

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. Qualifying United States Government agencies and instrumentalities are divisions  
9 of the federal government created to provide a necessary public service and are immune from sales and use tax under  
10 federal law. In order for a transaction to be a sale to the United States Government, ~~the government or~~ qualifying  
11 agency or instrumentality thereof, the entity involved must make the shall purchase of the property, ~~obtain title to the~~  
12 ~~property before or at the time it is delivered, and pay the item~~ directly to from the vendor the purchase price of such  
13 property or use a government bankcard to pay the vendor the purchase price of such property. ~~retailer and make~~  
14 payment directly to the retailer with its own funds. For example, meals and lodging billed to and paid for by the federal  
15 government are not subject to sales and use tax, however meals and lodging billed to and paid for by a federal employee  
16 who is subsequently reimbursed by the federal government are subject to sales and use tax.

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

23 (c) Sales made to Army, Navy and Air Force Activities Funds, post exchanges, officers' mess funds,  
24 noncommissioned officers funds and other voluntary unincorporated organizations of Army, Navy, Marine Corps, Air  
25 Force, or Coast Guard personnel authorized by regulations issued by the Departments of Defense, Army, Navy or Air  
26 Force are ~~likewise exempt from~~ not subject to sales and use tax.

27  
28 *History Note: Authority G.S. 105-164.13; 105-262; 105-264;*  
29 *Eff. February 1, 1976;*  
30 *Amended Eff. August 1, 1988-1988;*  
31 *Readopted Eff. January 1, 2024.*  
32

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:

3  
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, purchase requisitions or affidavits ~~affidavits,~~  
8 ~~signed by the purchasing officer stating that such sales are being made directly to the United States Government or an~~  
9 ~~agency or instrumentality thereof or other information provided to substantiate the exemption from sales and use tax.~~  
10 Copies of ~~such purchase requisitions or affidavits must~~the documentation ~~be retained by the vendor in his files for~~  
11 ~~three years following the date of sale and must be available for inspection by the Secretary of Revenue or her the~~  
12 Secretary's agents upon request.

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

16 (1) ~~Fleet Cards: All Federal Government fleet cards are centrally billed. This means that all charges~~  
17 ~~are billed directly to and paid directly by the Federal Government and are exempt from the general~~  
18 ~~rate of State tax and any applicable local sales and use tax.~~Centrally billed charges are billed directly  
19 to and paid directly by the United States Government and are exempt from sales and use tax.

20 (2) ~~Purchase Cards: All Federal Government purchase cards are centrally billed. This means that all~~  
21 ~~charges are billed directly to and paid directly by the Federal Government and are exempt from the~~  
22 ~~general rate of State tax and any applicable local sales and use tax.~~Individually billed charges are  
23 billed to and paid by the federal employee who is then reimbursed by the United States Government.  
24 Individually billed charges are subject to the applicable rates of sales and use tax.

25 (3) ~~Travel Cards: Federal Government travel cards may be centrally billed or individually billed.~~  
26 ~~Individually billed charges are billed to and paid by the Federal employee who is then reimbursed~~  
27 ~~by the Federal Government. These charges are subject to the general rate of State tax and any~~  
28 ~~applicable local sales and use tax. Centrally billed charges are billed directly to and paid directly~~  
29 ~~by the Federal Government and are exempt from to the general rate of State tax and any applicable~~  
30 ~~local sales and use tax.~~

31 (4) ~~Integrated Cards: Federal Government integrated cards include fleet, travel, purchase transactions~~  
32 ~~or any combination thereof and offer the Federal Government a single card for all of its purchases.~~  
33 ~~This card is in use only at the Department of the Interior. All fleet and purchase type transactions~~  
34 ~~on an integrated card are centrally billed, and travel type transactions may be centrally billed or~~  
35 ~~individually billed. Centrally billed charges are billed directly to and paid directly by the Federal~~  
36 ~~Government and are exempt from the general rate of State tax and any applicable local sales and~~  
37 ~~use tax. Individually billed charges are billed to and paid by the Federal employee and then~~

1                   reimbursed by the Federal Government. These charges are subject to the general rate of State tax  
2                   and any applicable local sales and use tax.

3 (c) Other credit card programs implemented by qualifying agencies or instrumentalities of the United States  
4 Government are exempt from sales and use tax when the charges are centrally billed and directly paid by the qualifying  
5 agency or instrumentality.

6  
7 *History Note: Authority G.S. 105-164.13; 105-262; 105-264; ~~Article 39~~; ~~Article 40~~; ~~Article 42~~; ~~Article 43~~; ~~Article~~  
8 ~~44~~;*

9 *Eff. February 1, 1976;*

10 *Amended Eff. September 1, 2006; April 1, 1997; January 1, 1995; October 1, 1993; October 1,*  
11 *1991; August 1, ~~1988-1988~~;*

12 *Readopted Eff. January 1, 2024.*

13

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

11  
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;*  
14 *Eff. February 1, 1976;*  
15 *Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~.1991;*  
16 *Readopted Eff. January 1, 2024.*  
17

1 17 NCAC 07B .4204 is repealed pursuant to G.S. 150B-21.3A(c)(2)g without notice pursuant to G.S. 150B-1(D)(4)  
2 as follows:

3

4 **17 NCAC 07B .4204      GOVERNMENT AGRICULTURAL OFFICES**

5

6 *History Note:    Authority G.S. 105-164.13; 105-262;*

7 *Eff. February 1, ~~1976~~1976;*

8 *Repealed 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. ~~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. The Farm Credit System, 12 U.S.C. §§ 2001 et seq., farm  
10 credit system includes ~~the~~ Farm Credit Banks, the bank for cooperatives, Agricultural Credit Banks, the Federal land  
11 bank associations, Land Bank Associations, the Federal Land Credit Associations, the production credit  
12 associations, Production Credit Associations, the agricultural credit associations, the Federal Farm Credit Banks  
13 Funding Corporation, the Federal Agricultural Mortgage Corporation, service corporations established pursuant to 12  
14 U.S.C. § 2211, the banks for cooperatives, and such other institutions as may be made part of the System, farm credit  
15 system, all of which are shall be chartered by and subject to the regulation of by the Farm Credit Administration.

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

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

21  
22 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39; Article 40; Article*  
23 *42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46; 12 U.S.C. 1768; 12 U.S.C.*  
24 *2023; 12 U.S.C. 2077; 12 U.S.C. 2098; 12 U.S.C. 2134; 12 U.S.C. 2214;*  
25 *Eff. February 1, 1976;*  
26 *Amended Eff. September 1, 2006; November 1, 1995; January 1, 1995; January 3, ~~1984~~1984;*  
27 *Readopted Eff. January 1, 2024.*  
28

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:

3  
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~~, 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~~, or purchases by, state banks and state chartered credit unions ~~for use or~~  
10 ~~consumption of items~~ are subject to the applicable statutory ~~state~~State and local ~~rates of sales or and use tax-tax~~, unless  
11 ~~exempt by statute~~.

12  
13 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-264.26; 105-262; 105-264; Article 39;*  
14 *Article 40; Article 42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46; 12 U.S.C.*  
15 *1464(h); 12 U.S.C. 548;*  
16 *Eff. February 1, 1976;*  
17 *Amended Eff. September 1, 2006; January 1, 1995; October 1, 1993; October 1, ~~1991-1991~~;*  
18 *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 of ~~tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, by merchants  
7        on the ~~Cherokee Indian~~ EBCI Reservation are exempt from sales and use ~~taxes~~ tax when such  
8        merchants are authorized to do business on the EBCI Reservation and are paying the tribal gross  
9        receipts levy to the Tribal Council. ~~The above exemption from the tax is applicable to all sales by~~  
10       ~~merchants on the Reservation~~ This exemption applies without regard to ~~the status of the~~  
11       ~~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, provided the retailer that offers the entertainment activity is authorized to do  
14       business on the EBCI Reservation and pays the tribal gross receipts levy to the Tribal Council. This  
15       exemption applies without regard to whether a purchaser is an enrolled member of the EBCI.

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

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

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

32 (c) Real Property Contracts with Federally Recognized Native American Nations:

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



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

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

17  
18    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;  
19                    105-264; Chapter 105, Articles 39, 40, 42, 43, and 46;  
20                    Eff. February 1, 1976;  
21                    Amended Eff. January 1, 1982-1982;  
22                    Readopted Eff. January 1, 2024.  
23

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 listed in ~~17 NCAC 07B~~  
9 ~~.1602(d)~~ 17 NCAC 07B .1602(f).

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

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

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

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

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

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

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

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

37 (g) Form E-581, requires the following information:

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

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

- 26 (i) Form E-581A, requires the following information:
- 27     (1) name and address of entity requesting the refund;
  - 28     (2) Federal Employer Identification Number;
  - 29     (3) account number;
  - 30     (4) refund period beginning and ending dates;
  - 31     (5) contact person name and telephone number;
  - 32     (6) total miles of operation;
  - 33     (7) total miles operated in North Carolina;
  - 34     (8) ratio of miles operated in North Carolina;
  - 35     (9) total North Carolina combined general rate of sales and use tax paid on all purchases of aviation  
 36         gasoline and jet fuel;
  - 37     (10) total refund amount requested;

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

2

3    *History Note:    Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264; Chapter 105, Articles 39, 40,*

4            *42, 43, and 46;*

5            *Eff. February 1, 1976;*

6            *Amended Eff. September 1, 2006; July 1, 2000; August 1, 1998; August 1, 1996; October 1, 1993;*

7            *July 1, 1990; February 1, 1987; March 1, ~~1984~~1984;*

8            *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 17 NCAC 07B .4301.

7 (b) Railcars Owned by Foreign Line. -- ~~The An applicant's total purchases shall include the repair of railroad cars of~~  
8 a foreign line operated by an applicant ~~shall be included in total purchases by the applicant for refund~~ regardless of  
9 the fact that the operating company may bill the owner for repairs performed on such railroad cars. ~~The car miles that~~  
10 foreign cars travel over the lines of the applicant for refund shall be taken into consideration in establishing the number  
11 of miles of operation in this State and the total number of miles of operation inside and outside this State for the  
12 calendar quarter.

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

25 (d) Locomotives. -- Locomotives are not ordinarily interchanged in the same manner as railroad cars; however, if  
26 locomotives are operated in the same manner as railroad cars, the provisions of this Rule will also be applicable to the  
27 operation of locomotives.

