

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:

3  
4 **17 NCAC 07B .4203 CONTRACTORS FOR THE FEDERAL GOVERNMENT**

5 Sales Pursuant to G.S. 105-164.4, sales of tangible personal property items, as the term item is defined in G.S. 105-  
6 164.3, to contractors for use in performing contracts with the United States Government or its agencies and  
7 instrumentalities are subject to the applicable statutory state [general State,] and [applicable] local [and transit rates of  
8 ]sales or and use tax-tax unless the terms of the contract between the contractor and the United States Government  
9 contain title-passage provisions of the Federal Acquisition Regulations where the title to the items purchased by the  
10 contractor is transferred to the United States Government on a regular, recurring, and routine basis.

11  
12 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article*  
13 *42; Article 43; Article 44; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-*  
14 *469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
15 *Eff. February 1, 1976;*  
16 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991-1991;*  
17 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4205 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 .4205 FEDERAL CREDIT UNIONS AND THE FARM CREDIT SYSTEM**

5 (a) ~~Federal Credit Unions:Unions.~~ -- Sales of tangible personal property to, or purchases by, federal credit unions  
6 organized under the Federal Credit Union Act, 12 U.S.C. §§ 1751 et seq., are exempt from North Carolina sales and  
7 use ~~tax-tax, pursuant to G.S. 105-164.13(17).~~ See 12 U.S.C. § 1768.

8 (b) ~~The Farm Credit System:System.~~ -- Sales to, or purchases by, the farm credit system, as composed in U.S.C. §  
9 2002, are exempt from North Carolina sales and use ~~[tax-]tax, pursuant to G.S. 105-164.13(17).~~ The ~~Farm Credit~~  
10 ~~System, 12 U.S.C. §§ 2001 et seq.,~~ farm credit system includes the Farm Credit Banks, the bank for cooperatives,  
11 ~~Agricultural Credit Banks,~~ the Federal ~~land bank associations,~~ Land Bank Associations, the Federal Land Credit  
12 ~~Associations,~~ the ~~production credit associations,~~ Production Credit Associations, the agricultural credit associations,  
13 the Federal Farm Credit Banks Funding Corporation, the Federal Agricultural Mortgage Corporation, service  
14 corporations established pursuant to 12 U.S.C. § 2211, ~~the banks for cooperatives,~~ and such other institutions as may  
15 be made part of the ~~System,~~ farm credit system, all of which ~~are shall be~~ chartered by and subject to the regulation of  
16 ~~by~~ the Farm Credit Administration.

17 (1) ~~— Sales of tangible personal property to Farm Credit Banks and Federal land banks are exempt from~~  
18 ~~North Carolina sales and use tax. See 12 U.S.C. §§ 2023 and 2098.~~

19 (2) ~~— Sales of tangible personal property to production credit associations and banks for cooperatives for~~  
20 ~~use or consumption are subject to the applicable statutory state and local sales or use tax. See 12~~  
21 ~~U.S.C. §§ 2077 and 2134.~~

22  
23 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39; Article 40; Article*  
24 *42; Article 43; Article 44; [Chapter 105, Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-*  
25 *469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538; 12*  
26 *U.S.C. 1768; 12 U.S.C. 2023; 12 U.S.C. 2077; 12 U.S.C. 2098; 12 U.S.C. 2134; 12 U.S.C. 2214;*  
27 *Eff. February 1, 1976;*  
28 *Amended Eff. September 1, 2006; November 1, 1995; January 1, 1995; January 3, ~~1984.~~1984;*  
29 *Readopted Eff. January 1, 2024.*

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 ~~sourced to~~ sourced to the ~~Cherokee Indian~~ EBCI Reservation are  
8 exempt from sales and use ~~taxes-tax~~ when such merchants are authorized to do business on the EBCI  
9 Reservation and are paying the tribal gross receipts levy to the Tribal Council. ~~The above exemption~~  
10 from the tax is applicable to all sales by merchants on the Reservation. This exemption applies  
11 without regard 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 the EBCI Reservation are exempt from  
13 sales and use tax, pursuant to G.S. 105-164.13(25), provided the retailer that offers the entertainment  
14 activity is authorized to do business on the EBCI Reservation and pays the tribal gross receipts levy  
15 to the Tribal Council. This exemption applies without regard to whether a purchaser is an enrolled  
16 member of the EBCI.

