

1 17 NCAC 07B .4201 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 .4200 - SALES TO THE UNITED STATES GOVERNMENT OR AGENCIES THEREOF**

5  
6 **17 NCAC 07B .4201 IN GENERAL**

7 (a) Sales made directly to the United States Government, or any qualifying agency or instrumentality thereof, are not  
8 subject to the sales ~~or~~ and use ~~tax-tax,~~ pursuant to G.S. 105-164.13(17). Qualifying United States Government agencies  
9 [and instrumentalities] are divisions of the federal [government]government. Qualifying United States  
10 instrumentalities are non-governmental agencies that act independently and whose obligations are backed by the  
11 federal government, whose enabling legislation or charter is [created]to provide a necessary public service and are  
12 immune from sales and use tax under federal law. In order for a transaction to be a sale to the United States  
13 Government, the government or qualifying agency or instrumentality thereof, the entity involved must make the~~shall~~  
14 purchase of the property, obtain title to the property before or at the time it is delivered, and pay~~the item~~ directly to  
15 from the vendor the purchase price of such property or use a government bankcard to pay the vendor the purchase  
16 price of such property-retailer and make payment directly to the retailer with its own funds. For example, meals and  
17 lodging billed to and paid for by the federal government are not subject to sales and use tax, however meals and  
18 lodging billed to and paid for by a federal employee who is subsequently reimbursed by the federal government are  
19 subject to sales and use tax.

20 (b) ~~Nontaxable federal~~ [Qualifying]Examples of qualifying United States Government agencies and instrumentalities  
21 thereof [that are not subject to sales and use tax-] include the United States Postal Service, Departments of Defense,  
22 [Army, Navy and Air Force,]United States Armed Forces, [United States]federally operated hospitals, American Red  
23 Cross, federal reserve Federal Reserve banks, federal land banks, federal housing projects, federal housing authorities,  
24 United States Postal Service, or any other department ~~or departments~~ of the federal government whose activities are  
25 directly under federal control and whose purchases are paid for from the federal treasury.

26 (c) Sales made to the following organizations shall not be subject to sales and use tax, pursuant to G.S. 105-  
27 164.13(17), provided that the organization is authorized by the regulations of the Departments of Defense or a branch  
28 of the United States Armed Forces: [Army, Navy and Air Force]United States Armed Forces Activities Funds, post  
29 exchanges, officers' mess funds, noncommissioned officers funds and other voluntary unincorporated organizations  
30 of [Army, Navy, Marine Corps, Air Force, or Coast Guard personnel]United States Armed Forces personnel.  
31 [authorized by regulations issued by the Departments of Defense, Army, Navy or Air Force are likewise exempt  
32 fromnot subject to sales and use tax.]

33  
34 *History Note: Authority G.S. 105-164.13; 105-262; 105-264;*  
35 *Eff. February 1, 1976;*  
36 *Amended Eff. August 1, 1988-1988;*  
37 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4202 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 .4202 EXEMPT SALES TO THE UNITED STATES GOVERNMENT**

5 (a) ~~Purchase Requisitions:Retailer Records. -- A vendor making~~retailer that makes sales directly to the United States  
6 Government, or ~~any a~~ qualifying agency or instrumentality thereof, that issues purchase requisitions or affidavits must  
7 ~~obtain and keep~~shall retain copies of such ~~any~~ Certificates of Exemption, **Form E-595E**, purchase requisitions or  
8 ~~affidavits~~ affidavits, signed by the purchasing officer stating that such sales are being made directly to the United  
9 States Government or an agency or instrumentality thereof or other **information** **documentation** provided to  
10 substantiate the exemption from sales and use ~~tax,~~ tax, pursuant to G.S. 105-164.13(17). **Qualifying United States**  
11 **Government agencies are divisions of the federal government and qualifying instrumentalities are non-governmental**  
12 **agencies that act independently and whose obligations are backed by the federal government, whose enabling**  
13 **legislation or charter is to provide a necessary public service and are immune from sales and use tax under federal**  
14 **law.** **Copies** Pursuant to G.S. 105-164.22, copies of such purchase requisitions or affidavits must ~~the documentation be~~  
15 retained by the vendor in his files for three years following the date of sale and ~~must~~shall be available for inspection  
16 by the Secretary of Revenue or ~~her~~ the Secretary's agents upon request. **Documentation shall be kept until the statute**  
17 **of limitations to request a refund and to be issued a proposed assessment have expired, as set out in G.S. 105-241.6**  
18 **and G.S. 105-241.8.**