28  
29 *History Note: Authority G.S. 105-164.14; 105-262; 105-264;*  
30 *Eff. February 1, 1976;*  
31 *Amended Eff. October 1, ~~1993~~ 1993;*  
32 *Readopted Eff. January 1, 2024.*  
33

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

13 (b) Computation of Tax. -- The tax A person shall be computed and paid on such compute and pay tax on the gross  
14 receipts, gross proceeds, or rental payable receipts without any deduction whatsoever for any expense incident to the  
15 conduct of business, conducting business, including expenses such as property taxes, interest, insurance charges,  
16 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 Property. -- A retailer who leases or rents property shall also collect the tax on the separate retail  
20 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 and becomes part of the tangible personal property held for lease  
8 or rental. These wholesale sales and are not subject to tax provided completed and executed certificates of resale are  
9 furnished to the vendors of such property when the purchaser complies with 17 NCAC 07B .0106. Sales-Purchases of  
10 lubricants, repair parts and accessories to such lessors or retailers repair, maintenance, and installation services by a  
11 person that leases tangible personal property who use them uses the services to repair, recondition or  
12 maintain recondition, or maintain any such leased or rented tangible personal property held for lease or rental are also  
13 wholesale sales when completed and executed certificates of resale are provided to vendors of this type property not  
14 subject to tax when the purchaser complies with 17 NCAC 07B .0106.

15 (b) ~~Except as provided in paragraph (a), Lessors are a person that leases tangible personal property is responsible for~~  
16 ~~payment of any applicable statutory state and local~~ the sales and use tax at the applicable rate unless an exemption  
17 applies to the purchase. Such tangible personal property subject to tax includes, tools, shop supplies, and other tangible  
18 personal property that are used to repair tangible personal property held for lease or rental that do not become part of  
19 the tangible personal property held for lease or rental. on the cost price of such items if they are used for a purpose  
20 other than repairing or maintaining leased or rented property or if they are resold as such. Any tax due thereon is to  
21 be paid to the Secretary of Revenue on the lessors' or retailers' sales and use tax returns.

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

30  
31 *History Note: Authority G.S. 105-164.4; ~~105-164.5~~; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article*  
32 *42; Article 43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
33 *Eff. February 1, 1976;*  
34 *Amended Eff. May 1, 2009; October 1, 1993; June 1, 1992; October 1, 1991; March 1, ~~1984~~ 1984;*  
35 *Readopted Eff. January 1, 2024.*  
36



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

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

5 (a) ~~If the owner of~~A person that provides tangible personal property ~~furnishes with~~ an operator for a fixed or  
6 indeterminate period of time ~~or crew to operate such property~~, such owner is not deemed to be renting or leasing the  
7 property ~~but~~ is rendering a service if the operator is necessary for the equipment to perform as designed and the receipts  
8 ~~therefrom from such services~~ are not subject to the sales or use ~~tax-tax~~ unless the service is a repair, maintenance, and  
9 installation service or other taxable service. An operator is necessary for tangible personal property to perform as  
10 designed when the operator's presence, skill, knowledge, and expertise are necessary for the tangible personal property  
11 to perform as designed. An operator who only maintains, sets-up, inspects, or monitors the tangible personal property,  
12 or any combination of such actions, is not necessary for the tangible personal property to perform as designed.

13 (b) A person that purchases tangible personal property to provide a service identified in paragraph (a) of this Rule  
14 shall pay the applicable rates of sales and use tax on the purchase price of the tangible personal property. A person  
15 that provides tangible personal property with an operator identified in paragraph (a) of this Rule and rents similar  
16 items of tangible personal property shall pay the applicable rates of sales and use tax on the purchase price of all items  
17 of tangible personal property it purchases unless it keeps separate inventory of items purchased to rent.

18 (c) ~~Persons purchasing~~A person that provides the type of service described in paragraph (a) of this Rule that purchases  
19 repair parts, ~~lubricants~~ lubricants, and other tangible personal ~~property~~ property, or repair, maintenance, and  
20 installation services to maintain or repair tangible personal property for use in rendering such service are liable for  
21 payments shall pay the applicable rates of sales ~~or~~ and use tax at the applicable rate on the purchase ~~price~~ price of such  
22 items.

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

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
27 *42, 43, and 46;*  
28 *Eff. February 1, 1976-1976;*  
29 *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~~ use  
8 taxes ~~tax~~. The tax shall be computed on the gross ~~receipts, gross proceeds or rental payable~~ receipts without ~~any~~  
9 deduction ~~whatsoever~~ for any insurance charges paid to insure the property of the lessor or to insure the lessor against  
10 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 ~~When the~~ when a lessee purchases insurance on  
13 his ~~the~~ lessee's own property or to insure ~~himself themselves~~ against liability for damages to the property or person  
14 of ~~others, others.~~ insurance premiums paid by such lessee directly to the insurer or to the lessor as agent for transmittal  
15 to the insurer are exempt from tax. If the lessee pays such insurance Insurance premiums paid directly by the lessee  
16 to the lessor as agent for transmittal to the ~~insurer, such amounts are exempt from tax provided they are~~ insurer shall  
17 be separately stated from the lease or rental charges for the ~~lease or rental~~ of tangible personal property in the lessor's  
18 records and on the ~~invoice invoice,~~ or similar billing document, given to the lessee; otherwise, the total amount charged  
19 by the lessor is subject to ~~the sales and use tax.~~