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

- 18        (1) Items Sourced to a Native American Nation's Indian Country. -- Sales Pursuant to G.S. 105-  
19 164.13(17), retail sales of tangible personal property items to a federally recognized Native  
20 American nation or an enrolled member of the federally recognized Native American nation residing  
21 within that nation's Indian Country, as the term Indian Country is defined in 18 U.S.C. 1151, by  
22 in state vendors or out of state vendors to the Eastern Band of Cherokee Indians or to individual  
23 Indians of the band are exempt from sales and use ~~taxes-tax~~ when delivery of the property occurs  
24 on the Reservation, such items are sourced to the nation's Indian Country.  
25        (2) Items Sourced Outside a Native American Nation's Indian Country. -- Sales-Retail sales of tangible  
26 personal property by in state or out of state vendors items to the Eastern Band of Cherokee Indians, a  
27 federally recognized Native American nation or to individual Indians of the band, to contractors or  
28 anyone else representing Indians an enrolled member of the federally recognized Native American  
29 nation are subject to ~~the applicable rates of~~ sales or and use taxes ~~tax-tax~~, pursuant to G.S. 105-  
30 164.4, when delivery thereof occurs sourced outside the Reservation nation's Indian Country even  
31 though such ~~property-items~~ may be used, or incorporated into improvements ~~on the~~  
32 Reservation, within the nation's Indian Country.

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

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

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

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

21  
22 *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;*  
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;*  
26 *Amended Eff. January 1, 1982-1982;*  
27 *Readopted Eff. January 1, 2024.*  
28

1 17 NCAC 07B .4301 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 .4300 – REFUNDS TO INTERSTATE CARRIERS**

5  
6 **17 NCAC 07B .4301 REFUNDS TO INTERSTATE CARRIERS**

7 (a) ~~Scope~~ Scope. -- This Rule explains the sales and use tax refund allowed to interstate carriers under ~~G.S. 105-~~  
8 ~~164.14(a)~~ G.S. 105-164.14(a). ~~The refund authorized by that statute does not apply to taxes~~ Taxes listed in ~~17 NCAC~~  
9 ~~07B .1602(d).~~ 17 NCAC 07B .1602(f). 17 NCAC 07B .1602(f) are not eligible for refund as exceeding the scope of  
10 G.S. 105-164.14(a).

11 (b) ~~Eligible Items~~ Items. -- ~~Sales and use taxes paid on~~ The items eligible for refund are railway cars and locomotives  
12 ~~locomotives, are eligible for refund. In addition, the following items are considered to be~~ and fuel, a lubricant,  
13 ~~a lubricants, repair part, or an accessory,~~ parts, accessories, service contracts, and repair, maintenance, and installation  
14 ~~services for a motor vehicle, railroad car, locomotive, or airplane the carrier operates. Therefore, sales and use taxes~~  
15 ~~paid on purchases of the following items are~~ Other items eligible for refund under G.S. 105-164.14(a); when purchased  
16 by an interstate carrier for a motor vehicle, railroad car, locomotive, or airplane it operates include:

- 17 (1) antennas;
- 18 (2) antifreeze;
- 19 (3) bedding for motor vehicle sleeping compartments;
- 20 (4) charts for tachographs;
- 21 (5) decals for motor vehicles;
- 22 (6) emergency flares and reflectors;
- 23 (7) fire extinguishers;
- 24 (8) freon or nitrogen used in refrigerating and cooling motor vehicles;
- 25 (9) furniture pads;
- 26 (10) lifeboats and oxygen masks;
- 27 (11) load jacks and chains;
- 28 (12) mobile CB radios;
- 29 (13) motor vehicle seat cushions;
- 30 (14) paints for decals;
- 31 (15) polyethylene liners ~~(used to waterproof trailers);~~ used to waterproof trailers;
- 32 (16) pouches for registration cards and permits;
- 33 (17) radios;
- 34 (18) ramp equipment ~~(aircraft steps used to embark or disembark aircraft);~~ aircraft;
- 35 (19) ropes and chains to tie down cargo (adapted for use on motor vehicles; otherwise not allowed);
- 36 (20) signs ~~(metal signs attached to trucks);~~ trucks;
- 37 (21) tarpaulins;

- 1 (22) tire chains;
- 2 (23) tire and tubes;
- 3 (24) welding rods for repair of motor vehicles;
- 4 (25) windshield solvents; or
- 5 (26) zipped covers for grills.

