

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;*
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