

1 17 NCAC 07B .0104 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 .0104      REGISTRATION AND RETURNS**

5 **(a) Certificate of Registration:**

6        (1) Before a person engages in business as a retailer, wholesale merchant, or facilitator liable for sales  
7        or use tax, the person shall obtain a Certificate of Registration from the Department. A Certificate  
8        of Registration contains the sales and use tax account identification number (Account ID). There is  
9        no fee to obtain a Certificate of Registration.

10       (2) A person engaged in business that does not pay the applicable North Carolina sales or use tax on an  
11       item, as the term item is defined in G.S. 105-164.3, to a seller or facilitator at the time of purchase  
12       is liable for use tax in accordance with G.S. 105-164.6 on the purchase price of the item. A person  
13       required to pay use tax on its purchases shall register with the Department to obtain a Certificate of  
14       Registration.

15       (3) A person may apply for a Certificate of Registration by:

16       (A) Registering through the Department’s website at [www.ncdor.gov](http://www.ncdor.gov);

17       (B) Register online through the Streamlined Sales Tax Registration System (SSTRS) at  
18       <https://www.streamlinedsalestax.org>; or

19       (C) Calling the Department at telephone number 1-877-252-3052 to request a registration form,  
20       and submitting the completed registration by mail to the Department’s mailing address set  
21       out in 17 NCAC 01A .0101.

22       (4) Information needed to obtain a Certificate of Registration includes the following:

23       (A) Ownership information, including North Carolina Secretary of State’s business  
24       identification number, if applicable.

25       (B) Federal Employer Identification Number (FEIN) or Social Security Number for  
26       proprietorships.

27       (C) Legal business name, owner’s name, physical and mailing address of the business, any  
28       trade name, and daytime telephone number.

29       (D) Responsible person demographics, if applicable, including name, title, Social Security  
30       Number, and home address.

31       (E) Date when sales or purchases will begin.

32       (F) Whether sales will be retail, wholesale, or both.

33       (G) Description of business.

34       (H) Knowledge of the types of items and services that will be sold by the business.

35       (I) Estimate of monthly sales tax.

36       (J) Type of accounting method that will be used whether cash or accrual.

37       (K) Months sales will be made, if seasonal.

1 (b) Returns:

2 ~~(a)(1) General Returns General. -- G.S. 105-164.16 establishes the filing frequency and the content of sales~~  
3 ~~and use tax returns-returns. All sales and use tax returns may be obtained from the Department's~~  
4 ~~website at [www.ncdor.gov](http://www.ncdor.gov) or by calling the Department at telephone number 1-877-252-3052, and~~  
5 ~~shall contain the information required by 17 NCAC 01C .0622, and the content of the returns. G.S.~~  
6 ~~105-164.4(e) requires a retailer and a wholesale merchant to register with the Department and obtain~~  
7 ~~a certificate of registration. G.S. 105-164.6 requires a retailer who delivers property for storage,~~  
8 ~~use, or consumption but does not have a place of business in this State to register with the~~  
9 ~~Department and obtain a certificate of registration. A person who is engaged in business, is not~~  
10 ~~otherwise required to file a sales and use tax return, and, on two or more occasions within a twelve-~~  
11 ~~month period, purchases property subject to use tax must register with the Department and begin~~  
12 ~~filing sales and use tax returns. A person who is engaged in business, is not otherwise required to~~  
13 ~~file a sales and use tax return, and purchases property subject to use tax only once in a twelve month~~  
14 ~~period must file a return and pay the tax due within 20 days after the end of the month in which the~~  
15 ~~purchase was made.~~

16 ~~(b)(2) Schedules. -- A retailer who files a return that reports tax payable by more than one location in the~~  
17 ~~State must attach two schedules to the return. One schedule must list the amount of State tax due~~  
18 ~~for each location in the State and the other must list the amount of local tax due for each county. A~~  
19 ~~person that files a paper sales and use tax return, that is liable for local county tax source to a taxing~~  
20 ~~jurisdiction in this State other than the county where the business is located or in more than one~~  
21 ~~county, shall attach Form E-536, Schedule of County Sales and Use Taxes to the return listing the~~  
22 ~~amount of tax due for each taxing jurisdiction.~~

23 ~~(c) No Sales or Purchases By Business Business. -- A retailer who does not make any person required to file a sales~~  
24 ~~and use tax return that has no sales or purchases during a reporting period must shall file a return for that period and~~  
25 ~~enter 0.00 (zero) zero (0.00) as the total tax due on the Total Due line on the return. Similarly, a person who is not a~~  
26 ~~retailer but is engaged in business, purchases tangible personal property for the business that is subject to use tax, and~~  
27 ~~does not make any taxable purchases during a reporting period must file a return for that period and enter 0.00 (zero)~~  
28 ~~on the Total Due line on the return.~~

29 ~~(d) Seasonal Business. -- A retailer who person that engages in business for six or fewer consecutive months in each~~  
30 ~~year may register with the Department as a seasonal filer and indicate the months in which the retailer person engages~~  
31 ~~in business. A retailer who person that is registered as a seasonal filer is not required to file a return for an off-season~~  
32 ~~reporting period in which the retailer did not engage in business.~~

33 ~~(e) Wholesale Merchant Merchant. -- A person who engages exclusively in the business of making wholesale sales~~  
34 ~~shall register with the Department, but is not required to file a return. A wholesale merchant that makes taxable sales~~  
35 ~~or makes purchases on which it owes use tax, is not engaged exclusively in the business of making wholesale sales~~  
36 ~~and shall file sales and use tax returns and pay the tax due. A person who, on two or more occasions within a twelve-~~  
37 ~~month period, either makes taxable sales to users, consumers, or nonregistered merchants or makes purchases subject~~

1 ~~to use tax is not engaged exclusively in the business of making wholesale sales and must begin filing sales and use tax~~  
2 ~~returns. A wholesale merchant who is not required to file a sales and use tax return and who, on only one occasion~~  
3 ~~within a twelve month period, either makes taxable sales to users, consumers, or nonregistered merchants or makes~~  
4 ~~purchases subject to use tax must file a return and pay the tax due within 20 days after the end of the month in which~~  
5 ~~the sale or purchase was made.~~

6 (f) ~~Non Business Use Tax—An individual who is not engaged in the business of selling tangible personal property~~  
7 ~~at retail and who purchases for a non business purpose tangible personal property that is subject to use tax must report~~  
8 ~~the tax due on an annual basis. An individual who is required to file an individual income tax return must pay the use~~  
9 ~~tax with the individual income tax return for that year. An individual who is not required to file an individual income~~  
10 ~~tax return must report the tax due on Form E-554. Form E-554 is due annually by the date set under G.S. 105-164.16.~~

11 (f) Use Tax:

12 (1) General. -- A business or individual that purchases an item sourced to this State, other than a boat  
13 or aircraft, shall accrue and remit the use tax due on the purchase price of the item in accordance  
14 with G.S. 105-164.6 when retailers, remote sellers, or facilitators do not collect the applicable tax  
15 on taxable transactions.

16 (2) Business Use Tax. -- A business shall report and remit use tax on a sales and use tax return.

17 (3) Individual Use Tax. An individual required to file a North Carolina individual income tax return,  
18 shall report the use tax liability of taxable items, other than a boat, an aircraft, and food subject to  
19 the two percent (2%) rate of tax, on the individual's income tax return. An individual not required  
20 to file a North Carolina individual income tax return shall report the use tax liability on taxable  
21 items, other than a boat or aircraft, on Form E-554, Consumer Use Tax Return. Form E-554 is due  
22 annually by the date set in G.S. 105-164.16.

23 (A) Form E-554 shall include the following information:

24 (i) name of filer, spouse's name, if applicable, address, and phone number;

25 (ii) Social Security Number of filer, and Social Security Number of filer's spouse, if  
26 applicable;

27 (iii) beginning and ending dates for the period the return is filed;

28 (iv) total amount of purchases subject to use tax at each applicable tax rate, including  
29 purchases of food subject to the two percent (2%) food rate;

30 (v) total tax at each applicable tax rate;

31 (vi) any credit for sales and use tax paid to another state;

32 (vii) tax due before any penalty and interest;

33 (viii) any penalty or interest due;

34 (ix) total tax due; and

35 (x) signature, title, contact telephone number of filer, and date return is signed.