6 (c) Items not ~~Eligible-Eligible.~~ -- The following items are not considered to be fuel, a lubricant, a repair part, or an  
 7 accessory. ~~Therefore, sales and use taxes paid on purchases of the following items are not eligible for refund under~~  
 8 ~~G.S. 105-164.14(a);~~ G.S. 105-164.14(a) include:

- 9 (1) ~~certain digital [property;]~~ property, as defined in G.S. 105-164.3;
- 10 (2) ~~drivers' gloves;~~
- 11 ~~(2)(3)~~ (3) ~~drivers' uniforms;~~
- 12 ~~(3)(4)~~ (4) ~~food trays (airplanes);~~ on airplanes;
- 13 ~~(4)(5)~~ (5) ~~fork lift tires and parts;~~
- 14 ~~(5)(6)~~ (6) ~~gauges for testing equipment;~~
- 15 ~~(6)(7)~~ (7) ~~hand trucks;~~
- 16 ~~(7)~~ ~~license and inspection fees;~~
- 17 (8) ~~pallets;~~
- 18 (9) ~~pillows (airplanes);~~ on airplanes;
- 19 (10) ~~repair labor;~~ pipled natural gas;
- 20 ~~(11)~~ ~~road service charges;~~
- 21 ~~(12)(11)~~ (11) ~~security seals;~~
- 22 ~~(13)~~ ~~sixty percent on recapped tires where forty percent of the combined price is taxed (17 NCAC 07B~~  
 23 ~~.1901);~~
- 24 ~~(14)(12)~~ (12) ~~tire volume discounts;~~
- 25 ~~(15)(13)~~ (13) ~~tools, shop supplies;~~
- 26 ~~(16)(14)~~ (14) ~~trip logs; or~~
- 27 ~~(17)(15)~~ (15) ~~wax and washing supplies.~~

28 ~~(d) Other Items [Items.]~~ ~~The lists in this Rule do not include every item that is or is not subject to refund. [An~~  
 29 ~~interstate carrier may request] Upon request, the Sales and Use Tax Division [issue a determination regarding whether]~~  
 30 ~~shall determine if an item not included in either list is subject to refund.~~

31 ~~(e)(d)~~ (d) ~~Amount of Refund-Refund.~~ -- G.S. 105-164.14(a) sets out the formula for computing the amount of a refund.  
 32 Under the formula, an interstate carrier ~~receives~~ may receive a refund for a percentage of the tax paid on eligible items.

33 ~~(f)(e)~~ (e) ~~Due date of Claim for Refund.~~ -- An interstate carrier claim for refund shall be filed quarterly on Form E-581,  
 34 Interstate Carrier Claim for Refund State, County, and Transit Sales and Use Taxes. A claim is due within [sixty  
 35 (60)]60 days from the close of each calendar quarter ending in March, June, September, and December of each year  
 36 covering the purchases or acquisitions during the preceding quarter. [An interstate carrier claim for refund shall be  
 37 filed within three years after the due date. A refund claim filed more than three (3) years after the due date is barred.]

1 ~~(g)~~ (f) Form E-581, requires the following information:

- 2 (1) name and address of entity requesting the refund;
- 3 (2) Federal Employer Identification Number;
- 4 (3) North Carolina sales and use tax account number;
- 5 (4) refund period beginning and ending dates;
- 6 (5) contact person name and telephone number;
- 7 (6) name(s) of the taxing county;
- 8 (7) total miles of operation;
- 9 (8) total miles operated in North Carolina;
- 10 (9) the ratio of miles operated in North Carolina;
- 11 (10) total eligible purchases inside and outside North Carolina, not including sales tax paid;
- 12 (12) purchases per mile ratio;
- 13 (13) state sales and use tax paid on eligible purchases;
- 14 (14) state sales and use tax on purchases per mile ratio;
- 15 (15) amount of state sales and use tax refund;
- 16 (16) the ratio of county and transit sales and use tax refund;
- 17 (17) county and transit sales and use tax paid on eligible purchases;
- 18 (18) amount of county and transit sales and use tax refund;
- 19 (19) total refund amount requested;
- 20 (20) signature of person authorized to legally bind entity and date form signed.

