

## 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 The retailer shall remit the use tax, pursuant to G.S. 105-164.6, to the Department on all taxable items withdrawn from inventory and used as promotional items or gifts.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;

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