36 (B) Any individual who purchases food subject to the two percent (2%) food rate of sales and  
37 use tax shall report the tax on Form E-554, Consumer Use Tax Return.

1 (C) Any individual who purchases a boat or aircraft shall report the tax on Form E-555, Boat  
2 and Aircraft Use Tax Return.

3 (D) Form E-555 shall include the following information:

4 (i) name of filer, address, and telephone number;

5 (ii) Social Security Number or Federal Employer Identification Number (FEIN) of  
6 filer;

7 (iii) beginning and ending dates for the period the return is filed;

8 (iv) boat registration or document number and total amount of purchase, if applicable;

9 (v) aircraft serial number and total amount of purchase, if applicable;

10 (vi) total tax at each applicable tax rate;

11 (vii) any credit for sales and use tax paid to another state;

12 (viii) tax due before any penalty and interest;

13 (ix) any penalty or interest due;

14 (x) total tax due; and

15 (xi) signature, title, contact telephone number of filer, and date return is signed.

16  
17 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13B; 105-164.16; 105-  
18 164.29; 105-164.42C; 105-164.42K; 105-262; 105-264; ~~105-269.14~~; Chapter 105, Articles 39, 40,  
19 42, 43, and 46;

20 Eff. February 1, 1976;

21 Amended Eff. April 1, 2006; August 1, 2002; July 1, 2000; July 1, 1999; August 1, 1998;

22 October 1, 1993; October 1, 1991; October 1, 1990; April 1, ~~1986-1986~~;

23 Readopted Eff. January 1, 2024.

24

1 17 NCAC 07B .0106 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 .0106 CERTIFICATES OF EXEMPTION: SALES FOR RESALE**

5 (a) A purchaser of tangible personal property who is properly registered with the Sales and Use Tax Division of the  
6 North Carolina Department of Revenue or in a taxing jurisdiction outside this State and is engaged in the business of  
7 selling tangible personal property at retail or wholesale and makes purchases of tangible personal property for the  
8 purpose of resale person purchasing an item, as the term item is defined in G.S. 105-164.3, for resale shall furnish to  
9 his vendors as their each seller the authority for not collecting the tax, either sales or use tax by submitting the  
10 information required by G.S. 105-164.28(a) on a paper certificate or electronically. The information required includes:

- 11 \_\_\_\_\_ (1) the purchaser's name;
- 12 \_\_\_\_\_ (2) the purchaser's address;
- 13 \_\_\_\_\_ (3) the purchaser's certificate of registration number which shall be a North Carolina certificate of  
14 registration number, another state's sales and use tax registration number, or a Streamlined Sales  
15 Tax ID;
- 16 \_\_\_\_\_ (4) the reason for the exemption;
- 17 \_\_\_\_\_ (5) the type of business; and
- 18 \_\_\_\_\_ (6) if submitted by paper, including fax, the purchaser's signature and date signed.

- 19 ~~(1) Streamlined Sales Tax Agreement Certificate of Exemption, Form E-595E, or~~
- 20 ~~(2) other evidence in writing adequate to support the conclusion that he is registered with the~~  
21 ~~Department of Revenue or in a taxing jurisdiction outside this State for sales and use tax purposes~~  
22 ~~and that the property is being purchased for the purpose of resale.~~

23 ~~Such certificates or other written evidence shall be completed in duplicate and a copy retained by both the vendor and~~  
24 ~~the vendee in their files. In the absence of such certificates or other adequate written evidence, vendors selling taxable~~  
25 ~~tangible personal property to wholesale and retail merchants shall be deemed to be making retail sales and shall be~~  
26 ~~liable for collecting and paying the tax thereon at the applicable rate.~~

27 A purchaser shall retain in their records the certificates or electronic information submitted to sellers and an invoice  
28 or other statement of the purchase price of any items purchased.

29 (b) A seller's failure to keep records that establish a sale is exempt from sales and use tax subjects the seller to liability  
30 for the tax at the rates applicable to the retail sale of the item. To establish a sale is exempt from tax, sellers shall retain  
31 in their records the certificates or electronic information submitted by the purchaser, and records that identify the item  
32 purchased, the sales price of the item, and the purchaser of the item.

33 ~~(b) Certificates of exemption being issued for the purpose of resale shall not be used to purchase tangible personal~~  
34 ~~property which is to be used or consumed by the purchaser. The Secretary may revoke the license of any licensed~~  
35 ~~merchant who makes such use of the certificate of exemption. Vendors shall charge the applicable rate of tax on sales~~  
36 ~~to registered merchants when the property sold is for use by the purchaser and not for resale. Merchants purchasing~~  
37 ~~tangible personal property for resale on a regular basis from a vendor shall only be required to furnish one certificate~~

1 ~~of exemption or other written evidence to the vendor for such purchases. Whenever a person makes purchases of~~  
2 ~~tangible personal property for resale and the property is not generally and ordinarily the type of property the purchaser~~  
3 ~~will resell, the vendor shall require certificates of exemption or other written evidence in connection with individual~~  
4 ~~purchases supporting that the property is being purchased for resale.~~

5 (c) A person that misuses a certificate of exemption, including other information provided electronically for purposes  
6 of obtaining an exemption, is subject to penalties set out in G.S. 105-236. The penalty for misuse of an exemption  
7 certificate applies to each seller identified by the Department from which the person made a taxable purchase. The  
8 misuse of an exemption certificate is grounds for the Secretary to revoke a person's certificate of registration for sales  
9 and use taxes. ~~Persons who issue certificates of exemption to vendors to obtain property without payment of tax when~~  
10 ~~due are subject to assessment of the penalties set out in G.S. 105-236(5) and (5a) and may be guilty of a Class H~~  
11 ~~felony. The penalty for misuse of a certificate of exemption is applicable only to a purchaser. The act of executing a~~  
12 ~~certificate of exemption by a vendee and furnishing the document to a vendor does not constitute a use or misuse of~~  
13 ~~the certificate. The actual use or misuse~~ Misuse ~~occurs when a person makes a taxable purchase and furnishes the~~  
14 ~~information described in section (a) of this Rule to a seller and the seller purchase is made and the vendor, relying on~~  
15 ~~the certificate furnished by the vendee, does not charge sales or use tax thereon on the basis that the sale is a "wholesale~~  
16 ~~sale" as defined in G.S. 105-164.3(24).~~ 105-164.3. A single purchase is considered to be the tangible personal property  
17 purchased at one time as reflected on the bill of sale. The penalty shall be applied only once to each invoice or bill of  
18 sale for which a misuse of the certificate has occurred. This penalty is subject to the discretionary authority of the  
19 Secretary of Revenue pursuant to G.S. 105-237.

20 (d) ~~The Secretary may extend to a registered merchant written permission to make purchases for his own use pursuant~~  
21 ~~to the certificate of exemption and assume liability for payment of the applicable tax to the Department when the~~  
22 ~~character of the business of the purchaser is such that it would impose undue hardship upon the vendor and vendee to~~  
23 ~~determine the transactions upon which the vendor would ordinarily be required to impose the tax. The purchaser shall~~  
24 ~~furnish written evidence of such assumption of liability to the purchaser's vendors; the vendors must retain the~~  
25 ~~documentation in their files.~~

26 (e) ~~This rule applies to sales to resident and nonresident retail or wholesale merchants. Reference is made to 17~~  
27 ~~NCAC 7B .2301 for the treatment of sales to nonresident retail or wholesale merchants.~~

28  
29 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.22; 105-164.28; 105-236; 105-262; 105-  
30 264; Chapter 105, Articles 39, 40, 42, 43, and 46;  
31 Eff. February 1, 1976;  
32 Amended Eff. April 1, 2006; October 1, 1993; February 1, 1988; May 11, 1979-1979;  
33 Readopted Eff. January 1, 2024.