20  
21 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
22 *46; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;*  
23 *Eff. February 1, 1976;*  
24 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, ~~1980~~ 1980;*  
25 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4411 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 .4411      EXTENSION OF LEASES SUBJECT TO A MAXIMUM TAX**

5 When tangible personal property, the sale of which is subject to a maximum tax, is leased for a definite stipulated  
6 period of time, the lease payments during the lease period are subject to the maximum tax. If the original lease contains  
7 provisions for ~~extension-extension, whether by action or inaction, either by notification or by failure to notify the~~  
8 ~~lessor of termination,~~ the extended term of the lease is part of the original lease and the maximum tax ~~would~~  
9 ~~apply~~applies to the entire lease including any extension under the terms of the original lease. If, however, the original  
10 lease does not contain provisions for extension at the option of the lessee, whether by action or ~~nonaction,inaction,~~  
11 but a new lease agreement is subsequently entered ~~into-into, granting an extension or a new lease, there would be a~~the  
12 maximum tax applies separately to the second lease which would and does not have the benefit of any sales tax  
13 payments made by reason of the first lease with respect to the maximum tax-tax for the second lease.

14  
15 *History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;*  
16 *Eff. February 1, ~~1976~~1976;*  
17 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4413 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 .4413      CONDITIONAL SALES CONTRACT**

5 (a) A conditional sales contract is an agreement that requires the following:

- 6           (1)     The transfer of title under a security agreement or deferred payment plan upon completion of the  
7                    required payments; or  
8           (2)     The transfer of title upon completion of required payments and payment of an option price that does  
9                    not exceed the greater of one hundred dollars (\$100.00) or one percent (1%) of the total required  
10                  payments.

11 (b) An agreement that meets the requirements of paragraph (a) of this Rule does not constitute a lease or rental and is  
12 considered a conditional sales contract. Any applicable ~~statutory state and local~~ sales and use tax for a conditional  
13 sales contract is due upon delivery of the ~~tangible personal property~~ item, as the term item is defined in G.S. 105-164.3,  
14 to the purchaser.

15  
16 *History Note:     Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264;*  
17 *Eff. February 1, 1976;*  
18 *Amended Eff. August 1, 2009; October 1, ~~1993-1993;~~*  
19 *Readopted Eff. January 1, 2024.*

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

3  
4 **17 NCAC 07B .4415 SKATING RINK AND BOWLING ALLEY RENTAL FEES**  
5 ~~Charges-Admission charges~~ for the use of a skating rink or bowling alley to skate or bowl are not subject to sales or  
6 use ~~taxes;tax.~~ ~~however, if such businesses rent~~Charges for the rental of tangible personal property, such as skates and  
7 ~~shoes, charges for same~~shoes are subject to the general State, and applicable local and transit rates of sales and use  
8 tax. ~~Sales-Retail sales of tangible personal property items~~ by such businesses are subject to the applicable ~~statutory~~  
9 ~~state and local~~rates of sales or use tax.

10  
11 *History Note: Authority G.S. ~~105-164.3; 105-164.4; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and~~*  
12 *~~46; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
13 *Eff. February 1, 1976;*  
14 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991; 1991;~~*  
15 *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 to commercial laundries, pressing and dry cleaning plants-establishments, and similar businesses of laundry  
6 and dry cleaning machinery used in the direct performance of the laundering or the pressing and cleaning service ~~and~~  
7 ~~parts and accessories thereto~~ are exempt from sales and use tax. Parts and accessories attached to such equipment and  
8 lubricants applied to such equipment are also exempt from sales and use tax when purchased by commercial laundries  
9 and pressing and dry cleaning establishments. In addition, certain tangible personal property listed in G.S. 105-  
10 164.13(10)a. is exempt from tax when purchased by commercial laundries and pressing and dry cleaning  
11 establishments. The following items are exempt when sold to the herein named businesses: Items exempt from sales  
12 and use tax when purchased by commercial laundries and pressing and dry cleaning establishments include the  
13 following:

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

1           (15) bags, paper, and hangers applied directly to garments in the direct performance of laundering or the  
2           pressing and cleaning service; and

3           (16) starch, soaps, detergents, cleaning fluids, and other compounds or chemicals applied directly to  
4           garments in the direct performance of laundering or the pressing and cleaning service.

5 (b) ~~The following items are~~Items not classified as ~~laundering, pressing or~~laundering and dry cleaning machinery or  
6 parts ~~and or accessories thereto and are, therefore, are~~ subject to the general State, and applicable statutory state and  
7 local and transit rates of sales or and use tax-tax. Items not classified as laundering and dry cleaning machinery or  
8 parts or accessories include the following: when sold to the herein named businesses:

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

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

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

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

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

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

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

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

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

23           (10) janitorial supplies;

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

25           (12) uniforms for employees;

26           (13) advertising materials;

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

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

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

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

34           (18)(17) transformers used in connection with general wiring and power supply; and

35           (19)(18) water softener chemicals.

