

**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;  
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