1 17 NCAC 07B .0108 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 .0108 TRADE DISCOUNTS AND CASH DISCOUNTS**

5 (a) ~~Trade.~~Trade and Bargaining Discounts. --~~Trade discounts and bargaining discounts are not a part of the sales~~  
6 ~~price on which sales tax is computed when the sales price is reduced by the discounts before the computation of tax.~~  
7 A trade discount is a price reduction afforded in the price a seller charges that is extended to a particular customer or  
8 customers in a particular trade or group purchaser or group of purchasers without reservation at the time the sale is  
9 being negotiated. -A bargaining discount is a price reduction in the price a seller charges that is extended to a customer  
10 purchaser at the time the sale is being negotiated as a result of bargaining between the ~~customer purchaser~~ and the  
11 seller. The sales price of an item, as the term item is defined in G.S. 105-164.3, does not include a trade discount or  
12 bargaining discount that is not reimbursed by a third party.

13 (b) ~~Cash.~~Cash and Terms Discounts. -- A cash or terms discount is a reduction in the ~~sales price,~~price a seller charges  
14 that is extended to the purchaser for prompt payment of an invoice. The sales price of an item does not include a cash  
15 or terms discount that is not reimbursed by a third party. and the tax must be computed and paid on the sales price  
16 after allowance for the cash discount. Generally, a cash discount is a deduction from the sales price allowed for prompt  
17 payment of the bill. Likewise, cash discounts are not a part of the purchase price on which tax is due. A person who  
18 purchases tangible personal property for use or consumption in this State is liable for remitting the tax due on the  
19 purchase price after allowance for the cash discount.

20 (c) ~~Trade-ins and~~Over-allowance. -- The amount of ~~an over-allowance to a~~trade-in, including an over-allowance,  
21 taken by a purchaser for an item taken in trade as a credit or part partial payment on the sale of a new article~~an item~~  
22 is not a reduction in the sales price of the new article.item. The trade-in is consideration given towards the purchase  
23 of the item. The tax mustAny applicable sales or use tax shall be computed and paid on the ~~full gross~~sales price of  
24 the new article~~item~~ without any deduction ~~on account of the trade in credit or allowance.~~for a trade-in.

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264;*  
27 *Eff. February 1, 1976.*  
28 *Amended Eff. August 1, 2002-2002;*  
29 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .0112 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 .0112 OCCASIONAL AND ISOLATED SALES OF HOUSEHOLD GOODS**

5 (a) An occasional and isolated sale occurs when the seller sells an item, as the term item is defined in G.S. 105-164.3,  
6 that is not of, or similar to, the type of item that the seller is engaged in the business of selling. Occasional and isolated  
7 sales do not include sales of items by a facilitator liable for collecting and remitting tax on the sale.

8 (b) Household items. -- Owners making Occasional-occasional and isolated sales of household goods-items, on which  
9 the sales or use tax has been due was paid at the time of the initial purchase by the owner, are not required to collect  
10 and remit sales or use tax on the sale. For example, an individual making an occasional and isolated sale of a personally  
11 owned boat, is not required to collect and remit sales or use tax on the sale of the boat. are exempt from the tax when  
12 sold by the owner in his capacity as owner and not in the capacity of a retail merchant. Such sales are deemed to be  
13 casual or isolated sales by persons not holding themselves out as engaged in business.

14 (c) Business items. -- Businesses making occasional and isolated sales of items owned by the business, upon which  
15 the sales or use tax due was paid at the time of the initial purchase by the business, are not required to collect and  
16 remit sales or use tax on the sale. For example, a manufacturer's occasional and isolated sale of its worn out, obsolete,  
17 or surplus machinery, accessories, and similar items is not subject to sales tax, as long as the manufacturer is not  
18 engaged in the business of making retail or wholesale sales of similar property.

19  
20 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264*  
21 *Eff. February 1, 1976-1976;*  
22 *Readopted Eff. January 1, 2024.*  
23



1 17 NCAC 07B .0115 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 .0115 RESEARCH SERVICES**

5 Sales of scientific or research ~~equipment~~equipment, or an attachment or repair part for scientific or research  
6 ~~equipment, to independent contract research organizations~~equipment, for use in performing research services for clients are  
7 subject to the ~~applicable statutory state~~general State, and ~~applicable local and transit~~ rates of sales or use ~~tax, tax, unless~~  
8 ~~exempt by statute. If a contract research organization qualifies under G.S. 105-187.51B(a)(2), then research~~  
9 ~~equipment that meets the requirements of that subsection are exempt from sales and use tax.~~

10

11 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; ~~105-164.13~~; 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 *Eff. February 1, 1976;*  
14 *Amended Eff. October 1, 2009; April 1, 2006; October 1, 1993; October 1, ~~1991~~1991;*  
15 *Readopted Eff. January 1, 2024.*

16

1 17 NCAC 07B .0117 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 .0117      PROPERTY TRANSFERS BETWEEN DIVISIONS**

5 ~~Firms~~ A business entity having divisions, both ~~within~~ inside and ~~without~~ outside of North Carolina, ~~are~~ is liable for  
6 remitting the applicable ~~rate~~ rates of sales and use tax on any purchases of ~~tangible personal property~~ items, as the term  
7 item is defined in G.S. 105-164.3, for use in North Carolina, including any property purchased outside North Carolina  
8 and imported into North Carolina for use in this ~~state~~ State. An item received by the purchaser or on behalf of the  
9 purchaser in this State is subject to sales and use tax no matter that the item is designated for ultimate use outside this  
10 State. No tax ~~will be~~ is due ~~with respect to those~~ on transfers of property by an out-of-state firm to its North Carolina  
11 divisions for their use ~~when~~ if the property was originally purchased for use outside this ~~state~~ State by the out-of-state  
12 firm and ~~was~~ was, in ~~fact~~ fact, used by that firm outside this ~~state~~ State for a substantial period of time.

13  
14 *History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
15 *46;*  
16 *Eff. February 1, 1976;*  
17 *Amended Eff. December 1, 1997; October 1, ~~1993-1993;~~*  
18 *Readopted Eff. January 1, 2024.*

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 .0121      BANKRUPT'S LIABILITY**

5

6 *History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; 11 U.S.C. 532;*

7 *Eff. February 1, 1976;*

8 *Amended Eff. October 1, ~~1993-1993~~;*

9 *Repealed Eff. January 1, 2024.*

10

1 17 NCAC 07B .0801 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 .0801     MANUFACTURER’S WARRANTY AND DEALER’S WARRANTY;**  
5 **ADJUSTMENTS AND REPLACEMENTS**

6 (a) Manufacturer’s Warranty:

7       (1) Exempt Purchases. -- Purchases by a manufacturer of a replacement item, a repair part, or repair,  
8 maintenance, and installation services to maintain or repair tangible personal property or a motor  
9 vehicle pursuant to a manufacturer’s warranty, as the term is defined in G.S. 105-164.13, are exempt  
10 from sales and use tax if the manufacturer complies with 17 NCAC 07B .0106. This exemption also  
11 applies when the manufacturer contracts with a dealer or another person to make the repairs on  
12 behalf of the manufacturer pursuant to a manufacturer’s warranty and that dealer or person  
13 purchases the replacement item, repair part, or repair, maintenance, and installation services.

14       (2) Tax Due On Repair Charges. -- If the manufacturer does not charge the purchaser of the property  
15 being repaired for the replacement item, repair parts, or any repair, maintenance, and installation  
16 services, no sales or use tax is due on the cost of the replacement item, parts, or services. If the  
17 manufacturer charges the purchaser of the property being repaired for the replacement item, repair  
18 parts, or any repair, maintenance, and installation services, sales and use tax is due on the sales price  
19 of the item, parts, or services. ~~Whenever any taxable article is returned to the manufacturer for~~  
20 ~~adjustment, replacement, or exchange under a guaranty as to its quality or service and pursuant~~  
21 ~~thereto a new article is given free, or at a reduced price, the sales or use tax shall be computed on~~  
22 ~~the actual amount, if any, paid to the manufacturer for the new article.~~

23 (b) Dealer’s Warranty:

24       (1) Exempt Purchases. -- Purchases by a dealer of a replacement item, a repair part, or repair,  
25 maintenance, and installation services to maintain or repair tangible personal property or a motor  
26 vehicle pursuant to a dealer’s warranty, as the term is defined in G.S. 105-164.13, are exempt from  
27 sales and use tax if the dealer complies with 17 NCAC 07B .0106. This exemption also applies when  
28 the dealer contracts with another person to make the repairs on behalf of the dealer pursuant to a  
29 dealer’s warranty and that person purchases the replacement item, repair part, or repair,  
30 maintenance, and installation services.

