

1 17 NCAC 07B .4203 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

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4 **17 NCAC 07B .4203 CONTRACTORS FOR THE FEDERAL GOVERNMENT**

5 Sales of tangible personal property [items, as the term item is defined in G.S. 105-164.3,] to contractors for use in
6 performing contracts with the United States Government or its agencies and instrumentalities are subject to the
7 applicable statutory state [general State,] and [applicable] local [and transit rates of] sales or [and] use tax. [tax unless
8 the terms of the contract between the contractor and the United States Government contain title passage provisions of
9 the Federal Acquisition Regulations where the title to the items purchased by the contractor is transferred to the United
10 States Government on a regular, recurring, and routine basis.]

11 Sales of items, as the term item is defined in G.S. 105-164.3, to a contractor are exempt from sale and use tax pursuant
12 to G.S. 105-164.13(17), when a contract between the United States Government, or its agencies and instrumentalities,
13 and a contractor contains a title passage clause from the Federal Acquisition Regulation as set out in 48 C.F.R. 1, such
14 that title to items purchased by the contractor for use in performing the contract, pass from the contractor to the United
15 States Government, or its agencies and instrumentalities, prior to any use by the contractor. [When the contract does
16 not include a Federal Acquisition Regulation title passage clause, items purchased by the contractor for use in
17 performing the contract are subject to sales and use tax pursuant to G.S. 105-164.4.]

18
19 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39;
20 Article 40; Article 42; Article 43; Article 44; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-
21 467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537;
22 105-538;

23 *Eff. February 1, 1976;*

24 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991-1991;*

25 *Readopted Eff. January 1, 2024.*

26

1 17 NCAC 07B .4210 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4210 ~~CHEROKEE INDIAN RESERVATION~~ NATIVE AMERICAN INDIAN COUNTRY**

5 (a) Sales by Merchants on the Eastern Band of Cherokee Indian (EBCI) Reservation:

6 (1) Sales Pursuant to G.S. 105-164.13(25), sales of tangible personal property items, as the term item is
7 defined in G.S. 105-164.3, by merchants on the ~~Cherokee Indian~~ EBCI Reservation are exempt from
8 sales and use ~~taxes~~ tax when such merchants are authorized to do business on the EBCI Reservation
9 and are paying the tribal gross receipts levy to the Tribal Council. ~~The above exemption from the~~
10 tax is applicable to all sales by merchants on the Reservation. This exemption applies without regard
11 to the status of the purchaser, whether a purchaser is an enrolled member of the EBCI.

12 (2) Admission charges to an entertainment activity [sourced to] on the EBCI Reservation are exempt
13 from sales and use tax, pursuant to G.S. 105-164.13(25), provided the retailer that offers the
14 entertainment activity is authorized to do business on the EBCI Reservation and pays the tribal gross
15 receipts levy to the Tribal Council. This exemption applies without regard to whether a purchaser is
16 an enrolled member of the EBCI.

17 (3) For purposes of this rule, a sale occurs on the EBCI reservation when it is sourced to the reservation
18 pursuant to G.S. 105-164.4B.

19 (b) Sales to Federally Recognized Native American Nations:

20 (1) Items Sourced to a Native American Nation's Indian Country. -- Sales Pursuant to G.S. 105-
21 164.13(17), retail sales of tangible personal property items to a federally recognized Native
22 American nation or an enrolled member of the federally recognized Native American nation residing
23 within that nation's Indian Country, as the term Indian Country is defined in 18 U.S.C. 1151, by
24 in-state vendors or out of state vendors to the Eastern Band of Cherokee Indians or to individual
25 Indians of the band are exempt from sales and use ~~taxes~~ tax when delivery of the property occurs
26 on the Reservation such items are sourced to the nation's Indian Country.

27 (2) Items Sourced Outside a Native American Nation's Indian Country. -- Sales-Retail sales of tangible
28 personal property by in-state or out of state vendors items to the Eastern Band of Cherokee Indians, a
29 federally recognized Native American nation or to individual Indians of the band, to contractors or
30 anyone else representing Indians an enrolled member of the federally recognized Native American
31 nation are subject to [the applicable rates of] sales or and use taxes [tax] tax, pursuant to G.S. 105-
32 164.4, when delivery thereof occurs sourced outside the Reservation nation's Indian Country even
33 though such property items may be used, or incorporated into improvements on the
34 Reservation within the nation's Indian Country.

35 (c) Real Property Contracts with Federally Recognized Native American Nations: The sale of items to a real property
36 contractor are exempt from sale and use tax, pursuant to G.S. 105-164.13(17), provided that the items are sourced to
37 a federally recognized Native American nation's Indian Country, the purchase of the item is to fulfill a real property

1 contract with the nation or an enrolled member of the nation, and the item is used or installed within the sourced-
2 nation's Indian Country by the contractor or the contractor's subcontractor.