21 ~~(h)~~ (g) Aviation Gasoline and Jet Fuel. -- An interstate ~~carrier~~ carrier's claim for refund for taxes paid at the  
22 combined general rate pursuant to G.S. 105-164.4(a)(15), shall be filed quarterly on Form E-581A, Interstate Carrier  
23 Claim for Refund Combined General Rate Sales and Use Taxes. A claim is due within ~~sixty (60)~~ 60 days from the  
24 close of each calendar quarter ending in March, June, September, and December of each year covering the purchases  
25 or acquisitions during the preceding quarter. ~~[An interstate carrier claim for refund shall be filed within three years~~  
26 ~~after the due date. A refund claim filed more than three (3) years after the due date is barred.]~~

27 ~~(i)~~ (h) Form E-581A, requires the following information:

- 28 (1) name and address of entity requesting the refund;
- 29 (2) Federal Employer Identification Number;
- 30 (3) North Carolina sales and use tax account number;
- 31 (4) refund period beginning and ending dates;
- 32 (5) contact person name and telephone number;
- 33 (6) total miles of operation;
- 34 (7) total miles operated in North Carolina;
- 35 (8) ratio of miles operated in North Carolina;
- 36 (9) total North Carolina combined general rate of sales and use tax paid on all purchases of aviation  
37 gasoline and jet fuel;

1 (10) total refund amount requested;

2 (11) signature of person authorized to legally bind entity and date form signed.

3

4 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264; [Chapter 105, Articles 39,*  
5 *40, 42, 43, and 46;] 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-*  
6 *510.1; 105-511.3; 105-537; 105-538;*

7 *Eff. February 1, 1976;*

8 *Amended Eff. September 1, 2006; July 1, 2000; August 1, 1998; August 1, 1996; October 1, 1993;*  
9 *July 1, 1990; February 1, 1987; March 1, ~~1984-1984;~~*

10 *Readopted Eff. January 1, 2024.*



1 17 NCAC 07B .4302 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 .4302 REFUNDS TO RAILROAD COMPANIES**

5 (a) In General. -- Railroad companies, when applying for refunds pursuant to G.S. 105-164.14(a), shall comply with  
6 application frequency and form requirements set out in 17 NCAC 07B .4301.

7 (b) Railcars Not Owned by [Foreign Line] Refund Applicant -- The [An] A refund applicant's total eligible purchases  
8 shall include the repair of railroad cars of a foreign line operated used by, but not owned by anthe applicant shall be  
9 included in total purchases by the applicant for refund regardless of the fact that the operating company applicant may  
10 bill the owner of the railcars for repairs performed on such railroad cars. The [ear] miles that [foreign cars] a railcar  
11 not owned by the applicant travel over the rail lines of the applicant [for refund] shall be [taken into  
12 consideration] included in establishing the number of miles of operation in this State and the total number of miles of  
13 operation inside and outside this State for the calendar quarter.

14 (c) Railcars Owned by Refund Applicant. -- Repairs to the applicant's cars operating on foreign lines [An] A refund  
15 applicant's total eligible purchases shall be excluded exclude repairs to [the applicant's] railroad cars owned by the  
16 applicant, but operating on [foreign] rail lines of another railroad company, since such [railroad] cars are not being  
17 operated by the applicant for refund, [applicant] regardless of the fact that the foreign other railroad company may bill  
18 the applicant for repair parts used to maintain the applicant's railroad cars when in operation over foreign the other  
19 railroad's rail lines. Additionally, an applicant's total eligible purchases shall exclude fuel, lubricants, repair parts,  
20 accessories, service contracts, and repair, maintenance, and installation services for which the applicant is billed by  
21 [the operating] another railroad company when its railroad cars are traveling over [foreign lines] the other railroad's  
22 rail lines. Because [because] there is no record kept of the miles that the applicant's railroad cars may travel over  
23 foreign lines, [lines.] the applicant for refund shall exclude lubricants, repair parts and accessories for which the  
24 applicant is billed by the operating company when its cars are traveling over foreign lines; however, the car miles that  
25 foreign cars travel over the lines of the applicant for refund shall be taken into consideration in establishing the number  
26 of miles of operation in this state and the total number of miles of operation within and without this state for the  
27 calendar quarter.