31       (2) Tax Due On Repair Charges. -- If the dealer does not charge the purchaser of the property being  
32 repaired for the replacement item, repair parts, or any repair, maintenance, and installation services,  
33 no sales or use tax is due on the cost of the replacement item, parts, or services. If the dealer charges  
34 the purchaser of the property being repaired for the replacement item, repair parts, or any repair,  
35 maintenance, and installation services, sales and use tax is due on the sales price of the item, parts,  
36 or services. ~~Dealers using tangible personal property to fulfill sales warranties or guaranty~~

1 obligations to a customer without cost to the customer are not liable for the applicable statutory state  
2 and local sales or use tax on the dealer's cost price of all tangible personal property so used.

3  
4 History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264;  
5 Article 39; Article 40; Article 42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and  
6 46;  
7 *Eff. February 1, 1976*;  
8 *Amended Eff. April 1, 2006; October 1, 1993; October 1, ~~1991~~1991*;  
9 *Readopted Eff. January 1, 2024.*

10

1 17 NCAC 07B .0901 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 .0900 – ADVERTISING AND ADVERTISING AGENCIES: PUBLIC RELATIONS FIRMS**

5  
6 **17 NCAC 07B .0901 ADVERTISING AND ADVERTISING AGENCIES**

7 (a) ~~Professional Services.~~Services to Produce Advertising. -- Advertising agencies are engaged in the business of  
8 rendering professional services when they produce advertising, such as radio and television spots or newspaper,  
9 magazine, or billboard advertising, and contract ~~in-on~~ their own behalf with radio and television stations, newspaper  
10 or magazine publishers, outdoor advertising companies, or other media for time or space to televise, broadcast, publish,  
11 or otherwise display their advertising. ~~Receipts derived~~Charges by advertising agencies ~~from-for~~ furnishing ~~these~~  
12 such professional services are not subject to sales or use ~~tax-tax~~ if the charges are separately stated on the invoice or  
13 similar billing document given to the purchaser at the time of sale. ~~However, their purchases of taxable tangible~~  
14 ~~personal property for use in producing the advertising are subject to the applicable statutory state and local sales or~~  
15 ~~use tax.~~

16 Advertising Agencies~~agencies~~ rendering professional services rely on expertise in advertising strategy, media buying,  
17 and in graphic arts production in their specialized fields to secure and retain clients. Usually agreements to provide  
18 professional advertising services ~~also~~ have the following characteristics:

- 19 (1) The agency selects or advises the client on the different kinds of advertising to be used.
- 20 (2) The agency is primarily responsible for developing the concept or design of the advertising.
- 21 (3) The agency produces or arranges for the production of the advertising.
- 22 (4) The agency places or arranges for the placement of the advertising on radio or television stations or  
23 in newspapers, magazines, or other media and the agency ~~has purchased~~purchases time or space in  
24 the media to display the advertising instead of delivering it to the client for placement or distribution.

25 (b) Professional Services to Produce a Report. -- Advertising agencies are also engaged in the business of rendering  
26 professional services when they contract to do market research, consulting, statistical analysis, or other services that  
27 result only in a report of their findings to the client. Charges by advertising agencies for furnishing such services are  
28 not subject to sales and use tax if the charges are separately stated on the invoice or similar billing document given to  
29 the purchaser at the time of sale.

30 ~~The tax is due on all tangible personal property purchased by these agencies for use in the performance of the services~~  
31 ~~in this Paragraph regardless of whether the property is acquired in the name or account of the advertising agencies or~~  
32 ~~their clients. Advertising agencies that, in performing these services, purchase paper, ink, printing plates, positives,~~  
33 ~~negatives, color separations, photographs, filmed or recorded commercials that are not exempt audiovisual masters,~~  
34 ~~and any other tangible personal property from suppliers in North Carolina or from out of state suppliers who charge~~  
35 ~~the applicable tax must pay the tax due directly to their suppliers. Advertising agencies that purchase tangible personal~~  
36 ~~property, from out of state suppliers who do not charge and remit the applicable tax must remit the use tax due directly~~

1 ~~to the Department on the purchase price of the property without any deduction on account of the cost of the materials~~  
2 ~~used, labor or service costs, transportation charges, or any expenses whatsoever.~~

3 ~~(b)(c) Retail Sales. -- Advertising agencies are considered to be retailers when they produce, cause to be produced,~~  
4 ~~fabricate, purchase, or otherwise acquire items, as the term item is defined in G.S. 105-164.3, that they sell at retail~~  
5 ~~for any use or purpose other than for resale. Items sold by advertising agencies include: catalogs, magazines, handbills,~~  
6 ~~brochures, programs, pamphlets, or similar printed matter materials, signs, paintings, portraits, negatives, photographs,~~  
7 ~~vinyl wraps, certain digital property, or taxable services, or any other tangible personal property they sell and deliver~~  
8 ~~to their clients or to others on behalf of their clients for delivery or distribution as advertising material or for any use~~  
9 ~~or purpose other than for resale. Advertising agencies making retail sales of tangible personal property, other than~~  
10 ~~exempt audiovisual masters, must items shall collect collect, report, and remit the general State, and applicable local~~  
11 ~~and transit rates of statutory state and local sales or and use tax on the sales price of the property such items unless the~~  
12 ~~item is specifically exempt by statute, whether it is prepared by the agency or acquired from outside sources.~~

13 The sales price to which the tax applies is the total amount for which the ~~tangible personal property~~ item is sold  
14 including all charges for services rendered in the production, fabrication, manufacture, or delivery of the ~~property, item,~~  
15 such as charges for creative time, commissions, supervision, research, transportation charges, transportation,  
16 installation, postage, telephone and telegraph electronic messages, copy, models' fees, stage props, printing, printing  
17 plates, film, positives, negatives, transparencies and color separations, even though the agency may separately state  
18 the charges on the invoice or similar billing document given to the purchaser at the time of sale, rendered to the client  
19 and in the agency's records.

20 ~~(e)(d) Retainer and Consultation Fees.~~

21 (1) Retainer. -- A retainer is generally collected in advance for future services to be rendered. Charges by  
22 advertising agencies to their clients for a retainer fees that are is directly related to the purchase, acquisition,  
23 fabrication, or production and retail sale of tangible personal property taxable items are part of the sales price and are  
24 subject to the general State, and applicable local and transit rates of sales or and use tax, tax, whether the retainer is  
25 separately stated on the customer's invoice or not. A retainer charged to clients is not subject to sales and use tax  
26 when it is solely in connection with the performance of professional services that are not subject to sales and use  
27 tax. Charges by advertising agencies for retainer fees to their clients are generally paid in advance to cover future  
28 services and if no sale of tangible personal property is involved are not subject to sales or use tax.

29 (2) Consultation fees Fees. -- Charges by advertising agencies to their clients for consultation fees directly related  
30 to the purchase, acquisition, fabrication, or production and retail sale of taxable items are a part of the sales price and  
31 are subject to the general State, and applicable local and transit rates of sales and use tax whether the consultation fees  
32 are separately stated on the customer's invoice or not. Consultation fees charged to clients are not subject to sales and  
33 use tax when they are solely in connection with the performance of professional services that are not subject to sales  
34 and use tax, oral or written reports only and not in connection with the sale of tangible personal property are also  
35 exempt from sales or use tax. Consultation fees directly involved in transactions that require the purchase, acquisition,  
36 fabrication or production and sale of tangible personal property, such as pamphlets and brochures, are a part of the  
37 sales price and are subject to sales and use tax even though the fees may be separately stated on the customer's invoice.