3 [(1) — A real property contractor is the consumer of an item that the real property contractor purchases,
4 installs, or applies the item for others to fulfill a real property contract. Contractors are users or
5 consumers of all tangible personal property which they purchase within or without this State for use
6 in the performance of contracts.

7 [(2) — A real property contractor purchasing items sourced outside the nation's Indian Country] Contractors
8 are ~~[is]~~ liable for remitting the applicable [rates of] sales or [and] use tax [even if the real property
9 contractor will use an item to fulfill a real property contract within the nation's Indian Country.] on
10 all tangible personal property purchased within or without this State when delivery occurs off the
11 Reservation even though the contractors may use it or incorporate it in improvements on the
12 Reservation.

13 [(3)] Property purchased [Purchases] by [a real property contractor of items sourced] and delivered to a
14 contractor on a Reservation [federally recognized Native American nation's Indian Country] to be
15 incorporated in an improvement [used within the nation's Indian Country] to [fulfill a] real property
16 [contract with that federally recognized Native American nation or an enrolled member of that
17 federally recognized Native American nation] is not subject to [exempt from] sales or [and] use tax.
18 Property purchased by and delivered to contractors on a reservation for use in performing a contract
19 (but where the property is not incorporated in an improvement) is subject to sales or use tax unless
20 sold by merchants on the Cherokee Indian Reservation who are authorized to do business there and
21 who pay the tribal levy on the transaction which property is, therefore, exempt under G.S.
22 105-164.13(25).

23
24 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.4H; 105-164.6; 105-164.13; 105-262;
25 105-264; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-469; 105-483;
26 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;

27 *Eff. February 1, 1976;*

28 *Amended Eff. January 1, 1982-1982;*

29 *Readopted Eff. January 1, 2024.*

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1 17 NCAC 07B .4404 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4404 EQUIPMENT FURNISHED WITH OPERATOR**

5 (a) If the owner of a person transaction that provides equipment or other tangible personal property furnishes with
6 an operator for a fixed or indeterminate period of time, or crew to operate such property, such owner is not deemed to
7 be renting or leasing the property but is not a lease or rental, as defined in G.S. 105-164.3(121), but is rendering a
8 service if the operator is necessary for the equipment or other tangible personal property to perform as
9 designed] "perform as designed." and the receipts therefrom from such services are not subject to the sales or use
10 tax-tax imposed by G.S. 105-164.4 unless the service is a repair, maintenance, and installation service or other taxable
11 service. An operator is necessary for equipment or other tangible personal property to perform as designed] "perform
12 as designed" when the operator's presence, skill, knowledge, and expertise are necessary for to bring about the
13 desired effect of the equipment or other tangible personal property to perform as designed.] property. An operator
14 who only maintains, sets-up, inspects, or monitors] or inspects the equipment or other tangible personal property, or
15 any combination of such actions, is not necessary for the equipment or other tangible personal property to perform
16 as designed.] "perform as designed."

17 (b) [A] For purposes of G.S. 105-164.13, a person that purchases equipment or other tangible personal property to
18 provide a service identified in paragraph] Paragraph (a) of this Rule is not purchasing the equipment or other tangible
19 personal property for resale and shall pay [the applicable rates of] sales and use tax on the purchase price of the
20 equipment or other tangible personal property, property, pursuant to G.S. 105-164.4, as the consumer thereof.

21 (c) A person that leases or rents items of equipment or tangible personal property similar to those items provided by
22 that person in rendering a service pursuant to Paragraph (a) of this Rule shall maintain records that establish the
23 purchase of items used in the provision of a service pursuant to Paragraph (a) from those held for lease or rent. A
24 person who fails to maintain the records as required by this Paragraph shall pay sales and use tax on the purchase of
25 all equipment pursuant to G.S. 105-164.4 notwithstanding that some equipment may be held for lease or rental
26 equipment, and the exemptions provided by G.S. 105-164.13 for items held for resale shall not be applicable. The
27 records shall be maintained until the statute of limitations to request a refund and to be issued a proposed assessment
28 have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8.

29 ~~(c)~~ (d) Persons purchasing] A person that provides the type of service described in paragraph] Paragraph (a) of this
30 Rule that purchases repair parts, lubricants-lubricants, and other tangible personal property-property, or repair,
31 maintenance, and installation services to maintain or repair equipment or other tangible personal property for use in
32 rendering such service are liable for payments shall pay [the applicable rates] of sales or and use tax pursuant to G.S.
33 105-164.4, at the applicable rate-on the purchase price-price of such [items-] items, as the consumer of the repair parts,
34 lubricants, other tangible personal property, or repair, maintenance, and installation services.