28 (d) Locomotives. -- Locomotives are not ordinarily interchanged in the same manner as railroad cars; however, if  
29 locomotives are operated in the same manner as railroad cars, the The provisions of this Rule will shall also be  
30 applicable apply to the operation of locomotives.

31  
32 *History Note: Authority G.S. 105-164.14; 105-262; 105-264;*  
33 *Eff. February 1, 1976;*  
34 *Amended Eff. October 1, 1993-1993;*  
35 *Readopted Eff. January 1, 2024.*  
36

1 17 NCAC 07B .4401 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 .4400 - LEASE OR RENTAL**

5  
6 **17 NCAC 07B .4401 LEASE RECEIPTS**

7 (a) Rate of Tax. -- Pursuant to G.S. 105-164.4, the gross receipts or gross proceeds derived from or the total  
8 amount agreed to be paid for the lease or rental, rental within North Carolina, of all kinds and types of tangible personal  
9 property not specifically exempt by statute are subject to the sales or use tax at the same rate-rates, including any  
10 maximum tax, which is applicable that apply to the retail sale of such property. The maximum tax, if applicable, shall  
11 be determined for each lease or rental of tangible personal property, not on the aggregate tax for all leases or rentals  
12 of the leased tangible personal property.

13 (b) Computation of Tax. -- The taxA person shall be computed and paid on suchcompute and pay tax on the gross  
14 receipts, gross proceeds, or rental payable receipts without any [deduction]deduction, whatsoever for any expense  
15 incident to the conduct of business.[conducting business, including expenses such as property taxes, interest, insurance  
16 charges, maintenance fees, and delivery charges.]

17 (c) Due Date. -- The tax is due and payable at the time the lessor or retailer bills the lessee for the rent whether such  
18 billing is for the lump sum rental or on a monthly or other periodic basis.

19 (d) Sale of Leased Tangible Personal Property. -- A retailer who leases or rents tangible personal property shall also  
20 collect the tax on the separate retail sale of the tangible personal property.

21  
22 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;*  
23 *Eff. February 1, 1976-1976;*  
24 *Readopted Eff. January 1, 2024.*  
25

1 17 NCAC 07B .4403 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 .4403 MAINTENANCE OF LEASED PROPERTY**

5 (a) Sales-Purchases of tangible personal property to registered lessors or retailers for the purpose of lease or rental  
6 exclusively [by a person that leases tangible personal property] are wholesale sales [when such purchased property is]  
7 used to repair or maintain tangible personal property held for lease or rent are wholesales sales pursuant to G.S. 105-  
8 164.3(281) provided that the purchased property [and] becomes part of the tangible personal property [held] for lease  
9 or [rental.]rent and the purchase is made by a person engaged in the business of leasing and renting the tangible  
10 personal property held for lease or rent. [These] Pursuant to G.S. 105-164.13(5), these wholesale sales and are not  
11 subject to tax provided completed and executed certificates of resale are furnished to the vendors of such  
12 property when the purchaser complies with 17 NCAC 07B .0106. Sales

13 (b) [Purchases] Sales of lubricants, repair parts and accessories to such lessors or retailers repair, maintenance, and  
14 installation services [by a person that leases tangible personal property] who use them [uses the services] used to repair,  
15 recondition or maintain recondition, or maintain [any] such leased or rented tangible personal property held by the  
16 purchaser for lease or rental are also wholesale sales when completed and executed certificates of resale are provided  
17 to vendors of this type property, wholesale sales pursuant to G.S. 105-164.3(281) and are [not subject to] exempt from  
18 tax pursuant to G.S. 105-164.13(5) when the purchaser complies with 17 NCAC 07B .0106.

19 (b)(c) Except as provided in [paragraph (a),] Paragraphs (a) and (b), Lessors are a [person that leases tangible personal  
20 property] lessor is responsible for payment of any applicable statutory state and local the sales and use tax [at the  
21 applicable rate unless an exemption applies to the purchase,] tax, pursuant to G.S. 105-164.4. [Such] Examples of  
22 tangible personal property [subject to tax] that a lessor is liable for sales and use tax upon purchase includes, tools,  
23 shop supplies, and other tangible personal property that are used to repair tangible personal property held for lease or  
24 rental that do not become part of the tangible personal property held for lease or rental, on the cost price of such items  
25 if they are used for a purpose other than repairing or maintaining leased or rented property or if they are resold as  
26 such. Any tax due thereon is to be paid to the Secretary of Revenue on the lessors' or retailers' sales and use tax  
27 returns.