1 ~~If an advertising agency is retained to perform market research, analyze statistics, and develop an advertising concept~~  
2 ~~on which a report is presented, either orally or in writing to the client, the charges for these services are not taxable.~~  
3 ~~After considering the report, if the client decides to pursue the advertising concept and contracts with the same agency~~  
4 ~~to develop and produce advertising material to be placed on radio or television spots or in space in newspapers,~~  
5 ~~magazines, or on billboards, the agency must remit sales or use tax on its purchase of all taxable tangible personal~~  
6 ~~property used in producing the advertising material. If the advertising concept calls for the production, fabrication,~~  
7 ~~purchase, or acquisition of catalogs, magazines, handbills, brochures, programs, pamphlets, or similar printed matter~~  
8 ~~or any other tangible personal property they sell and deliver to their clients or to others for their clients, the advertising~~  
9 ~~agency is making retail sales subject to sales and use tax on the sales price of the property. The sales price to which~~  
10 ~~the tax applies includes all the items and services described in Paragraph (b) of this Rule.~~

11 (c) Purchases for Use in Rendering Professional Services. -- Advertising agencies are the users or consumers of items  
12 purchased by them for use in rendering professional services regardless of whether the items purchased are acquired  
13 in the name or account of the advertising agency or their client. Purchases by advertising agencies of film, printing  
14 plates, photographs, positives, negatives, transparencies, color separations, and similar items used in rendering  
15 professional services are subject to the applicable rates of sales and use tax on the purchase price of the items without  
16 any deduction for the cost of the materials used, labor or service costs, transportation charges, or any expenses  
17 whatsoever. Advertising agencies that purchase taxable items sourced to this State from suppliers who do not charge  
18 and remit the applicable sales and use tax shall remit the use tax due directly to the Department.

19 ~~(d)(f)~~ Purchases for Resale. -- Purchases by advertising agencies of items for resale, or of paper, ink, and other tangible  
20 personal property, certain digital property, or services that become a part of tangible personal property or  
21 certain digital property sold by advertising agencies at retail or wholesale, including purchases for resale in the same  
22 form, are exempt from sales or use taxes-tax when the purchases are supported by properly a completed Streamlined  
23 Sales Tax Agreement Certificates of Exemption, Form E-595E, Certificate of Exemption in accordance with 17 NCAC  
24 07B .0106, or other evidence in writing adequate to support the conclusion that the property is being purchased by a  
25 registered merchant for the purpose of resale. The term "part of tangible personal ~~property~~"property or certain digital  
26 property" includes only those items that are incorporated into and become a part of property sold and does not include  
27 those items that are merely used or ~~incidentally~~ consumed in its production. Purchases by advertising agencies of  
28 items used or consumed in the production of items for sale are subject to the applicable rates of sales and use tax. For  
29 example, a photograph, transparency, printing plate, positive, negative, or color separation does not become an  
30 ingredient or component part of property sold even though the image thereon is reproduced as a part of the property  
31 sold, sold and the purchase of such items is subject to the general State, and applicable local and transit rates of sales  
32 and use tax.

33 ~~(e) Purchasing for Use. -- Purchases by advertising agencies of film, printing plates, photographs, positives, negatives,~~  
34 ~~transparencies, color separations, and similar tangible personal property for use in the production of advertising~~  
35 ~~material are subject to the applicable statutory state and any local sales or use tax because the property does not become~~  
36 ~~incorporated into or become a component part of the property produced for sale. When advertising agencies purchase~~  
37 ~~items for use in the production of property for sale, they are the users or consumers of the property and must pay the~~



1 ~~state and local sales or use tax on the cost price without regard to the disposition that may be made of the items by the~~  
2 ~~advertising agency.~~

3 (f) ~~Acting as Agent. — An agent is one who represents another, called the principal, with third parties. For sales and~~  
4 ~~use tax purposes, to establish that a particular acquisition is made by an agency as agent for its client and not on the~~  
5 ~~agency's own behalf, all of the following must apply:~~

6 (1) ~~— The agency must disclose to the supplier the name of the principal for whom the agency is acting as~~  
7 ~~agent and establish that it has the authority to bind the principal with respect to the purchase.~~

8 (2) ~~— The agency must be able to document that its status as agent existed prior to the acquisition.~~

9 (3) ~~— The price billed by the agency to the principal for the personal property, exclusive of any agency~~  
10 ~~fee, must be the same as the amount paid to the supplier.~~

11 (4) ~~— The agency may make no use of the property for its own account.~~

12 ~~An advertising agency must remit the tax due on its purchases to suppliers within this state and suppliers outside this~~  
13 ~~state who collect and remit the applicable tax. — An advertising agency that purchases tangible personal property on~~  
14 ~~behalf of a principal from out of state suppliers who do not charge and remit the applicable tax must remit the use tax~~  
15 ~~due, as agent for its principal, directly to the Department on the purchase price of the tangible personal property~~  
16 ~~without any deduction on account of the cost of the materials used, labor or service costs, transportation charges, or~~  
17 ~~any expenses whatsoever. All acquisitions by advertising agencies of tangible personal property such as catalogs,~~  
18 ~~brochures, pamphlets, and the like are regarded as purchases by agencies on their own behalf for resale or for use~~  
19 ~~unless the agency establishes with respect to any acquisition that it is acting as agent for its principal pursuant to a~~  
20 ~~prior express contract. — An advertising agency purchasing tangible personal property as an agent on behalf of its client~~  
21 ~~for the client's use may not issue its certificate of exemption to the supplier. — An advertising agency that issues its~~  
22 ~~certificate of exemption to its supplier is presumed to be purchasing tangible personal property in its own behalf for~~  
23 ~~resale rather than acting as agent for its principal.~~

24  
25 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; ~~105-164.13(22a)~~; ~~105-164.28~~; ~~105-164.28A~~;*  
26 *105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and 46; ~~Article 39~~; ~~Article 40~~; ~~Article 42~~;*  
27 *~~Article 43~~; ~~Article 44~~;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. April 1, 2006; August 1, 1998; October 1, 1993; October 1, 1991;*  
30 *December 1, 1984; May 11, 1979-1979;*  
31 *Readopted Eff. January 1, 2024.*  
32

1 17 NCAC 07B .0902 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 .0902      ADVERTISING ARTISTS**

5 (a) Sales by Advertising Artists. -- Advertising artists are retailers when they who actually produce, cause to be  
6 produced, fabricate, purchase, or otherwise acquire items, as the term item is defined in G.S. 105-164.3, that they sell  
7 at retail for any use or purpose other than for resale. Items sold by advertising artists include catalogs, magazines,  
8 handbills, brochures, programs, pamphlets, or similar printed materials; other tangible personal property such as signs,  
9 paintings, portraits, negatives, photographs, vinyl wraps, certain digital property, or other tangible artistic creations  
10 creations. Advertising artists making retail sales of items and sell them to users or consumers shall collect, report, and  
11 remit are liable for collecting and remitting the applicable statutory state and local rates of sales or and use tax on the  
12 sales price of such articles item unless specifically exempt by statute.

13 The sales price to which the tax applies is the total amount for which the item is sold including all charges for services  
14 rendered in the production fabrication, manufacture, installation, postage, telephone and electronic messages, copy,  
15 models' fees, stage props, printing, printing plates, film, positives, negatives, transparencies, and color separations,  
16 even though the artist may separately state the charges on the invoice or similar billing document given to the purchaser  
17 at the time of sale.

18 (b) Purchases for Use in Rendering Professional Services. -- Advertising artists are the users or consumers of the  
19 items purchased by them for use in rendering professional services, regardless of whether the items are acquired in  
20 the name or account of the artist or their client. Purchases by advertising artists of items used in rendering professional  
21 services are subject to the applicable rates of sales and use tax on the purchase price of the item without any deduction  
22 for the cost of the material used, labor or service costs, transportation charges, or other expenses. Advertising artists  
23 that purchase taxable items sourced to this State from suppliers who do not charge and remit the applicable sales tax  
24 shall remit the use tax due directly to the Department.