19 (b) United States Government Credit Card Program – GSA ~~Smartpay:~~Smartpay. -- Under the program, credit cards  
20 may be centrally billed or individually billed.~~Card designs may be viewed on the following Internet website:~~  
21 ~~http://www.gsa-smartpay.org/gsa-howidentify.html.~~

22 (1) ~~Fleet Cards: All Federal Government fleet cards are centrally billed. This means that all charges~~  
23 ~~are billed directly to and paid directly by the Federal Government and are exempt from the general~~  
24 ~~rate of State tax and any applicable local sales and use tax.~~Centrally billed charges are billed directly  
25 to and paid directly by the United States Government and are exempt from sales and use ~~tax-tax,~~  
26 **pursuant to G.S. 105-164.13(17).**

27 (2) ~~Purchase Cards: All Federal Government purchase cards are centrally billed. This means that all~~  
28 ~~charges are billed directly to and paid directly by the Federal Government and are exempt from the~~  
29 ~~general rate of State tax and any applicable local sales and use tax.~~Individually billed charges are  
30 billed to and paid by the federal employee who is then reimbursed by the United States Government.  
31 ~~Individually billed charges are subject to~~ **the applicable rates of** sales and use ~~tax.]tax, pursuant~~  
32 **to G.S. 105-164.4.**

33 (3) ~~Travel Cards: Federal Government travel cards may be centrally billed or individually billed.~~  
34 ~~Individually billed charges are billed to and paid by the Federal employee who is then reimbursed~~  
35 ~~by the Federal Government. These charges are subject to the general rate of State tax and any~~  
36 ~~applicable local sales and use tax. Centrally billed charges are billed directly to and paid directly~~

1 by the Federal Government and are exempt from to the general rate of State tax and any applicable  
2 local sales and use tax.

3 (4) ~~Integrated Cards: Federal Government integrated cards include fleet, travel, purchase transactions  
4 or any combination thereof and offer the Federal Government a single card for all of its purchases.  
5 This card is in use only at the Department of the Interior. All fleet and purchase type transactions  
6 on an integrated card are centrally billed, and travel type transactions may be centrally billed or  
7 individually billed. Centrally billed charges are billed directly to and paid directly by the Federal  
8 Government and are exempt from the general rate of State tax and any applicable local sales and  
9 use tax. Individually billed charges are billed to and paid by the Federal employee and then  
10 reimbursed by the Federal Government. These charges are subject to the general rate of State tax  
11 and any applicable local sales and use tax.~~

12 (c) ~~Other~~ Non-GSA Smartpay credit card programs implemented by qualifying agencies or instrumentalities of the  
13 United States Government are exempt from sales and use ~~tax~~ tax, pursuant to G.S. 105-164.13(17), when the charges  
14 are centrally billed and directly paid by the qualifying agency or instrumentality.

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16 *History Note: Authority G.S. 105-164.4; 105-164.13; 105-164.22; 105-262; 105-264; Article 39; Article 40;*  
17 *Article 42; Article 43; Article 44;*  
18 *Eff. February 1, 1976;*  
19 *Amended Eff. September 1, 2006; April 1, 1997; January 1, 1995; October 1, 1993; October 1,*  
20 *1991; August 1, 1988-1988;*  
21 *Readopted Eff. January 1, 2024.*  
22

1 17 NCAC 07B .4206 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 .4206 FED SAVINGS/LOAN ASSOC, NATL ~~BANKS/ST~~ BANKS/ST AND STATE**  
5 **BANKS, CHARTERED CREDIT UNIONS**

6 ~~(a) Sales of tangible personal property to [to, or purchases by,] federal savings and loan associations and national banks~~  
7 ~~for use or consumption [of items, as the term item is defined in G.S. 105-164.3,] are subject to the applicable statutory~~  
8 ~~state [State] and local [rates of] sales or [and] use tax. [tax, unless exempt by statute.] See 12 U.S.C. § 1464(h) and 548.~~

9 ~~(b) Sales of tangible personal property to [to, or purchases by,] state banks and state chartered credit unions [for use]~~  
10 ~~or consumption [of items] are subject to the applicable statutory state [State] and local [rates of] sales or [and] use~~  
11 ~~tax. [tax, unless exempt by statute.]~~

12 For purposes of G.S. 105-164.13(17), sales which a state would be without power to tax under the Constitution or  
13 laws of the United States or under the Constitution of this State do not include the following sales:

14 (a) Sales to federal savings and loan associations and national banks.