28 (b)(e)(d) When the a lessee purchases lubricants and repair parts to maintain tangible personal property or repair,  
29 maintenance, and installation [services] services, to repair or maintain items being leased or rented, the lessee is liable  
30 for payment of the applicable statutory state [general State,] and [applicable] local [and transit rates of] sales or and use  
31 tax on the cost price of such purchases to the vendors or to the Secretary of Revenue, purchase price. If a separate  
32 maintenance agreement for a fixed fee where no separate charge is made for parts and labor is executed by the lessor  
33 and lessee whereby the lessor or the lessee agrees, for a consideration separate from the lease payments, to maintain  
34 property being leased or rented, purchases of repair parts and lubricants by either party are subject to the tax payable  
35 by the purchaser thereof as described in this Rule.

1 *History Note:* *Authority G.S. 105-164.4; ~~105-164.5~~; 105-164.6; 105-262; 105-264; ~~Article 39~~; ~~Article 40~~; Article*  
2 *~~42~~; ~~Article 43~~; ~~Article 44~~; ~~Article 46~~; [Chapter 105, Articles 39, 40, 42, 43, and 46]; 105-467; 105-*  
3 *468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
4 *Eff. February 1, 1976;*  
5 *Amended Eff. May 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; March 1, ~~1984~~.1984;*  
6 *Readopted Eff. January 1, 2024.*

7

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~~ Pursuant to G.S. 105-164.3(121), a person that provides tangible personal property furnishes  
6 with an operator for a fixed or indeterminate period of time or crew to operate such property, such owner is not deemed  
7 to be renting or leasing the property but is rendering a service if the operator is necessary for the equipment to perform  
8 as designed and for purposes of G.S. 105-164.4, the receipts therefrom from such services are not subject to the sales  
9 or use tax unless the service is a repair, maintenance, and installation service or other taxable service. An operator  
10 is necessary for tangible personal property to perform as designed when the operator's presence, skill, knowledge, and  
11 expertise are necessary for the tangible personal property to perform as designed. An operator who only maintains,  
12 sets-up, ~~inspects, or monitors~~ or inspects the tangible personal property, or any combination of such actions, is not  
13 necessary for the tangible personal property to perform as designed. For example, a business provides its customer a  
14 crane with an operator for one hour, this is not is a lease or rental of the crane, as the operator is necessary for the  
15 crane to perform as designed.

16 (b) A person that purchases tangible personal property to provide a service identified in paragraph (a) of this Rule  
17 shall pay ~~the applicable rates of~~ sales and use tax on the purchase price of the tangible personal ~~property,~~ property,  
18 pursuant to G.S. 105-164.4, as the consumer of the tangible personal property.

19 (c) A person that provides tangible personal property with an operator identified in paragraph (a) of this Rule and  
20 rents similar items of tangible personal property shall pay ~~the applicable rates of~~ sales and use tax pursuant to G.S.  
21 105-164.4, on the purchase price of all items of tangible personal property it purchases unless it keeps separate  
22 inventory of items purchased to rent.

23 ~~(e)~~ (d) Persons purchasing A person that provides the type of service described in paragraph (a) of this Rule that  
24 purchases repair parts, lubricants-lubricants, and other tangible personal property-property, or repair, maintenance,  
25 and installation services to maintain or repair tangible personal property for use in rendering such service are liable  
26 for payments shall pay ~~the applicable rates~~ of sales or and use tax pursuant to G.S. 105-164.4, at the applicable rate on  
27 the purchase price-price of such ~~items,~~ items, as the consumer of the repair parts, lubricants, other tangible personal  
28 property, or repair, maintenance, and installation services.

29 (d) Failure of a person to keep records that establish the ~~service is exempt from tax~~ provision of equipment with an  
30 operator is a service, subjects the person to liability for sales and use tax on the receipts derived from the transaction.