25 (c) Purchases for Resale. -- Purchases by advertising artists of items for resale that become a part of tangible personal  
26 property or certain digital property sold by the advertising artist at retail or wholesale are exempt from sales or use tax  
27 when the purchases are supported by a completed Certificate of Exemption in accordance with 17 NCAC 07B .0106.  
28 The term "part of tangible personal property or certain digital property" includes only those items that are incorporated  
29 into and become a part of property sold and does not include those items that are merely used or consumed in its  
30 production. Purchases by advertising artists of items used or consumed in the production of items for sale are subject  
31 to the applicable rates of sales and use tax.

32  
33 *History Note:*     Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13; 105-164.28; 105-262;  
34 105-264; Chapter 105, Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43;  
35 Article 44;  
36 Eff. February 1, 1976;  
37 Amended Eff. April 1, 2006; October 1, 1993; October 1, 1991; July 5, 1980-1980;

1  
2

Readopted Eff. January 1, 2024.

1 17 NCAC 07B .0904 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 .0904 PUBLIC RELATIONS FIRMS**

5 (a) ~~Public Relations Firm-Rendering Professional Services:Services.~~ -- ~~If Charges by a public relations firm is retained~~  
6 ~~to plan and conduct a public relations program which that requires it to conduct research, opinion polls and surveys,~~  
7 ~~compile data, analyze all of the foregoing perform analysis,~~ and present a ~~written or oral~~written, oral, or electronic  
8 ~~report of its findings to its client, the charges for these services are not subject to sales or use tax.~~

9 (b) Purchases in Rendering Professional Services. -- ~~The Purchases by a public relations firm shall pay be subject to~~  
10 ~~the applicable statutory state and local rates of sales or use tax on the cost purchase price of any tangible personal~~  
11 ~~property item, as the term item is defined in G.S. 105-164.3, sourced to this State, and purchased for use in performing~~  
12 ~~the aforementioned services-rendering professional services or carrying out the goals or objectives of the plan or~~  
13 ~~concept. If the client decides to pursue the plan or concept developed by the public relations firm and such action~~  
14 ~~results in the development or acquisition of tangible personal property by the public relations firm for its use in~~  
15 ~~carrying out the goals or objectives of the plan or concept, it is liable for paying the applicable statutory state and local~~  
16 ~~sales or use tax on such purchases.~~

17 (b)(c) ~~Public Relations Agency-Making Retail Sales:Sales.~~ -- ~~If the plan or concept calls for the production,~~  
18 ~~fabrication, purchase or acquisition of tangible personal property by the public relations firm which it sells and delivers~~  
19 ~~to its client or sells to its client and delivers to others on behalf of its client, the public relations firm is making retail~~  
20 ~~sales which are subject to sales or use tax on the sales price of such property.~~Retail sales by public relations firms of  
21 taxable items are subject to sales or use tax unless exempt by statute. Taxable items sold by public relations firms  
22 include tangible personal property and certain digital property produced, fabricated, purchased, or acquired by the  
23 public relations firm and sold to its client and delivered to the client or to others on behalf of its client. Taxable items  
24 sold by public relations firms also include repair, maintenance, and installation services.- ~~Tax shall apply to the~~The  
25 ~~sales price of the property and shall include an item includes fees charged for costs~~ directly involved in the production  
26 of the ~~property item and those charges specifically associated with the fabrication, manufacture-manufacture, or~~  
27 ~~delivery of the property, item,~~ such as charges for commissions, supervision, research, transportation charges, postage,  
28 telephone and ~~telegraph~~ electronic messages, copy, copying, models' fees, stage props, printing, printing plates,  
29 ~~film, films,~~ positives, negatives, ~~transparencies~~ transparencies, and color separations even though the firm may  
30 separately state such charges on the ~~invoice~~ invoice, similar billing document, rendered to the client and/or in the firm's  
31 records.

32 Note: For Retainer and Consultation Fees: See 17 NCAC 7B .0901(e).

33  
34 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; Chapter 105,*  
35 *Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44;*  
36 *Eff. October 1, 1993;*  
37 *Amended Eff. April 1, 2006-2006;*



1 17 NCAC 07B .1101 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 .1100 - SALES OF TOBACCO ITEMS: FARM MACHINES AND MACHINERY QUALIFYING**  
5 **AND CONDITIONAL FARMERS**

6  
7 **17 NCAC 07B .1101 FARM MACHINES: MACHINERY: MACHINERY: EQUIPMENT: TOBACCO**  
8 **ITEMS SERVICES**

9 ~~(a) Sales to farmers of farm machinery, attachment and repair parts for farm machinery, and lubricants applied to~~  
10 ~~farm machinery for use by them in planting, cultivating, harvesting or curing of farm crops including nursery or~~  
11 ~~greenhouse stock and products of the forest, or to dairy operators, poultry farmers, egg producers, and commercial~~  
12 ~~producers of animals are exempt from sales and use tax. Sales of farm machinery, attachment and repair parts for~~  
13 ~~farm machinery, and lubricants applied to farm machinery to farmers for any purpose or use not defined in this Rule,~~  
14 ~~or to any person other than a farmer as herein defined, even though for a use or purpose herein defined, are subject to~~  
15 ~~the applicable statutory state and local sales or use tax without limitation. In other words, to qualify for the exemption~~  
16 ~~from sales and use tax, the transaction must be a sale of farm machinery, attachment and repair parts for farm~~  
17 ~~machinery, and lubricants applied to farm machinery to a farmer for one of the uses or purposes herein defined and~~  
18 ~~unless all three conditions are met, the sale is subject to the applicable statutory state and local sales or use tax without~~  
19 ~~limit.~~

20 ~~(b) Form E 595E, Streamlined Sales Tax Agreement Certificate of Exemption, may be completed by a farmer or~~  
21 ~~producer and accepted by a vendor as the authority for exempting from the sales and use tax the following:~~

22 (1) ~~farm machinery, attachment and repair parts for farm machinery, and lubricants applied to farm~~  
23 ~~machinery for use in planting, cultivating, harvesting or curing farm crops, including nursery or~~  
24 ~~greenhouse stock and products of the forest, or for use in the production of dairy products, poultry,~~  
25 ~~eggs, livestock, fish or aquatic plants.~~

26 (2) ~~The lease or rental of tobacco sheets used in handling tobacco in the warehouse and transporting~~  
27 ~~tobacco to and from the warehouse.~~

28 (3) ~~A metal flue sold for use in curing tobacco, whether the flue is attached to a handfired furnace or~~  
29 ~~used in connection with a mechanical burner.~~

30 (4) ~~A bulk tobacco barn or rack, parts and accessories attached to the tobacco barn or rack, and any~~  
31 ~~similar apparatus, part, or accessory used to cure or dry tobacco or another crop.~~

32 (5) ~~A grain, feed, or soybean facility, and parts and accessories attached to the facility.~~

33 (6) ~~Containers for use in the planting, producing, harvesting, curing, marketing, packaging, sale, or~~  
34 ~~transporting or delivery of products when such containers do not go with and become a part of the~~  
35 ~~sale of products.~~

36 (7) ~~Wrapping paper, labels, wrapping twine, paper, cloth, plastic bags, cartons, packages and containers,~~  
37 ~~wooden boxes, baskets, coops, barrels, and like articles sold to farmers and producers when such~~

1 materials are used for packaging, shipment or delivery of tangible personal property which is sold  
2 either at wholesale or retail and when such articles constitute a part of the sale of such tangible  
3 personal property and are delivered with it to the customer.