1 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
2 *42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
3 *Eff. February 1, 1976;*  
4 *Amended Eff. August 1, 2009; October 1, 1993; October 1, 1991; January 1, ~~1982~~, 1982;*  
5 *Readopted Eff. January 1, 2024.*

6



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:

3  
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~~ is liable for collecting and remitting the general State, and applicable statutory  
11 ~~state and local~~ and transit rates of sales or and use tax on his ~~their~~ gross ~~receipts~~ receipts derived from laundry, dry  
12 cleaning, or hat blocking services it solicits.

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

23  
24 *History Note: Authority G.S. 105-164.4; ~~105-164.5; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40,~~*  
25 *~~42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
26 *Eff. February 1, 1976;*  
27 *Amended Eff. August 1, 2009; October 1, ~~1993-1993;~~*  
28 *Readopted Eff. January 1, 2024.*

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

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

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

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

19 (c) Privately Owned Fire Trucks. -- Privately Retail sales of privately owned fire trucks or vehicles on which that have  
20 permanently attached fire fighting firefighting equipment has been mounted that and are used only for fire  
21 fighting firefighting purposes are classified as special mobile equipment, and sales thereof are subject to the general  
22 State and applicable statutory state and local and transit rates of sales or and use tax.

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

27  
28 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
29 *~~46; Article 39; Article 40; Article 42; Article 43; Article 44;~~*  
30 *Eff. February 1, 1976;*  
31 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; July 1, 1990; January 3,*  
32 *~~1984-1984;~~*  
33 *Readopted Eff. January 1, 2024.*  
34

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

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

5 Retail sales of 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~~ motor vehicle, or are self-propelled,  
7 are classified as sales of motor vehicles and exempt from sales and use tax. Retail sales of such ~~camper trailers~~ items  
8 are subject to the highway use tax. Retail sales of ~~slide-in pickup camper units~~ truck campers are subject to the general  
9 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; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article*  
12 *43; Article 44;*  
13 *Eff. February 1, 1976;*  
14 *Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991; October 1, 1990; July 1,*  
15 *1990-1990;*  
16 *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 retail sales of ~~tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, by commercial  
8 printers or publishers are subject to the applicable ~~statutory state and local~~ rates of sales ~~or and~~ use tax unless the sales  
9 are subject to a lesser rate of tax under the provisions of G.S. 105-164.4(a) or are exempt under the provisions of G.S.  
10 105-164.13 by statute.

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

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

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

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

29 (1) ~~charges~~ Charges for advertising space in newspapers, magazines and other  
30 publications; publications.

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

34 (3) Printed material sold by a retailer when the printed material is delivered by the retailer in this State  
35 to a common carrier or to the United States Postal Service for delivery to the purchaser or the  
36 purchaser's designee outside this State, and the purchaser does not subsequently use the printed  
37 material in this State.

1           ~~(3)~~(4) Printed material which is sold by a retailer to a purchaser within or without this state when the  
2 printed material is delivered by the printer directly to a mailing house house, or to a common carrier  
3 carrier, or to the United States Postal Service for delivery to a mailing house in this state which State  
4 that will preaddress and presort the material and deliver it to a common carrier or to the United  
5 States Postal Service for delivery to recipients outside this state State designated by the purchaser.

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

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

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

30           (c) Exempt Purchases of Mill Machinery or Mill Machinery Parts or Accessories by Commercial Printers or  
31 Publishers. -- Sales to Purchases by commercial printers and publishers of mill machinery and or mill machinery  
32 equipment and parts therefor and or accessories thereto for use directly in the production phase, as the term  
33 “production” is defined in Section 57 of the Sales and Use Tax Bulletins. Items that commercial printers and publishers  
34 may purchase exempt from sales and use tax as mill machinery or mill machinery parts or accessories include the  
35 following:

- 1        (1) Machinery and equipment and parts or accessories thereto for use directly in the production of  
2        newspapers, ~~magazines~~ ~~magazines~~, and other printed ~~matter~~ ~~material~~ for sale ~~are exempt from sales~~  
3        ~~tax~~ ~~sale~~.
- 4        (2) ~~Included herein are custom~~ Custom made plates and dies for use directly in the production of  
5        newspapers, magazines, and other printed material for sale when title ~~thereto~~ to the plates and dies  
6        does not pass to the printers' customers.
- 7        (3) ~~Sales to commercial printers and publishers of tangible~~ Tangible personal property such as wood and  
8        metal ~~which is used~~ to fabricate plates and dies for use in the production of printed ~~matter~~ ~~material~~  
9        for sale ~~are exempt from sales tax~~ when title to the plates and dies does not pass to the printers'  
10       customers.
- 11       (4) ~~Sales to commercial printers and publishers of machinery,~~ Machinery, equipment, film, and similar  
12       items of tangible personal property ~~for use or consumption directly in~~ that are used or consumed by  
13       the printer in the production of the plates and dies ~~are also exempt from sales tax~~ that are directly  
14       used in the production of newspapers, magazines, and other printed material for sale.
- 15       (5) Lithographic and gravure plates and dies retained by the printer or publisher that are directly used  
16       in the production of newspapers, magazines and other printed material for sale. It is a printing trade  
17       practice that title to lithographic and gravure plates and dies ~~is be~~ retained by the printer or publisher.  
18       Unless it is otherwise agreed in writing, ~~the items purchased by the printer or publisher~~ these plates  
19       and dies are exempt from sales ~~tax~~ ~~tax~~ as items purchased by the printer or publisher for use.
- 20       (6) Photo engravings, electrotypes, and lithographs for direct use in printing tangible personal property  
21       for sale.
- 22       (7) Printing presses for direct use in printing tangible personal property for sale.
- 23       (8) Cushion paper, cover paper, and tissue for use in building up the printing surface of the press for  
24       direct use in printing tangible personal property for sale.
- 25       (9) Offset or direct relief duplicating machines and repair parts or accessories for such machines,  
26       including offset blankets and plates.
- 27       (10) Positives and negatives for use in preparing plates for use in the printing process. Purchases of such  
28       items by non-commercial printers for use or consumption are subject to the general State, and  
29       applicable local and transit rates of sales and use tax.
- 30       (11) Chemicals used to clean printing machinery. Chemicals used for sanitation purposes are subject to  
31       the general State, and applicable local and transit rates of sales and use tax.
- 32       (12) Metal for making type.
- 33       (13) Computers used in the printing process. Computers used for administrative purposes are subject to  
34       the general State, and applicable local and transit rates of sales and use tax.
- 35       (14) Mounting tape for use in the preparation of plates.
- 36       (15) Printing machines when the machines are used to produce newspapers or other printed material for  
37       sale. Purchases of printing machines for use in printing customers' addresses and addressograph

1 plates for use in the mailing and shipping process are subject to the general State, and applicable  
2 local and transit rates of sales and use tax.

3 (16) Photographs to be reproduced in newspapers. These are classified as accessories to the  
4 manufacturing process.

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

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

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

28  
29 *History Note: Authority G.S. 105-164.4; ~~105-164.5~~; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105,*  
30 *Articles 39, 40, 42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
31 *Eff. February 1, 1976;*  
32 *Amended Eff. October 1, 2009; April 1, 2001; October 1, 1993; June 1, 1992; October 1, 1991;*  
33 *February 1, ~~1988~~; 1988;*  
34 *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 of the following chemicals to commercial printers or publishers which enter into or become an ingredient  
6 or component part of printed matter which such purchasers sell are exempt from sales and use tax-tax:

7 (1) Chemicals that enter into or become an ingredient or component part of printed material for resale.

8 (2) Chemicals used to clean printing machinery.

9 (b) Sales of chemicals not listed in paragraph (a), including ~~Chemicals-chemicals~~ used by commercial printers and  
10 ~~publishers~~ for sanitation purposes-purposes, are subject to the applicable-statutory stategeneral State and applicable  
11 local and transit rates of sales or and use tax.

12  
13 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.28; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
14 *42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44;*  
15 *Eff. February 1, 1976;*  
16 *Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, ~~1980-1980~~;*  
17 *Readopted Eff. January 1, 2024.*  
18



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:

3

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

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;~~*

14 *Eff. February 1, 1976;*

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

16 *Readopted Eff. January 1, 2024.*

17

1 17 NCAC 07B .4716 is repealed pursuant to G.S. 150B-21.3A(c)(2)g without notice pursuant to G.S. 150B-1(D)(4)  
2 as follows:

3

4 **17 NCAC 07B .4716      TYPESETTING**

5

6 *History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; Article 39; Article 40; Article 42; Article*  
7 *43; Article 44;*

8 *Eff. February 1, 1976;*

9 *Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; October 1, ~~1990, 1990~~;*

10 *Repealed Eff. January 1, 2024.*

11

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**

5  
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 Records to establish a person's sales and use tax liability include the following:

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

32 (b) Except for persons listed in G.S. 105-164.20(b),~~Vendors~~person's having both cash and credit sales may elect to  
33 report their tax liability on either the cash or accrual basis of accounting provided their records are kept in such a  
34 manner that they can determine their tax liability correctly on the basis used. If a taxpayer wishes to change from one  
35 basis of reporting to another, he must~~the taxpayer shall~~apply to the Secretary of Revenue by written letter signed by  
36 the taxpayer for permission to make such change. A taxpayer's selected basis continues in effect until the person  
37 receives permission from the Secretary, or the Secretary's designee, to change the basis selected.

1  
2  
3  
4  
5  
6

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

1 17 NCAC 07B .4802 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 .4802 ACCRUAL BASIS**

5 (a) ~~When a vendor~~A person that elects to report and pay tax on the accrual ~~basis~~ basis, or is required to report on the  
6 accrual basis pursuant to G.S. 105-164.20, ~~he must~~shall keep records ~~which that~~ disclose a separate accounting of  
7 taxable and nontaxable sales. The ~~vendor must~~person shall pay tax on the total sales price of all taxable ~~tangible~~  
8 ~~personal property~~ items, as the term item is defined in G.S. 105-164.3, sold during the ~~month~~ period covered by the  
9 return, whether or not such sales are cash, credit, ~~installment~~ installment, or conditional ~~sales~~ sales, and whether or  
10 not the ~~vendor~~ person retains the installment and conditional sales contracts or sells or assigns them to others and  
11 without regard to any finance reserve withheld on finance paper sold or assigned to others. ~~Finance charges, service~~  
12 ~~charges or interest~~Interest, financing, and carrying charges from credit extended under conditional sales contracts  
13 providing for deferred payment of the purchase price are not subject to tax if ~~such the~~ charges are separately stated on  
14 the ~~invoices~~ invoice or similar billing document given to the ~~customers~~ purchaser at the time of sale and ~~maintained~~  
15 in the ~~vendor's person's~~ records of sales.

