

**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;
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