4 ~~(e) When a customer makes a purchase and executes a Form E-595E, Streamlined Sales Tax Agreement Certificate~~  
5 ~~of Exemption which is then furnished to the vendor, the vendor is relieved of the liability for any additional tax that~~  
6 ~~is subsequently determined to be due and the purchaser has assumed liability for the tax if the vendor has a fully~~  
7 ~~completed Form E-595E on file. In the absence of the certificate or other documentation to support an exemption~~  
8 ~~from tax, the vendor is liable for any additional tax determined to be due on a transaction.~~

9 (a) Sales of items, as the term item is defined in G.S. 105-164.3, to farmers or other persons are exempt from tax  
10 when all of the following requirements are met:

- 11 \_\_\_\_\_ (1) The farmer is a qualified or conditional farmer.
- 12 \_\_\_\_\_ (2) The farmer has a current exemption certificate number.
- 13 \_\_\_\_\_ (3) The item is listed in G.S. 105-164.13E(a).
- 14 \_\_\_\_\_ (4) The farmer primarily uses the item in farming operations.
- 15 \_\_\_\_\_ (5) The seller complies with the certificate of exemption requirements in G.S. 105-164.28

16 ~~(d)(b) The following are examples~~Examples of sales of farm machinery, attachment and repair parts for farm  
17 machinery, and lubricants applied to farm machinery ~~which are exempt when sold to~~that are exempt from sales and  
18 use tax when purchased by qualifying or conditional farmers and used primarily in farming operations include the  
19 following: for use by them in planting, cultivating, harvesting or curing farm crops:

- 20 (1) ~~tractors,~~tractors;
- 21 (2) ~~plows,~~plows;
- 22 (3) ~~harrows,~~harrows;
- 23 (4) ~~cultivators,~~cultivators;
- 24 (5) ~~mowers,~~mowers;
- 25 (6) ~~planters,~~planters;
- 26 (7) ~~corn pickers and snappers,~~corn pickers and snappers;
- 27 (8) ~~manure spreaders,~~manure spreaders;
- 28 (9) ~~manure loaders,~~manure loaders;
- 29 (10) ~~harvester threshers,~~harvester threshers;
- 30 (11) ~~rotary tillers,~~rotary tillers;
- 31 (12) ~~fertilizer distributors,~~fertilizer distributors;
- 32 (13) ~~wind rowers,~~wind-rowers;
- 33 (14) ~~forage blowers,~~forage blowers;
- 34 (15) ~~stalk cutters,~~stalk cutters;
- 35 (16) ~~seeders,~~seeders;
- 36 (17) ~~grain loaders,~~grain loaders;
- 37 (18) ~~harvesters,~~harvesters;

- 1           (19)   ~~cotton pickers~~, cotton pickers;
- 2           (20)   ~~rotary hoes~~, rotary hoes;
- 3           (21)   ~~corn and hay elevators~~, corn and hay elevators;
- 4           (22)   ~~tobacco curers~~, tobacco curers;
- 5           (23)   ~~tobacco flues~~, tobacco flues;
- 6           (24)   ~~tobacco trucks or slides~~, tobacco trucks or slides;
- 7           (25)   ~~wagons~~, wagons;
- 8           (26)   ~~non-highway trailers~~, non-highway trailers;
- 9           (27)   ~~mechanical rakes~~, mechanical rakes;
- 10          (28)   ~~balers~~, balers;
- 11          (29)   ~~rod weeders~~, rod weeders;
- 12          (30)   ~~combines~~, combines;
- 13          (31)   ~~tobacco transplanters~~, tobacco transplanters;
- 14          (32)   ~~shredders for corn stalks~~, shredders for corn stalks;
- 15          (33)   ~~power loader lifts~~, power loader lifts;
- 16          (34)   ~~platform carriers~~, platform carriers;
- 17          (35)   ~~portable insecticide sprayers~~, portable insecticide sprayers;
- 18          (36)   ~~chain saws~~, chainsaws;
- 19          (37)   ~~motor oils, greases, lubricants and anti-freeze~~; motor oils, greases, lubricants, and anti-freeze; and
- 20          (38)   hydraulic fluids.

21           (c) Examples of commercially manufactured equipment, and parts and accessories for equipment, that are  
22           exempt from sales and use tax when used, placed, or installed in a commercially manufactured  
23           facility, enclosure, or structure for housing, raising, or feeding animals include:

- 24           (1)   animal clippers and parts for animal clippers;
- 25           (2)   cooling fans;
- 26           (3)   egg cooling cabinets for housing, raising, or feeding poultry;
- 27           (4)   feed mills;
- 28           (5)   mechanical barn cleaners;
- 29           (6)   scales; and
- 30           (7)   silo unloaders.

31           (d) Examples of repair, maintenance, and installation services that are exempt from sales and use tax when purchased  
32           by a qualifying or conditional farmer include:

- 33           (1)   Repair or maintenance of a tractor that is used primarily in farming operations.
- 34           (2)   Repair of a roof for a chicken house used for housing, raising, or feeding chickens.
- 35           (3)   Repair or maintenance for any of the items listed in subsection (b) of this Rule.
- 36           (4)   Repair of a fence used for housing, raising, or feeding animals.



1 (e) Examples of items ~~which are~~ purchased by a qualifying or conditional farmer from a retailer that are subject to the  
2 ~~applicable statutory state~~ general State, and applicable local and transit rates of sales or use tax when sold to farmers  
3 ~~for general purposes:~~ include:

- 4 (1) lawn mowers;
- 5 (2) snow plows;
- 6 (3) oil and fuel storage tanks ~~tanks~~, mobile or stationery, and their fittings;
- 7 (4) drainage tile;
- 8 (5) paint, cleaning compounds and brushes;
- 9 (6) ~~baler twine; snap bean graders;~~
- 10 (7) ~~tobacco sticks and tobacco twine;~~ all-terrain vehicles not used primarily in farming operations;
- 11 (8) tools for maintaining machinery and ~~equipment.~~ equipment;
- 12 (9) sickle grinders;
- 13 (10) tobacco balers; and
- 14 (11) ventilators that are part of a building or structure that have no moving parts and are installed in  
15 tobacco barns, other than bulk tobacco barns.

16 (f) The items listed in subsections (a), (b), and (c) or this Rule must be purchased in accordance with G.S. 105-  
17 164.13E and G.S. 105-164.28A in order to be exempt from sales and use tax; otherwise, the items purchased are  
18 subject to the general State, and applicable local and transit rates of sales and use tax. ~~The lists in Paragraphs (d) and~~  
19 ~~(e) of this Rule are not intended to be exclusive, but are for illustrative purposes only. If there is any question as to the~~  
20 ~~tax status of any item which does not appear therein, such question shall be submitted to the secretary, together with~~  
21 ~~a detailed statement of the business of the purchaser, the design and structure of the article, and its use, to the end that~~  
22 ~~the applicable rate of tax may be correctly determined.~~

23 (g) ~~The word farmer as used in this Rule includes crop farmers, dairy operators, poultry farmers, egg producers,~~  
24 ~~livestock farmers, nurserymen, greenhouse operators, farmers who raise fish or water plants, orchardmen and other~~  
25 ~~persons coming within the generally accepted definition of the word. It does not include a person who merely~~  
26 ~~cultivates a garden for personal use.~~

27  
28 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; ~~105-164.13; 105-164.13E; 105-164.28; 105-~~*  
29 *164.28A; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and 46; Article 39; Article 40;*  
30 *Article 42; Article 43; Article 44;*  
31 *Eff. February 1, 1976;*  
32 *Amended Eff. June 1, 2006; August 1, 1996; April 1, 1995; July 1, 1994; October 1, 1993; June 1,*  
33 *1992-1992;*  
34 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1123 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 .1123 CERTAIN SALES TO COMMERCIAL ANIMAL FARMERS**

5

6 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262;*

7 *Eff. February 1, 1976;*

8 *Amended Eff. June 1, 2006; August 1, 1998; August 1, 1996; May 1, 1995; October 1, 1993;*

9 *June 1, 1992; February 1, ~~1988-1988~~;*

10 *Repealed Eff. January 1, 2024.*

11

1 17 NCAC 07B .1202 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 .1202 SUPPLIES AND EQUIPMENT FOR AN ACCOMMODATION**

5 ~~Sales to hotels, motels, inns, tourist camps, and tourist cabins and other places in which rooms, lodgings or~~  
6 ~~accommodations are furnished for a consideration.~~A hotel, motel, inn, tourist camp, tourist cabin, or other  
7 accommodation provider making purchases of any supplies, equipment, or fixtures including linens, but not limited  
8 ~~to beds, bedding, bathroom supplies~~supplies, cleaning supplies, and furniture are subject to~~shall pay the applicable~~  
9 ~~statutory state~~general State, and applicable local and transit rates of sales or use tax.

