

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.