAC 07C .0104 USE TAX IMPOSED  
17 NCAC 07C .0105 SALES CONTRACTS**

*History Note: Authority G.S. 105-262; 105-467; 105-468; 105-468.1;  
Eff. February 1, 1976;*

*Amended Eff. October 1, 1991; July 1, 1989; December 1, 1988; August 1, 1988;  
Repealed Eff. October 1, 1993.*

**17 NCAC 07C .0106      BRACKET SYSTEM**  
**17 NCAC 07C .0107      EXEMPTIONS AND EXCLUSIONS**

*History Note:      Authority G.S. 105-262; 105-470; 105-474;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.*

**17 NCAC 07C .0108      RECORDS TO BE KEPT BY TAXPAYER**

*History Note:      Authority G.S. 105-262; 105-474;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.*

**17 NCAC 07C .0109      DISPOSITION AND DISTRIBUTION OF TAXES COLLECTED**  
**17 NCAC 07C .0110      REPEAL PROVISIONS**

*History Note:      Authority G.S. 105-262; 105-272; 105-273; 105-473;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.*

**SECTION .0200 - MECKLENBURG COUNTY SALES AND USE TAXES**

**17 NCAC 07C .0201      COLLECTION AND ADMINISTRATION OF THE TAX**  
**17 NCAC 07C .0202      SALES TAX IMPOSED**  
**17 NCAC 07C .0203      USE TAX IMPOSED**

*History Note:      Authority G.S. 105-262; S.L. 1967, c. 1096, s. 4; S.L. 1967, c. 1096, s. 5; S.L. 1967, c. 1096, s. 6;  
Eff. February 1, 1976;  
Amended Eff. August 1, 1988; August 1, 1986; February 8, 1981;  
Repealed Eff. December 1, 1988.*

**17 NCAC 07C .0204      MAXIMUM TAX**

*History Note:      Authority G.S. 105-262; S.L. (1967), c. 1096, s. 4 and 5;  
Eff. February 1, 1976;  
Amended Eff. March 1, 1987; February 1, 1987; January 1, 1982;  
Repealed Eff. August 1, 1988.*

**17 NCAC 07C .0205      BRACKET SYSTEM**

*History Note:      Authority G.S. 105-262; S.L. (1967), c. 1096, s. 7;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.*

**17 NCAC 07C .0206      EXEMPTIONS AND EXCLUSIONS**

*History Note:      Authority G.S. 105-262; S.L. 1967, c. 1096, s. 10;  
Eff. February 1, 1976;  
Amended Eff. January 1, 1982;  
Repealed Eff. August 1, 1988.*

**17 NCAC 07C .0207      RECORDS TO BE KEPT BY TAXPAYER**

*History Note:* Authority G.S. 105-262; S.L. 1967, c. 1096, s. 10;  
Eff. February 1, 1976;  
Repealed Eff. August 1, 1988.

**SECTION .0300 - APPLICATION OF LOCAL TAX TO SPECIFIC TRANSACTIONS**

**17 NCAC 07C .0301 LOCAL SALES TAX LEVY**  
**17 NCAC 07C .0302 LOCAL USE TAX LEVY**

*History Note:* Authority G.S. 105-262; 105-467; 105-468; S.L. 1967, c. 1096, s. 4; S.L. 1967, c. 1096, s. 5;  
Eff. February 1, 1976;  
Repealed Eff. December 1, 1988.

**17 NCAC 07C .0303 SALES NOT SUBJECT TO COUNTY TAX**

*History Note:* Authority G.S. 105-262; 105-467; 105-468; S.L. 1967, c. 1096, s. 4 and 5;  
Eff. February 1, 1976;  
Repealed Eff. January 1, 1982.

**17 NCAC 07C .0304 APPLICATION OF TAX**

*History Note:* Authority G.S. 105-262; 105-467; 105-468; S.L. 1967, c. 1096, s. 4 and 5;  
Eff. February 1, 1976;  
Amended Eff. August 1, 2002; July 1, 1989; November 1, 1982; January 1, 1982;  
Expired Eff. June 1, 2019 pursuant to G.S. 150B-21.3A.

**SECTION .0400 - SUPPLEMENTAL LOCAL GOVERNMENT SALES AND USE TAX ACT**

**17 NCAC 07C .0401 TAX IMPOSED**  
**17 NCAC 07C .0402 SALES CONTRACTS**

*History Note:* Authority G.S. 105-262; 105-483;  
Eff. January 3, 1984;  
Repealed Eff. December 1, 1988.

**SECTION .0500 - ADDITIONAL SUPPLEMENTAL LOCAL GOVERNMENT SALES AND USE TAX ACT**

**17 NCAC 07C .0501 TAX IMPOSED**  
**17 NCAC 07C .0502 DISTRIBUTION OF ADDITIONAL TAXES**  
**17 NCAC 07C .0503 SALES CONTRACTS**

*History Note:* Authority G.S. 105-262; 105-498; 105-501;  
Eff. February 1, 1987;  
Repealed Eff. December 1, 1988.

**SUBCHAPTER 07D - MANUFACTURING FUEL AND CERTAIN MACHINERY AND EQUIPMENT  
PRIVILEGE TAX**

**SECTION .0100 - GENERAL APPLICATION OF PRIVILEGE TAX TO MANUFACTURING AND  
INDUSTRIAL PROCESSING**

**17 NCAC 07D .0101 PRIVILEGE TAX ON MANUFACTURING AND PROCESSING MACHINERY**

**17 NCAC 07D .0102      CLASSIFICATION OF MANUFACTURING ACTIVITIES FOR PRIVILEGE TAX**  
**17 NCAC 07D .0103      SALES BY MANUFACTURERS**  
**17 NCAC 07D .0104      PURCHASES BY MANUFACTURERS**

*History Note:*      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-187.50; 105-187.51; 105-187.51A; 105-187.52; 105-262; 105-264; Articles 39, 40, 42, 43, 44;  
Eff. July 1, 2006;  
Expired Eff. July 1, 2018 pursuant to G.S. 150B-21.7.

**SECTION .0200 - SPECIFIC TANGIBLE PERSONALTY CLASSIFIED FOR USE BY INDUSTRIAL USERS  
SUBJECT TO THE PRIVILEGE TAX OR SALES AND USE TAX**

**17 NCAC 07D .0201      MILL MACHINERY**  
**17 NCAC 07D .0202      ITEMS NOT MILL MACHINERY**

*History Note:*      Authority G.S. 105-164.4; 105-164.6; 105-187.51; 105-187.52; 105-262; Articles 39, 40, 42, 43,44;  
Eff. July 1, 2006;  
Repealed Eff. July 1, 2018 pursuant to G.S. 150B-21.7.