16 (b) Bad Debts. -- ~~Bad debts that meet the requirements of G.S. 105-164.13(15) may~~ If, in reporting on the accrual  
17 basis, ~~accounts of purchasers representing taxable sales on which the tax has been paid are found to be worthless and~~  
18 ~~actually charged off for income tax purposes, the amount charged off representing taxable sales may at corresponding~~  
19 ~~periods~~ be deducted from gross ~~sales~~ taxable sales, during corresponding periods, ~~provided if the vendor person~~  
20 maintains records disclosing separately ~~that portion~~ the amount of bad ~~accounts~~ debts representing taxable sales and  
21 ~~that portion~~ the amount representing nontaxable sales. ~~Accounts charged off as bad debts must be added to gross sales~~  
22 ~~if afterwards collected.~~A taxpayer shall make the deduction for sales and use tax purposes within three (3) years of  
23 ~~charging off an account for income tax purposes. A taxpayer who is not required to file income tax returns may deduct~~  
24 ~~a bad debt on a return filed for the period in which the bad debt is charged off in its books and records as uncollectible~~  
25 ~~and would otherwise be eligible for a bad debt deduction for income tax purposes if the taxpayer were required to file~~  
26 ~~income tax returns. In this instance, the taxpayer shall make the deduction for sales and use tax purposes within three~~  
27 ~~(3) years of the date the account is recognized and finally expensed as a bad debt in its books and records. A taxpayer~~  
28 ~~that does not deduct a bad debt within the time allowed shall not make any deduction for the bad debt. If a deduction~~  
29 ~~is taken for a bad debt and the debt is subsequently collected, in whole or in part, the tax on the amount of debt~~  
30 ~~collected must be paid and reported on the sales and use tax return filed for the period in which the collection occurs.~~  
31 ~~For purposes of reporting collection of the bad debt subsequent to having charged off and deducted such bad debt, any~~  
32 ~~payments on the debt shall be applied first proportionally to the taxable price of the item and sales tax thereon, and~~  
33 ~~secondly to interest, services charges, and any other charges.~~

34  
35 *History Note: Authority G.S. 105-164.3; 105-164.13; 105-164.20; 105-164.22; 105.262; 105-264; Chapter 105,*  
36 *Articles 39, 40, 42, 43, and 46;*  
37 *Eff. February 1, 1976-1976;*  
38 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4803 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 .4803 CASH BASIS**

5 (a) ~~When a vendor having both taxable and nontaxable sales elects to report and pay tax on the cash basis, the vendor~~  
6 ~~must~~ A person making taxable and nontaxable sales that elects to report and pay tax on the cash basis, and is not  
7 required to report on the accrual basis pursuant to G.S. 105-164.20, shall keep records which that disclose a separate  
8 accounting of taxable and nontaxable sales and receipts on sales. Such vendor must The person shall pay tax on the  
9 total sales price of all taxable tangible personal property items, as the term item is defined in G.S. 105-164.3, sold for  
10 cash during the month period covered by the return-return. Sales upon which tax is due include cash, credit, installment,  
11 or conditional sales, and on that any portion of the sales price collected or constructively received during such  
12 monththe return period. on taxable tangible personal property sold on credit, installment or other deferred payment  
13 sales contracts without any arbitrary allocation for finance charges, service charges or interest charges.

14 (1) Interest, Finance charges, service charges and interest charges for financing, and carrying charges from credit  
15 extended under conditional sales contracts providing for deferred payment of the purchase price are not subject to the  
16 tax if such charges are separately stated on the invoices-invoice or similar billing document given to the customers  
17 purchaser at the time of sale and in the vendor's records of sales and collections-maintained in the person's records of  
18 sales.

19 (2) A person that sells or assigns the finance paper on If, on conditional, installment-installment, or other deferred  
20 payment sales,sales the vendor sells or assigns the finance paper, he is deemed to have received the full balance of the  
21 consideration for the sale of tangible personal propertyan item and is liable for remittingshall remit tax on the total  
22 sales price of such propertythe item at the close of the month during whichperiod when the finance paper was assigned  
23 or sold including any finance reserve withheld on the finance paper. If such vendor sells his accounts receivable he  
24 is liable for payment of tax on the outstanding taxable balance of such accounts at the time they are sold  
25 notwithstanding that the accounts may be sold at a discount to the purchaser.

26 (b) ~~When persons~~ A person filing their sales and use tax reports-returns on the cash basis of accounting ~~sell that sells~~  
27 their accounts receivable, receivable shall remit they are liable for payment of sales tax on their taxable accounts  
28 receivable balance outstanding at the time they sell such accounts.the accounts even though the accounts may be sold  
29 at a discount to the purchaser. When a corporation is formed to succeed a proprietorship or partnership and the  
30 accounts receivable are sold to the corporation, the proprietorship or partnership is liable for remitting the sales tax  
31 due on its outstanding taxable accounts receivable balance at the time the accounts are sold.