35 (d) Failure of a person to keep records that establish the service is exempt from tax subjects the person to liability
36 for sales and use tax on the receipts derived from the transaction.]

1 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264;*
2 *[Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-469; 105-483; 105-498;*
3 *105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*
4 *Eff. February 1, ~~1976~~1976;*
5 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4415 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4415 SKATING RINK AND BOWLING ALLEY RENTAL FEES**

5 ~~Charges-Admission charges~~ for the use of a skating rink or bowling alley to skate or bowl are not subject to sales or
6 use taxes;tax pursuant to the exception in G.S. 105-164.4G. however, if such businesses rentCharges for the rental of
7 tangible personal property, such as skates and shoes, charges for sameshoes are subject to [the general State, and
8 applicable local and transit rates of]sales and use tax-tax, pursuant to G.S. 105-164.4, and are not part of the admission
9 charge. Sales [~~Retail sales~~]of tangible personal property[~~items~~]by such businesses are subject to the applicable
10 statutory state and local[rates of]-sales or use tax.

11
12 *History Note:* Authority G.S. ~~105-164.3; 105-164.4;~~ 105-164.4G; 105-262; 105-264; [~~Chapter 105, Articles 39,~~
13 ~~40, 42, 43, and 46;~~]Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; 105-467;
14 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-
15 538;
16 *Eff. February 1, 1976;*
17 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991-1991;~~*
18 *Readopted Eff. January 1, 2024.*
19

1 17 NCAC 07B .4503 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4503 EQUIPMENT AND SUPPLIES FOR LAUNDRIES: ETC.**

5 (a) Sales Pursuant to G.S. 105-164.13(10), sales to commercial laundries, and pressing and dry cleaning plants
6 [establishments,] and similar businesses establishments of laundry and dry cleaning machinery used in the direct
7 performance of the laundering or the pressing and cleaning services, as well as parts and accessories attached to
8 such equipment and lubricants applied to such equipment, and tangible personal property listed in G.S. 105-
9 164.13(10)a and parts and accessories thereto are exempt from sales and use tax. [Parts and accessories attached to
10 such equipment and lubricants applied to such equipment are also exempt from sales and use tax when purchased by
11 commercial laundries and pressing and dry cleaning establishments. In addition, certain tangible personal property
12 listed in G.S. 105-164.13(10)a. is exempt from tax when purchased by commercial laundries and pressing and dry
13 cleaning establishments.] The following items are exempt when sold to the herein named businesses: [Items] [Examples
14 of items] exempt from sales and use tax when purchased by commercial laundries and pressing and dry cleaning
15 establishments include the following:

- 16 (1) washing machines, water heaters, water softener tanks, central control collection systems, pressing
17 machines, marking machines, packaging machines, and folding machines and similar cleaning
18 machines;
- 19 (2) hydraulic fluids used in laundry and dry cleaning machinery;
- 20 (3) boiler compounds used in boilers furnishing water or steam to the laundering, pressing or cleaning
21 machinery;
- 22 (4) steam hose leading directly from the boiler to the laundering and dry cleaning machinery;
- 23 (5) press pads and covers for laundering and dry cleaning machinery;
- 24 (6) baskets, hampers, casters, or other containers used between the laundering and cleaning processes
25 to transport or contain garments being laundered or cleaned;
- 26 (7) carbon and carbon filters used for reprocessing cleaning compounds;
- 27 (8) lint rolls and ~~refills therefore;~~ refills;
- 28 (9) conveyors used to transport garments along the laundering, cleaning, and pressing line during the
29 process but not conveyors used before the laundering, cleaning, and pressing process begins or after
30 it has been completed;
- 31 (10) boiler room machinery, including valves, fittings and water pumps; and
- 32 (11) transformers located on or adjacent to motors ~~which that~~ power machinery used in the direct
33 performance of laundering and cleaning services.
- 34 [(12) — lubricants used in laundering, pressing, or cleaning machines;]
- 35 [(13) — fuel and piped natural gas used in the direct performance of the laundering or pressing and cleaning
36 service, but not electricity;]

1 ~~[(14) — tags or labels used to identify garments being laundered or dry cleaned that are applied directly to~~
2 ~~garments in the direct performance of laundering or the pressing and cleaning service;]~~

3 ~~[(15) — bags, paper, and hangers applied directly to garments in the direct performance of laundering or the~~
4 ~~pressing and cleaning service; and]~~

5 ~~[(16) — starch, soaps, detergents, cleaning fluids, and other compounds or chemicals applied directly to~~
6 ~~garments in the direct performance of laundering or the pressing and cleaning service;]~~