31  
32 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.22; 105-262; 105-264; [Chapter 105,  
33 Articles 39, 40, 42, 43, and 46;] 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-  
34 509.1; 105-510.1; 105-511.3; 105-537; 105-538;

35 *Eff. February 1, 1976-1976;*

36 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4406 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 .4406 INSURANCE ON LEASED PROPERTY**

5 (a) Insurance Obtained by Lessor. -- The gross ~~proceeds receipts~~ derived from ~~or amounts agreed to be paid for the~~  
6 lease or rental of all kinds and types of tangible personal property for storage, ~~use use,~~ or consumption within this  
7 state ~~State~~ are subject to ~~the [general State, and ] applicable statutory state and local [and transit rates of ] sales or and~~  
8 use taxes, ~~[tax.] tax, pursuant to G.S. 105-164.4.~~ The tax shall be computed on the gross receipts, ~~gross proceeds or~~  
9 ~~rental payable receipts~~ without any deduction ~~whatsoever~~ for any insurance charges paid to insure the property of the  
10 lessor or to insure the lessor against liability for damages to the property or person of others.

11 (b) Insurance Obtained by Lessee. -- Insurance premiums paid by the lessee directly to the insurer, or to the lessor as  
12 agent for transmittal to the insurer, are not subject to sales and use ~~[tax] tax~~ as imposed by G.S. 105-164.4. ~~When~~  
13 ~~the~~ ~~when~~ a lessee purchases insurance on ~~his~~ ~~the lessee's~~ own property or to insure ~~himself~~ ~~themselves~~ against liability  
14 for damages to the property or person of ~~others, others.~~ insurance premiums paid by such lessee directly to the insurer  
15 or to the lessor as agent for transmittal to the insurer are exempt from tax. ~~If the lessee pays such insurance~~ Insurance  
16 premiums paid directly by the lessee to the lessor as agent for transmittal to the insurer, such amounts are exempt from  
17 ~~tax provided they are~~ insurer shall be separately stated from the lease or rental charges for the lease or rental of tangible  
18 personal property in the lessor's records and on the ~~invoice invoice,~~ or similar billing document, given to the lessee;  
19 otherwise, pursuant to G.S. 105-164.22, the total amount charged by the lessor is subject to ~~the sales and use tax.~~

20  
21 *History Note:* Authority G.S. 105-164.4; 105-164.6; 105-164.22; 105-262; 105-264; [Chapter 105, Articles 39,  
22 40, 42, 43, and 46;] Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; 105-467;  
23 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-  
24 538;  
25 *Eff. February 1, 1976;*  
26 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, 1980.1980;*  
27 *Readopted Eff. January 1, 2024.*

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, 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 pressing pressing, 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~~ tax, pursuant to G.S.  
8 105-164.13(32), but are subject to the three percent (3%) highway use tax ~~unless exempt under Article 5A of Chapter~~  
9 105 of the North Carolina General Statutes. ~~imposed by G.S. 105-187.3, unless exempt pursuant to G.S. 105-187.6(9)~~  
10 or G.S. 105-187.6(10).

11 (b) Highway Use Tax Administration. -- The highway use tax is administered by the Division of Motor Vehicles. The  
12 highway use tax shall be paid to the Commissioner of Motor Vehicles by the dealer, the purchaser, or other applicant  
13 for a certificate of title at the time of making application.

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

21 ~~(c)~~ (d) Privately Owned Fire Trucks. -- Privately Retail sales of privately owned fire trucks or vehicles on which that  
22 have permanently attached fire fighting ~~firefighting~~ equipment has been mounted that and are used only for fire  
23 fighting ~~firefighting~~ purposes are classified as special mobile equipment, not a motor vehicle as defined in G.S. 105-  
24 164.3, and sales thereof are not exempt under G.S. 105-164.13(32), but are subject to the ~~general State and~~ applicable  
25 statutory state and local ~~and transit rates of~~ sales or and use ~~tax.~~ tax, pursuant to G.S. 105-164.4.

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

30  
31 *History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; ~~Chapter 105, Articles 39, 40, 42, 43, and~~  
32 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; 105-467; 105-468; 105-469; 105-483;~~  
33 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;

34 *Eff. February 1, 1976;*

35 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3,*  
36 *1984-1984;*

37 *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 the 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 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.*  
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