32  
33 *History Note: Authority G.S. 105-164.3; 105-164.20; 105-164.22; 105-262; 105-264; Chapter 105, Articles 39,*  
34 *40, 42, 43, and 46;*  
35 *Eff. February 1, 1976-1976;*  
36 *Readopted Eff. January 1, 2024.*

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. When eyeglass cases, lens wipes, and  
12 lens solution are given to the purchaser as part of the sale and included in the sales price of corrective  
13 eyeglasses for human use, they are also exempt from sales and use tax. Corrective eyeglasses,  
14 whether prescription eyeglasses or reading glasses, are not required to be sold on prescription in  
15 order to be exempt from sales and use tax. A person who sells corrective eyeglasses shall keep sales  
16 records that clearly separate it sales of corrective eyeglasses from sales of other items. Failure of a  
17 person to keep records that establish a sale is exempt from sales and use tax subjects the person to  
18 liability for the general State, and applicable local and transit rates of sales and use tax on the sale.

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

22 **(b) Contact Lenses:**

23 (1) Corrective Contact Lenses. -- Sales of corrective contact lenses for human use are exempt from sales  
24 and use tax as prosthetic devices. When carrying cases, patient instruction booklets, patient care  
25 kits, aseptors, salt tablets, lens solution, and squeeze bottles are given to the purchaser as part of the  
26 sale and included in the sales price of corrective contact lenses for human use, they are also exempt  
27 from sales and use tax. A person who sells corrective contact lenses shall keep sales records that  
28 clearly separate its sales of corrective contact lenses from sales of other items. Failure of a person  
29 to keep records that establish a sale is exempt from sales and use tax subjects the person to liability  
30 for the general State, and applicable local and transit rates of sales and use tax on the sale.

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

34  
35 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4D; 105-164.13; 105-164.22; 105-262; 105-*  
36 *164.264; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
37 *Eff. February 1, 1976-1976;*

1  
2

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 as  
7 prosthetic devices. Sales of temples and similar items that are considered repair or replacement parts for prosthetic  
8 devices are also exempt from sales and use tax. A person who sells corrective eyeglass frames and repair parts for  
9 corrective eyeglasses for human use shall keep sales records that clearly separate its sales of corrective eyeglass frames  
10 and repair parts for corrective eyeglasses for human use from sales of other items. Failure of a person to keep records  
11 that establish a sale is exempt from sales and use tax subjects the person to liability for the general State, and applicable  
12 local and transit rates of sales and use tax on the sale.

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

16 ~~(b)(c)~~ (c) Sales of eyeglass frames, repair parts for eyeglasses, cases, optical ~~merchandise~~ merchandise, and optical  
17 supplies by optical supply houses and opticians to registered merchants, including oculists and optometrists, retailers  
18 or wholesale merchants for resale are not subject to the tax-exempt from sales and use tax.

19  
20 *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;*  
21 *105-264; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
22 *Eff. February 1, ~~1976~~1976;*  
23 *Readopted Eff. January 1, 2024.*  
24

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 to consumers of eyeglass frames not for use in  
6 connection with eyeglasses ground on prescription, sunglasses not ground on prescription, solutions for cleaning  
7 eyeglasses, telescopes, binoculars, opera glasses, and similar items, by whomsoever made, eyeglass cleaning cloths or  
8 wipes, eyeglass cases, eyeglass chains or cords, and similar corrective eyeglass supplies when such sales are made  
9 separate and apart from a corrective eyeglass sale or when they are sold with corrective eyeglasses, but billed separate  
10 and apart from the corrective eyeglasses, are subject to the applicable statutory state and local sales or use tax, general  
11 State, and applicable local and transit rates of sales and use tax. In addition, the retail sale of nose pads, temples and  
12 any other repair parts for eyeglass frames are subject to the tax without regard to whether the repair parts are sold to  
13 be used on frames with prescription lens. All persons, including opticians, optometrists, and oculists, making such  
14 sales shall register as retail merchants and collect and remit the tax due thereon.

15 (b) Supplies for Corrective Contact Lenses - Sales to consumers of aseptors, salt tablets, squeeze bottles, carrying  
16 cases, patient instruction booklets, patient care kits, and similar corrective contact lens supplies when such sales are  
17 made separate and apart from a corrective contact lens sale or when they are sold with corrective contact lenses, but  
18 billed separate and apart from the corrective contact lenses, are subject to the general State, and applicable local and  
19 transit rates of sales and use tax.

20 (c) Supplies for Non-Corrective Eyeglasses or Contact Lenses - Sales to consumers of optical supplies for non-  
21 corrective eyeglasses or contact lenses are subject to the general State, and applicable local and transit rates of sales  
22 and use tax.

23 (d) Other Optical Items - Sales to consumers of telescopes, binoculars, opera glasses, and similar items are subject to  
24 the general State, and applicable local and transit rates of sales and use tax.

25  
26 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; ~~Article 39; Article 40; Article 42; Article~~*  
27 *43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. October 1, 2009; October 1, 1993; October 1, ~~1991~~1991;*  
30 *Readopted Eff. January 1, 2024.*