7 (b) ~~The following items are~~Items not classified as ~~laundering, pressing or~~laundering and dry cleaning machinery or
8 parts ~~and or~~ accessories thereto and are, therefore, ~~are~~ subject to the ~~[general State, and]~~applicable statutory state and
9 local ~~[and transit rates of]~~sales or ~~and~~ use tax ~~[tax.]~~tax, pursuant to G.S. 105-164.4. ~~[Items]~~Examples of items not
10 classified as ~~laundering and dry cleaning machinery or parts or accessories include the following: when sold to the~~
11 ~~herein named businesses:~~

12 (1) coin operated musical devices, amusement devices, coin changers, vending ~~machines~~machines, and
13 repair or replacement parts for such machines;

14 (2) baskets, hampers, casters, or containers used for general purposes such as to pick up soiled garments
15 or deliver clean garments;

16 (3) smoke stacks, including ~~the any attached steel ladders attached thereto;~~ladders;

17 (4) wiring used in the general wiring ~~system and the transformers used in connection therewith;~~system;

18 (5) sewing machines used in repairing or altering the customers' property and the replacement or repair
19 parts to ~~such the~~ machines;

20 (6) tailoring supplies such as buttons, ~~threads~~threads, and zippers for use in repairing or altering
21 garments for which no charge is made to the customer;

22 (7) letterheads, monthly reports, envelopes and other office supplies;

23 (8) protective clothing for employees such as rubber gloves, aprons, protective shoes, etc. whether paid
24 for by the employer or the employee;

25 (9) steam hose or pipe used in the general heating system;

26 (10) janitorial supplies;

27 (11) office furniture, fixtures and equipment, including cash registers;

28 (12) uniforms for employees;

29 (13) advertising materials;

30 (14) structural or building materials, supplies, fixtures and equipment ~~which that~~ shall become a part of
31 or be annexed to any building or structure being erected, altered or repaired;

32 (15) equipment used in the storage process to revitalize furs;

33 (16) conveyors used before or after the laundering, ~~pressing~~pressing, and cleaning process to transport
34 ~~garments~~garments, but not those conveyors used to move the garments along the laundering,
35 pressingpressing, and cleaning line;

36 ~~(17) — lubricants used in laundering, pressing, or cleaning machines.~~

37 ~~(18)~~(17) transformers used in connection with general wiring and power supply; and

1 ~~(19)~~(18) water softener chemicals.

2

3 *History Note:* *Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; [Chapter 105, Articles 39,*
4 *40, 42, 43, and 46;]Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; 105-467;*
5 *105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-*
6 *538;*

7 *Eff. February 1, 1976;*

8 *Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991; January 1, ~~1982-1982;~~*

9 *Readopted Eff. January 1, 2024.*

10

1 17 NCAC 07B .4609 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4609 FIRE TRUCKS AND EQUIPMENT**

5 ~~[(a) Fire Trucks Sold to Municipalities, Counties, Rural Fire Protection Districts, and Volunteer Fire Departments.—~~
6 ~~—Sales of fire trucks to municipalities, counties, rural fire protection districts, and volunteer fire departments organized~~
7 ~~under Chapter 69 of the North Carolina General Statutes are exempt from sales and use tax and subject to the three~~
8 ~~percent (3%) highway use tax unless exempt under Article 5A of Chapter 105 of the North Carolina General Statutes.~~
9 ~~The highway use tax is administered by the Division of Motor Vehicles. The highway use tax shall be paid to the~~
10 ~~Commissioner of Motor Vehicles by the dealer, the purchaser, or other applicant for a certificate of title at the time of~~
11 ~~making application.]~~

12 ~~[(b)](a) Firefighting Equipment. -- Retail sales of items such as axes, brooms, buckets, shovels, ropes, general purpose~~
13 ~~tools, gas masks, first aid kits, blankets, portable pumps, and portable fire extinguishers and like articles [similar items]~~
14 ~~are subject to [the general State, and applicable local and transit rates of] sales and use [tax;] tax, pursuant to G.S. 105-~~
15 ~~164.4. Such items are subject to sales and use tax even if they are sold with fire trucks, as the items are considered to~~
16 ~~be other fire fighting firefighting equipment rather than accessories to the fire truck, truck, and sales of such items at~~
17 ~~retail are subject to the applicable statutory state and local sales or use tax without any maximum tax applicable thereto~~
18 ~~notwithstanding such sales are made to the above type customers or that the items are sold with fire trucks.~~

19 ~~[(c)](b) Privately Owned Fire Trucks. -- Privately Retail sales of privately owned fire trucks or vehicles on which that~~
20 ~~have permanently attached fire fighting firefighting equipment has been mounted that and are used only for fire~~
21 ~~fighting firefighting purposes are classified as special mobile equipment, not a motor vehicle as defined in G.S. 105-~~
22 ~~164.3, and sales thereof are not exempt under G.S. 105-164.13(32), but are subject to the [general State and] applicable~~
23 ~~statutory state and local [and transit rates of] sales or and use tax, tax, pursuant to G.S. 105-164.4.~~