15 (b) Sales to state banks and state chartered credit unions.

16  
17 *History Note: Authority G.S. [105-164.3;] 105-164.4; 105-164.6; 105-164.13; 105-264.26; 105-262; 105-264;*  
18 *Article 39; Article 40; Article 42; Article 43; Article 44; [Chapter 105, Articles 39, 40, 42, 43, and*  
19 *46;] 12 U.S.C. 1464(h); 12 U.S.C. 548;*  
20 *Eff. February 1, 1976;*  
21 *Amended Eff. September 1, 2006; January 1, 1995; October 1, 1993; October 1, 1991-1991;*  
22 *Readopted Eff. January 1, 2024.*  
23

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:

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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 rent~~ Charges for the rental of  
7 tangible personal property, such as skates and shoes, ~~charges for same shoes~~ are subject to ~~[the general State, and~~  
8 ~~applicable local and transit rates of]~~ sales and use 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.*

1 17 NCAC 07B .4510 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 .4510 INDEPENDENT CLEANING SOLICITORS**

5 (a) Independent Cleaning Solicitors. -- For purposes of this Rule, an independent cleaning solicitor is a person engaged  
6 in the business of soliciting laundry, dry cleaning, or hat blocking services to customers but engages another business  
7 to perform the laundering, dry cleaning, or hat blocking.

8 (b) Sales by Independent Cleaning Solicitors. -- An independent ~~operator cleaning solicitor that owns his truck and~~  
9 ~~solicits business but engages a laundry, dry cleaning, or hat blocking firm or similar type business to perform the~~  
10 ~~laundering, cleaning, or other service~~ making sales is a retailer, as defined in G.S. 105-164.3, and is liable for collecting  
11 and remitting the general State, and applicable statutory state and local and transit rates of sales ~~or~~ and use tax on  
12 ~~his~~ their gross ~~receipts~~ receipts derived from laundry, dry cleaning, or hat blocking services it ~~solicits~~ solicits,  
13 pursuant to G.S. 105-164.4.

14 (c) Purchases by Independent Cleaning Solicitors. -- The purchase of laundry, dry cleaning, or hat blocking services  
15 by an independent cleaning solicitor to sell to its customers from a company that performs the laundering, cleaning,  
16 or other service is ~~[a sale for resale.]~~ exempt as a wholesale sale, pursuant to G.S. 105-164.13(61b). ~~[The~~  
17 ~~independent]~~ Independent cleaning [solicitor]solicitors shall comply with 17 NCAC 07B .0106 when ~~[making such a~~  
18 ~~purchase.]~~ purchasing laundry, dry cleaning, or hat blocking services, for the purpose of resale. If the solicitor is not  
19 registered with the Department of Revenue for remitting the tax on his gross receipts, the firm performing the  
20 laundering, cleaning or similar type services shall collect and remit the tax on the total charge for the services  
21 performed for the independent operator without any deduction of any allowance to the solicitor. The firm performing  
22 the service shall secure from the solicitor a Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form  
23 E-595E, which shall be accepted as evidence that the solicitor is registered for payment of the tax and as authority for  
24 not charging tax on the gross receipts from the service performed for the solicitor.

25  
26 *History Note:* Authority G.S. 105-164.4; 105-164.5; 105-164.13; 105-262; 105-264; [Chapter 105, Articles 39,  
27 40, 42, 43, and 46;] Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; 105-467;  
28 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-  
29 538;

30 *Eff. February 1, 1976;*

31 *Amended Eff. August 1, 2009; October 1, 1993-1993;*

32 *Readopted Eff. January 1, 2024.*  
33

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:

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

5 Retail sales of camper ~~trailers~~ trailers, fifth-wheel trailers, motor homes, and travel trailers ~~which that~~ are designed to  
6 run on the streets and highways and which are pulled by a self-propelled vehicle meet the definition of a motor vehicle,  
7 as defined in G.S. 105-164.3(149) [or are self-propelled,] are classified as sales of motor vehicles and exempt from  
8 sales and use tax-tax, pursuant to G.S. 105-164.13(32), but Retail sales of such camper trailers [items] are subject to  
9 the highway use tax-tax, pursuant to G.S. 105-187.3. Retail sales of ~~slide-in pickup camper units~~ truck  
10 camperscampers, as defined in G.S. 20-4.01, are not motor vehicles pursuant to G.S. 105-164.3(149) and are subject  
11 to the [general State, and] applicable statutory state and local [and transit rates of] not exempt from sales ~~or~~ and use  
12 tax-tax under G.S. 105-164.13(32).