24 ~~[(d) Repair Parts and Services for Fire Trucks.—]Sales [Retail sales] of repair parts [and repair, maintenance, and~~
25 ~~installation services] to municipalities, counties, rural fire protection districts, and industrial users for use in repairing~~
26 ~~fire trucks are subject to the general State and applicable statutory state and local and transit rates of sales or [and] use~~
27 ~~tax.~~

28
29 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; [Chapter 105,
30 Articles 39, 40, 42, 43, and 46;] Article 39; Article 40; Article 42; Article 43; Article 44; 105-467;
31 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-
32 538;

33 *Eff. February 1, 1976;*

34 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3,*
35 *1984.1984;*

36 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4614 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4614 ~~PICKUP CAMPERS; TRAILERS~~ RECREATIONAL VEHICLES**

5 ~~Retail sales of~~The definition of motor vehicle in G.S. 105-164.3 includes camper ~~trailers~~-trailers, fifth-wheel trailers,
6 motor homes, and travel ~~trailers~~ trailers, as defined in G.S. 20-4.01, ~~which that~~ are designed ~~to run on the streets and~~
7 ~~highways and~~ which are pulled by a self-propelled vehicle ~~[motor vehicle, or are self-propelled,]~~ are classified as sales
8 ~~of motor vehicles and exempt from sales~~ ~~[and use]~~ tax primarily for use upon the highways. The definition of motor
9 ~~vehicle in G.S. 105-164.3 does not include truck campers, as defined in G.S. 20-4.01.~~ ~~Retail sales of such camper~~
10 ~~trailers~~ ~~[items]~~ are subject to the highway use tax. ~~Retail sales of slide-in pickup camper units~~ ~~[truck campers]~~ are
11 subject to the ~~[general State, and]~~ applicable statutory state and local ~~[and transit rates of]~~ sales or ~~[and]~~ use tax.

12
13 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-187.3; 105-262; 105-264;*
14 *Article 39; Article 40; Article 42; Article 43; Article 44;*
15 *Eff. February 1, 1976;*
16 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; October 1, 1990; July 1,*
17 *1990-1990;*
18 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4701 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **SECTION .4700 - PRINTERS AND NEWSPAPER OR MAGAZINE PUBLISHERS**

5
6 **17 NCAC 07B .4701 COMMERCIAL PRINTERS AND PUBLISHERS**

7 (a) All Pursuant to G.S. 105-164.4, retail sales of tangible personal property items, as the term item is defined in G.S.
8 105-164.3, by commercial printers or publishers are subject to the applicable statutory state and local [rates of] sales
9 or and use tax unless the sales are subject to a lesser rate of tax under the provisions of G.S. 105-164.4(a) or are exempt
10 under the provisions of G.S. 105-164.13, [by statute.] including subscriptions, plates and dies sold to customers, book
11 binding, and other repair, maintenance, and installation services.

12 [(1) Subscriptions. Retail sales of advertising circulars, catalogues, booklets, pamphlets, forms,
13 tickets, letterheads, envelopes, and similar items and retail sales of books, magazines, periodicals,
14 newspapers and other publications are subject to the general State, and applicable local and transit
15 rates of sales and use tax unless the sales are exempt from tax under G.S. 105-164.13. When
16 publications are sold by subscription, the tax accrues at the time the subscription is accepted.

17 [(2) Plates and Dies. When, at the request of the customer, commercial printers purchase custom made
18 printing plates and dies for use in the direct production of the printed matter and title to the custom
19 made printing plates and dies passes to the printer's customer, such items can be purchased by the
20 commercial printer exempt from sales and use tax in accordance with 17 NCAC 07B .0106. The
21 printer is liable for collecting and remitting the general State, and applicable local and transit rates
22 of sales and use tax on the sales price of the printing plates and dies. The printer's sales invoices
23 and records shall show that the plates and dies are actually sold to the customer.

24 [(3) Book Binding and other Repair, Maintenance, and Installation Services. The gross receipts
25 derived from repair, maintenance, and installation services, including book binding and imprinting,
26 are subject to the general State, and applicable local and transit rates of sales and use tax unless
27 exempt by statute.]

28 [(b) Exempt Sales by Commercial Printers and Publishers. The following transactions are also exempt from sales
29 or use tax:

30 (1) charges [Charges] for advertising space in newspapers, magazines and other
31 publications; [publications.]

32 (2) charges [Charges] made by printers for imprinting or binding books or forms or other similar items
33 which are owned by their customers; [when such items are purchased for resale in accordance with
34 17 NCAC 07B .0106.]

35 [(3) Printed material sold by a retailer when the printed material is delivered by the retailer in this State
36 to a common carrier or to the United States Postal Service for delivery to the purchaser or the

1 purchaser's designee outside this State, and the purchaser does not subsequently use the printed
2 material in this State.]

3 (3)(4) Printed material which is sold by a retailer to a purchaser within or without this state when the
4 printed material is delivered by the printer directly to a mailing house [house,] or to a common
5 carrier [carrier,] or to the United States Postal Service for delivery to a mailing house in this state
6 which [State that] will preaddress and presort the material and deliver it to a common carrier or to
7 the United States Postal Service for delivery to recipients outside this state [State] designated by the
8 purchaser.

9 (A) — Sales of printed material by a retailer located within or without this state which is delivered
10 directly to the purchaser in this state for the original purpose of preparing and delivering
11 the printed material to the United States Postal Service or a common carrier for delivery to
12 prospective customers or other recipients outside this state are exempt from sales and use
13 tax provided the purpose is consummated. A purchaser of the printed material for
14 preparation and delivery to prospective customers and other recipients outside this state
15 must furnish the vendor a written statement certifying that the printed material is being
16 purchased for use in a mailing program which is in place at the time of purchase; otherwise,
17 the vendor must collect and remit the tax on the sales. Sales of printed materials to a user
18 or consumer in this state to be placed in the purchaser's inventory for use as needed are
19 subject to sales or use taxes notwithstanding that all or a portion of the printed material
20 may be delivered to the United States Postal Service or a common carrier for delivery to
21 prospective customers or other recipients outside this state.

22 (B) — A retailer who sells printed material delivered to a common carrier or the United States
23 Postal Service for delivery to the purchaser at a point within this state who prepares the
24 material to be mailed to prospective customers or other recipients without charge and
25 transports the material outside this state to be delivered to the United States Postal Service
26 or a common carrier or to a mailing house outside this state for delivery to designated
27 recipients is liable for sales or use tax except as provided in this Rule.

28 (b) Retail sales of advertising circulars, catalogues, booklets, pamphlets, forms, tickets, letterheads, envelopes and
29 similar items and retail sales of books, magazines, periodicals, newspapers and other publications are subject to the
30 applicable statutory state and local sales or use tax unless the sales are exempt from tax under the provisions of G.S.
31 105-164.13. When publications, other than magazines, are sold by subscription, the tax accrues at the time the
32 subscription is accepted.

33 (e)(b) Exempt Purchases of Mill Machinery or Mill Machinery Parts or Accessories by Commercial Printers or
34 Publishers. -- Sales to [Purchases] Pursuant to G.S. 105-164.13(5e), purchases by commercial printers and publishers
35 of mill machinery and or mill machinery equipment and parts therefor and or accessories thereto for use directly in the
36 production [phase, as the term "production" is defined in Section 57 of the Sales and Use Tax Bulletins,] phase of
37 printing and publishing, are exempt from sales and use tax. For purposes of this Rule, "Production" as a phase of

1 industrial or manufacturing operations shall mean all steps performed in processing and refining rooms, and in other
2 quarters and departments of a plant, where conditioning, treating, or other operations are done on ingredient materials
3 as an actual routine on the assembly or processing line turning out a finished product of manufacture for sale. The
4 “Production” phase also includes the following:

- 5 (1) The movement of raw materials or ingredients from an inventory or a stockpile located on the
6 premises of the manufacturing facility to the assembly or processing line.
- 7 (2) The movement of goods in process along the assembly or processing line.
- 8 (3) The movement of manufactured products from the assembly or processing line into shipping or
9 storage areas and yards located on the premises of the manufacturing facility.
- 10 (4) The work of experimentation and research performed on the manufactured products.

11 “Production” does not include any activity connected with the movement of raw materials or ingredients into inventory
12 nor does it include “distribution” which is any activity connected with the movement of manufactured products within
13 storage warehouses, shipping rooms, and other such finished product storage areas and the removal of such products
14 therefrom for sale or shipment, or “administration” which is any administrative work of offices, promotion of sales,
15 and collection of accounts. Items that ~~commercial printers and publishers may purchase exempt from sales and use~~
16 ~~tax as~~ are mill machinery or mill machinery parts or accessories when purchased by a commercial printer or publisher
17 include the following:

- 18 (1) Machinery and equipment and parts or accessories thereto for use directly in the production of
19 newspapers, ~~magazines~~ magazines, and other printed ~~matter~~ material for sale are exempt from sales
20 tax sale.
- 21 (2) ~~Included herein are custom~~ Custom made plates and dies for use directly in the production of
22 newspapers, magazines, and other printed material for sale when title ~~thereto~~ to the plates and dies
23 does not pass to the printers' customers.
- 24 (3) ~~Sales to commercial printers and publishers of tangible~~ Tangible personal property such as wood and
25 metal which is used to fabricate plates and dies for use in the production of printed ~~matter~~ material
26 for sale are exempt from sales tax when title to the plates and dies does not pass to the printers'
27 customers.
- 28 (4) ~~Sales to commercial printers and publishers of machinery,~~ Machinery, equipment, film, and similar
29 ~~items of other~~ tangible personal property for use or consumption directly in that are used or consumed
30 by the printer in the production of the plates and dies are also exempt from sales tax that are directly
31 used in the production of newspapers, magazines, and other printed material for sale.
- 32 (5) Lithographic and gravure plates and dies retained by the printer or publisher that are directly used
33 in the production of newspapers, magazines and other printed material for sale. It is a printing trade
34 practice that title to lithographic and gravure plates and dies is ~~be~~ retained by the printer or
35 publisher. Unless it is otherwise agreed in writing, the items purchased by the printer or
36 publisher ~~[these plates and dies]~~ are exempt from sales tax. ~~[tax as items purchased by the printer or~~
37 ~~publisher for use.]~~

- 1 (6) Photo engravings, electrotypes, and lithographs for direct use in printing tangible personal property
2 for sale.
- 3 (7) Printing presses for direct use in printing tangible personal property for sale.
- 4 (8) Cushion paper, cover paper, and tissue for use in building up the printing surface of the press for
5 direct use in printing tangible personal property for sale.
- 6 (9) Offset or direct relief duplicating machines and repair parts or accessories for such machines,
7 including offset blankets and plates.
- 8 (10) Positives and negatives for use in preparing plates for use in the printing process. [Purchases of such
9 items by non-commercial printers for use or consumption are subject to the general State, and
10 applicable local and transit rates of sales and use tax.]
- 11 (11) Chemicals used to clean printing machinery. [Chemicals used for sanitation purposes are subject to
12 the general State, and applicable local and transit rates of sales and use tax.]
- 13 (12) Metal for making type.
- 14 (13) Computers used in the printing process. [Computers used for administrative purposes are subject to
15 the general State, and applicable local and transit rates of sales and use tax.]
- 16 (14) Mounting tape for use in the preparation of plates.
- 17 (15) Printing machines when the machines are used to produce newspapers or other printed material for
18 sale. [Purchases of printing machines for use in printing customers' addresses and addressograph
19 plates for use in the mailing and shipping process are subject to the general State, and applicable
20 local and transit rates of sales and use tax.]
- 21 (16) Photographs to be reproduced in newspapers. [These are classified as accessories to the
22 manufacturing process.]

23 ~~.(d) Sales to commercial printers of custom made plates and dies for resale are exempt from sales or use tax when~~
24 ~~supported by Streamlined Sales and Use Tax Agreement Certificates of Exemption, Form E 595E. Sales to~~
25 ~~commercial printers of tangible personal property as wood and metal which becomes a component part of printing~~
26 ~~plates produced by the printers for sale to customers are likewise exempt from sales or use tax when supported by~~
27 ~~certificates of exemption. However, sales to commercial printers of machinery, equipment, film, and similar items of~~
28 ~~tangible personal property which do not enter into or become a component part of the plates and dies but are used or~~
29 ~~consumed by the printer in the direct production of the plates and dies are exempt from sales tax. When, at the request~~
30 ~~of the customer, commercial printers purchase custom made printing plates and dies for use in the direct production~~
31 ~~of the printed matter or when they purchase wood and metal which becomes a component part of printing plates and~~
32 ~~dies fabricated by the printer for use in the direct production of printed matter and title to the plates and dies passes to~~
33 ~~the printers' customers, the items may be purchased for resale. The printer is liable for collecting and remitting the~~
34 ~~applicable statutory state and local sales or use tax on the total retail sales price of the plates and dies including charges~~
35 ~~for tangible personal property and art work or any other services that go into the manufacture or delivery thereof. In~~
36 ~~such cases, the printer's sales invoices and records must show that the plates and dies are actually sold to the customer;~~
37 ~~otherwise, the items are deemed to have been used by the printer, and the cost price of same is exempt from sales tax.~~

1 ~~(e)(d)~~ Sales to commercial printers and publishers of tangible personal property which is not resold as such or
2 which ~~resold,~~ does not become an ingredient or component part of the tangible personal property which they produce
3 for sale ~~sale,~~ or which ~~and~~ is not production ~~mill~~ machinery or ~~mill machinery~~ parts therefor and ~~or~~ accessories
4 thereto are subject to the ~~general State, and~~ applicable statutory state and local ~~and transit rates of~~ sales or ~~and~~
5 use tax.