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

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 .4708 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 .4708 POSTAGE CHARGES BY PRINTERS**

5 When ~~[The amount]~~ a printer purchases ~~[charges its customers for]~~ postal cards or stamped envelopes and prints and  
6 sells them to customers for use, the printer is liable for collecting and remitting the applicable statutory state and local  
7 sales or use tax on the charge to the customer; ~~[that are printed and sold for use by the customer is subject to the general~~  
8 ~~State and applicable local and transit rates of sales and use tax,]~~ except the ~~[face value of stamps or]~~ postage charges  
9 ~~on the printed cards or envelopes are [is]~~ exempt from tax when separately stated on the customer's invoice, ~~[invoice~~  
10 ~~or similar billing document given to the customer at the time of the sale.]~~

11 Pursuant to G.S. 105-164.13(17) and 18 USC 8, the face value of United State Postal Service postage sold by  
12 commercial printers for printed postal cards or envelopes, that are sold for use by the commercial printers' customer,  
13 is exempt from sale and use tax when the postage is printed or affixed to the printed postcards or envelopes prior to  
14 sale, and when the value of the postage is stated separately from other charges on the invoice or similar billing  
15 document given to the customer at the time of sale.

16  
17 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; ~~Article 39;~~  
18 ~~Article 40; Article 42; Article 43; Article 44;~~ ~~[Chapter 105, Articles 39, 40, 42, 43, and 46;]~~ 105-  
19 467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537;  
20 105-538;  
21 *Eff. February 1, 1976;*  
22 *Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, ~~1980-1980;~~*  
23 *Readopted Eff. January 1, 2024.*  
24

1 17 NCAC 07B .4801 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 .4800 - BASIS OF REPORTING**

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6 **17 NCAC 07B .4801 VENDOR'S RECORDS REQUIRED TO BE KEPT**

7 (a) Persons making sales or purchases of an item, as the term item is defined in G.S. 105-164.3, shall keep records as  
8 required in G.S. 105-164.22 that establish~~Every vendor must keep adequate and complete records as required by G.S.~~  
9 ~~105-164.31 to determine the amount of the person's sales and use tax for which he may be liable.~~liability.  
10 Documentation shall be kept until the statute of limitations to request a refund and to be issued a proposed assessment  
11 have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8.

12 Records to establish a person's sales and use tax liability include the following:

- 13 (1) All cash and credit sales, including sales under any type of financing or installation plan.
- 14 (2) The amount of all items purchased and copies of all bills of lading, invoices, and purchase orders.
- 15 (3) Copies of all sales invoices furnished by wholesale merchants that shall show the name and address  
16 of the purchaser, the date of purchase, the item or items purchased, and the purchase price of the  
17 item.
- 18 (4) All deductions and exemptions claimed in sales and use tax returns for each transaction.
- 19 (5) All purchase, sales, and inventory records for items, as the term item is defined in G.S. 105-164.3,  
20 used or consumed in the conduct of business.
- 21 (6) A true and complete inventory of the value of the [stock]the materials, supplies, goods or  
22 merchandise on hand
- 23 (7) All exemption certificates, and records of all sales made to a person furnishing an exemption  
24 certificate.
- 25 (8) All affidavits of capital improvement or other records that establish a transaction is a real property  
26 contract. For purposes of this Rule, other records means written records that establish a transaction  
27 is a capital improvement.
- 28 (9) All affidavits certifying tax paid by the purchaser on an item that becomes a part of real property.
- 29 (10) Records of all sales made through a facilitator engaged in business in the State.
- 30 (11) All affidavits of export.
- 31 (12) All shipping records for items that are delivered.
- 32 (13) All agreements with facilitators.
- 33 (14) All bank account records.
- 34 (15) All point-of-sale records and cash register z-tapes.
- 35 (16) Any other document, report, form, or other similar record that establishes a person's sales and use  
36 tax liability.