6 ~~(f)(e)~~ In-House Printers. -- The provisions of Paragraph ~~(d)~~ ~~(e)~~ (b) of this Rule ~~have no application~~ do not apply to
7 sales of printing equipment and supplies to ~~firms which~~ businesses that operate print shops for the production of printed
8 matter for their own use and not for sale. ~~Purchases of printing equipment and supplies by such firms~~ businesses are
9 ~~subject to the~~ ~~general State, and~~ applicable statutory state and local ~~and transit rates of~~ sales or ~~and~~ use tax.

10
11 *History Note:* Authority G.S. 105-164.4; ~~105-164.5; 105-164.6; 105-164.13; 105-262; 105-264; [Chapter 105,~~
12 ~~Articles 39, 40, 42, 43, and 46;] Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~
13 ~~105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-~~
14 ~~537; 105-538;~~

15 *Eff. February 1, 1976;*

16 *Amended Eff. October 1, 2009; April 1, 2001; October 1, 1993; June 1, 1992; October 1, 1991;*
17 *February 1, ~~1988.~~1988;*

18 *Readopted Eff. January 1, 2024.*
19

1 17 NCAC 07B .4707 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .4707 PRINTING CHEMICALS**

5 (a) [Sales] Pursuant to G.S. 105-164.13, sales of the following chemicals to commercial printers or publishers which
6 enter into or become an ingredient or component part of printed matter which such purchasers sell are exempt from
7 sales and use tax, tax:

- 8 (1) Chemicals that enter into or become an ingredient or component part of printed material for resale.
9 (2) Chemicals used to clean printing machinery.

10 (b) Sales of chemicals not listed in paragraph (a), including Chemicals-chemicals used by commercial printers and
11 publishers for [sanitation] cleaning, disinfecting, or sanitizing purposes purposes, are subject to the applicable statutory
12 state [general State] and [applicable] local [and transit rates of] sales or and use tax, tax, pursuant to G.S. 105-164.4.

13
14 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-262; 105-264; [Chapter 105,*
15 *Articles 39, 40, 42, 43, and 46;] Article 39; Article 40; Article 42; Article 43; Article 44; 105-467;*
16 *105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-*
17 *538;*

18 *Eff. February 1, 1976;*

19 *Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, ~~1980~~.1980;*

20 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .5002 is readopted with substantive changes pursuant to G.S. 150B-21.3A(c)(2)g without notice
2 pursuant to G.S. 150B-1(D)(4) as follows:

3
4 **17 NCAC 07B .5002 EYEGLASS FRAMES AND REPAIR PARTS**

5 (a) Eyeglass frames sold in connection with the repair or replacement of corrective eyeglasses for human use ~~ground~~
6 ~~on prescription of physicians, oculists, or optometrists are not subject to the tax. exempt from sales and use tax,~~
7 pursuant to G.S. 105-164.13(12), as prosthetic devices. Sales of [temples and similar items that are considered] repair
8 or replacement parts for prosthetic [devices] devices, such as temples, nose pads, temple hinges, screws, and ear tips,
9 are also exempt from sales and use tax. A person who sells corrective eyeglass frames and repair parts for corrective
10 eyeglasses for human use shall keep sales records that clearly separate its sales of corrective eyeglass frames and
11 repair parts for corrective eyeglasses for human use from sales of other items. [Failure of a person to keep records that
12 establish a sale is exempt from sales and use tax subjects the person to liability for the general State, and applicable
13 local and transit rates of sales and use tax on the sale.]

14 [(b) Eyeglass frames or other parts sold in connection with the repair or replacement of non-corrective eyeglasses for
15 human use that do not meet the definition of a prosthetic device in G.S. 105-164.3, or are not specifically exempt by
16 statute, are subject to the general State, and applicable local and transit rates of sales and use tax.]

17 ~~(b)~~ (b) Sales Pursuant to G.S. 105-164.13(61b), sales of eyeglass frames, repair parts for eyeglasses, cases, optical
18 merchandise—merchandise, and optical supplies by optical supply houses and opticians—to registered merchants,
19 including oculists and optometrists, retailers or wholesale merchants for resale are not subject to the tax. exempt from
20 sales and use [tax.] tax, when the purchaser complies with the requirements of 17 NCAC 07B .0106.

21
22 *History Note: Authority G.S. 105-164.3; 105-164.4; ~~105-164.5; 105-164.6; 105-164.13; 105-164.22; 105-262;~~*
23 *105-264; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-469; 105-483;*
24 *105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*
25 *Eff. February 1, ~~1976~~ 1976;*
26 *Readopted Eff. January 1, 2024.*
27