1 (b) Except for persons listed in G.S. 105-164.20(b), ~~Vendors~~ person's having both cash and credit sales may elect to  
2 report their tax liability on either the cash or accrual basis of accounting provided their records are kept in such a  
3 manner that they can determine their tax liability correctly on the basis used. If a [taxpayer] person wishes to change  
4 [from one] the basis of reporting selected when applying for a Certificate of Registration in accordance with 17 NCAC  
5 07B .0104 to another, ~~he must~~ the [taxpayer] person shall apply to the Secretary of Revenue by written letter signed by  
6 the [taxpayer] person and mailed to the attention of the Sales and Use Tax Division to the Department's mailing address  
7 set out in 17 NCAC 01A .0101 for permission to make such change. A [taxpayer's] person's selected basis continues  
8 in effect until the person receives permission from the Secretary, or the Secretary's designee, to change the basis  
9 selected. The Secretary, or the Secretary's designee, shall only grant permission allowing a person to change the basis  
10 of reporting upon a showing that the person's accounting system and processes shall establish the amount of the  
11 person's sales and use tax liability using the requested basis of accounting.

12  
13 *History Note: Authority G.S. 105-164.20; 105-164.22; 105-262; 105-264;*  
14 *Eff. February 1, 1976;*  
15 *Amended Eff. ~~October 1, 1993-1993;~~*  
16 *Readopted Eff. January 1, 2024.*  
17

1 17 NCAC 07B .5001 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 .5000 - ~~EYEGLASSES~~ EYEGLASSES, CONTACT LENSES, AND OTHER OPHTHALMIC**  
5 **OPTICAL AIDS AND SUPPLIES; ~~SUPPLIES~~ OCULISTS; OPTOMETRISTS AND OPTICIANS**

6  
7 **17 NCAC 07B .5001 PRESCRIPTION EYEGLASSES AND CONTACT LENSES**

8 **(a) Eyeglasses:**

9 (1) Corrective Eyeglasses. -- Sales of corrective eyeglasses for human use, ~~ground on prescription of~~  
10 physicians, oculists or optometrists, including frames as an integral part thereof, are not subject to  
11 the tax, exempt from sales and use tax as prosthetic ~~devices.~~ devices, pursuant to G.S. 105-  
12 164.13(12). When eyeglass cases, lens wipes, and lens solution are given to the purchaser as part of  
13 the sale and included in the sales price of corrective eyeglasses for human use, they are also exempt  
14 under G.S. 105-164.13(12) from sales and use tax.

15 Corrective eyeglasses, whether prescription eyeglasses or reading glasses, are not required to be  
16 sold on prescription in order ~~to be exempt~~ for the exemption from sales and use ~~tax.~~ tax to apply.

17 (2) Record Keeping. -- A person who sells corrective eyeglasses shall keep sales records that clearly  
18 separate it sales of corrective eyeglasses from sales of other items. ~~Failure~~ Pursuant to G.S. 105-  
19 164.22, failure of a person to keep records that establish a sale is exempt from sales and use tax  
20 subjects the person to liability for ~~the general State, and applicable local and transit rates of~~ sales  
21 and use tax on the sale.

22 (2) Non-Corrective Eyeglasses. -- Sales of non-corrective eyeglasses for human use are subject to the  
23 general State, and applicable local and transit rates of sales and use tax unless specifically exempt  
24 by statute.]

25 **(b) Contact Lenses:**

26 (1) Corrective Contact Lenses. -- Sales of corrective contact lenses for human use are exempt from sales  
27 and use tax as prosthetic ~~devices.~~ devices, pursuant to G.S. 105-164.13(12). When carrying cases,  
28 patient instruction booklets, patient care kits, aseptors, salt tablets, lens solution, and squeeze bottles  
29 are given to the purchaser as part of the sale and included in the sales price of corrective contact  
30 lenses for human use, they are also exempt under G.S. 105-164.13(12) from sales and use tax.

31 (2) Record Keeping. -- A person who sells corrective contact lenses shall keep sales records that clearly  
32 separate its sales of corrective contact lenses from sales of other items. ~~Failure~~ Pursuant to G.S.  
33 105-164.22, failure of a person to keep records that establish a sale is exempt from sales and use tax  
34 subjects the person to liability for ~~the general State, and applicable local and transit rates of~~ sales  
35 and use tax on the sale.

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~~[(2) Non-Corrective Contact Lenses. Sales of non-corrective contact lenses for human use are subject to the general State, and applicable local and transit rates of sales and use tax unless specifically exempt by statute.]~~

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4D; 105-164.13; 105-164.22; 105-262; 105-164.264; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 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;*  
*Eff. February 1, 1976-1976;*  
*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, tax, pursuant to  
17 G.S. 105-164.4.

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

22  
23 *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;  
24 105-264; [Chapter 105, Articles 39, 40, 42, 43, and 46,] 105-467; 105-468; 105-469; 105-483;  
25 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;

26 Eff. February 1, 1976-1976;

27 Readopted Eff. January 1, 2024.

1 17 NCAC 07B .5004 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 .5004 TAXABLE OPTICAL SUPPLIES**

5 (a) ~~[Supplies for Corrective Eyeglasses—]~~All sales to users or ~~[Sales]~~ The sale to consumers of eyeglass frames not  
6 for use in connection with eyeglasses ground on prescription, sunglasses not ground on prescription, solutions for  
7 cleaning eyeglasses, telescopes, binoculars, opera glasses, and similar items, by whomsoever made, eyeglass cleaning  
8 cloths or wipes, eyeglass cases, eyeglass chains or cords, and similar [corrective] eyeglass supplies are exempt from  
9 sales and use tax pursuant to G.S. 105-164.13(12), provided that: [when such sales are made separate and apart from  
10 a corrective eyeglass sale or when they]

11 (1) The items are sold with corrective [eyeglasses, but] eyeglasses and the items are not billed separate  
12 and apart from the corrective [eyeglasses,] are subject to the applicable statutory state and local sales  
13 or use tax. [general State, and applicable local and transit rates of sales and use tax.] In addition, the  
14 retail sale of nose pads, temples and any other repair parts for eyeglass frames are subject to the tax  
15 without regard to whether the repair parts are sold to be used on frames with prescription lens. All  
16 persons, including opticians, optometrists, and oculists, making such sales shall register as retail  
17 merchants and collect and remit the tax due thereon. eyeglasses; and

18 (2) The sale is a bundled transaction pursuant to G.S. 105-164.4D.

19 (b) ~~[Supplies for Corrective Contact Lenses— Sales]~~ The sale to consumers of aseptors, salt tablets, squeeze bottles,  
20 carrying cases, ~~[patient]~~ contact lens instruction booklets, ~~[patient]~~ contact lens care kits, and similar ~~[corrective]~~  
21 contact lens supplies are exempt from sales and use tax pursuant to G.S. 105-164.13(12), provided that: [when such  
22 sales are made separate and apart from a corrective contact lens sale or when they]

23 (1) The items are sold with corrective contact [lenses, but] lenses and the items are not billed separate  
24 and apart from the corrective contact [lenses, are subject to the general State, and applicable local  
25 and transit rates of sales and use tax.] lenses; and

26 (2) The sale is a bundled transaction pursuant to G.S. 105-164.4D.

27 ~~[(c) Supplies for Non-Corrective Eyeglasses or Contact Lenses— Sales to consumers of optical supplies for non-~~  
28 ~~corrective eyeglasses or contact lenses are subject to the general State, and applicable local and transit rates of sales~~  
29 ~~and use tax.]~~

30 ~~[(d) Other Optical Items— Sales to consumers of telescopes, binoculars, opera glasses, and similar items are subject~~  
31 ~~to the general State, and applicable local and transit rates of sales and use tax.]~~

32  
33 *History Note:* Authority G.S. 105-164.4; 105-164.4D; 105-164.6; 105-164.13; 105-262; 105-264; ~~Article 39;~~  
34 ~~Article 40; Article 42; Article 43; Article 44; Article 46;~~ [Chapter 105, Articles 39, 40, 42, 43, and  
35 46;] 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3;  
36 105-537; 105-538;

37 *Eff. February 1, 1976;*

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*Amended Eff. October 1, 2009; October 1, 1993; October 1, ~~1991~~, 1991;  
Readopted Eff. January 1, 2024.*