10  
11 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
12 *42, 43, and 46; Article 39; Article 40; Article 42; Article 43;*  
13 *Article 44; Article 46;*  
14 *Eff. February 1, 1976;*  
15 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991-1991;~~*  
16 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1301 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 .1300 - SALES IN INTERSTATE COMMERCE**

5  
6 **17 NCAC 07B .1301 OUT-OF-STATE DELIVERIES**

7 (a) To qualify for the exemption from sales or use tax on out-of-State deliveries set out in G.S. 105-164.13, a retailer  
8 who Sales within the State of tangible personal property that the vendor delivers items, as the term item is defined in  
9 G.S. 105-164.3, to the purchaser at a point outside the State, or that the vendor delivers to causes items to be delivered  
10 by a common carrier or the United States Postal Service to the mails for transportation and delivery to the purchaser  
11 at a point outside the State, are not subject to the applicable state and local sales or use tax if the property is not  
12 returned to a point within the State and the vendor furnishes acceptable proof of shall maintain documentation  
13 substantiating the transportation and delivery to a point outside the State. The most acceptable proof of Documentation  
14 substantiating the transportation and delivery to a point outside the State is shall be any of the following:

- 15 (1) A waybill or bill of lading made out to the seller's order calling for delivery.  
16 (2) An insurance or registry receipt issued by the United States Postal Service, or a postal service ~~or~~  
17 receipt.  
18 (3) A trip sheet that is signed by the ~~seller's~~ retailer's delivery agent ~~and agent~~, shows the signature and  
19 address of the person who received the delivered goods outside the ~~state~~ State, and states the location  
20 and time of delivery.  
21 (4) Retailer's records kept in the ordinary course of business substantiating that a sale of certain digital  
22 property is sourced to a location outside North Carolina.

23 (b) A retailer is liable for the applicable rates of sales or use tax due on the sale if it does not maintain documentation  
24 substantiating the transportation and delivery of an item to a point outside the State.

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-164.13; 105-164.22; 105-262;*  
27 *105-264; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. July 1, 1999; August 1, 1998; October 1, 1993; October 1, ~~1991~~1991;*  
30 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1302 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 .1302 IN-STATE DELIVERIES**

5 Sales of tangible personal property delivered in this state to the buyer or his agent, if such agent is not a common  
6 carrier, are subject to the applicable statutory state and local sales or use tax, notwithstanding that the buyer may  
7 subsequently transport, or employ someone else to transport, the property out of this state, except as provided by G.S.  
8 ~~105-164.13~~. The sales price of items, as the term item is defined in G.S. 105-164.3, sold at retail that are delivered to  
9 a purchaser or the purchaser's agent in this State are subject to the applicable State, local, and transit rates of sales and  
10 use tax, unless exempt by statute. Tax is due even if the purchaser or the purchaser's agent may subsequently transport,  
11 or employ someone else to transport the item out of this State.

12  
13 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105,*  
14 *Articles 39, 40, 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; January 1, 1982;*  
17 *February 8, ~~1981~~1981;*  
18 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1303 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 .1303 ~~DELIVERIES-GIFTS TO DONEES~~**

5 (a) A donee is a person to whom the buyer of tangible personal property gives the property that receives an item, as  
6 the term item is defined in G.S. 105-164.3, from a purchaser without charge. Retailers making sales of items sourced  
7 to this State shall collect and remit the applicable rates of tax due on the sales price of the item, even if the item is  
8 given away by the purchaser to a donee or delivered directly to a donee.

9 (b) The purchaser of items used or consumed in this State is liable for the applicable rates of tax due on the purchase  
10 price of the items, even if the items are given away by the purchaser to a donee or delivered directly to a donee, unless  
11 the tax is paid to the retailer at the time of purchase. When a North Carolina retailer sells tangible personal property  
12 to a buyer and the retailer, at the direction of the buyer, delivers the property to the buyer's donee instead of to the  
13 buyer, the sale by the retailer is subject to applicable statutory State and local sales tax only if the delivery to the donee  
14 is made inside the State. If the delivery to the donee is made outside the State, no State or local sales or use tax applies.

15 (c) A retailer who, at the direction of a buyer, delivers property to the ~~buyer's purchaser's~~ donee at a point outside the  
16 State ~~must have~~ shall maintain acceptable proof of delivery in accordance with 17 NCAC 07B .1301.

17  
18 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; Chapter 105,*  
19 *Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44;*  
20 *Eff. February 1, 1976;*  
21 *Amended Eff. April 1, 2006; July 18, 2002; July 1, 1999; October 1, 1993; October 1, 1991; March*  
22 *1, 1984; January 3, ~~1984~~-1984;*  
23 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1305 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 .1305 FOREIGN COMMERCE: PURCHASES FOR EXPORT**

5 (a) Tangible personal property purchased for export and exempt from sales or use tax pursuant to G.S. 105-164.13(33)  
6 will lose its exemption ~~if~~ if:

7 (1) the purchaser of the tangible personal property fails to submit Form E-599C, Purchaser's Affidavit  
8 of Export, to the seller and comply with the terms and conditions listed on the form; and

9 (2) the tangible personal property ~~it~~ is not exported within 90 days of purchase. ~~Such property would~~  
10 then become subject to the applicable state and local use tax payable directly to the Department.

11 (b) Form E-599C requires the following information:

12 (1) name of vendor;

13 (2) address of vendor;

14 (3) name of affiant;

15 (4) title of affiant, if applicable;

16 (5) name of vendee;

17 (6) address of vendee;

18 (7) name of foreign country;

19 (8) identification of property purchased;

20 (9) signature of affiant; and

21 (10) signature, date, seal, and commission expiration date of Notary Public.

22 (c) A separate Form E-599C, Purchaser's Affidavit of Export, is required for each transaction.

23 (d) This exemption from sales and use tax does not extend to property acquired for personal use or consumption by  
24 the purchaser, including gifts.

25

26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105,*  
27 *Articles 39, 40, 42, 43, and 46;*

28 *Eff. ~~October 1, 1993~~ 1993;*

29 *Readopted Eff. [Insert date].*

30

1 17 NCAC 07B .1404 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 .1404      ~~MEDICAL SUPPLIES~~ SUPPLIES, INSTRUMENTS, AND EQUIPMENT**

5 Sales to physicians, dentists, hospitals, or other ~~users or~~ consumers of medical supplies, instruments ~~medical~~  
6 instruments, medical equipment, and laboratory equipment used to diagnose, prevent, treat, or cure disease are subject  
7 to ~~applicable state~~ the general State, and applicable local and transit rates of sales or and use tax, tax, unless exempt  
8 by statute. ~~Sales of medical equipment and medical supplies are also subject to applicable state and local sales or use~~  
9 ~~tax, unless their sale is exempt under G.S. 105 164.13(12)d. That statute exempts from tax durable medical equipment~~  
10 ~~and related medical supplies that are covered under the Medicare or Medicaid program and are sold on either a~~  
11 ~~certificate of medical necessity or a written prescription. Items listed below are subject to tax, unless their sale is~~  
12 ~~exempt under G.S. 105 164.13(12)d. Items not included in the list may also be~~ Examples of medical supplies,  
13 instruments, and equipment subject to tax: ~~sales and use tax include the following:~~

- 14           (1)     ~~Adhesive~~ adhesive tape;
- 15           (2)     ~~Alcohol;~~ alcohol;
- 16           (3)     ~~Bandages;~~ bandages;
- 17           (4)     ~~Battery~~ battery chargers;
- 18           (5)     ~~Bed~~ bed pans;
- 19           (6)     ~~Betadine~~ betadine solution;
- 20           (7)     ~~Blood~~ blood glucose monitors;
- 21           (8)     ~~Blood~~ blood glucose test/reagent strips;
- 22           (9)     ~~Blood~~ blood or urine control strips;
- 23           (10)    breast pumps;
- 24           ~~(10)~~ (11) Breathing ~~breathing~~ circuits;
- 25           ~~(11)~~ (12) CO<sub>2</sub> carbon dioxide (CO<sub>2</sub>) saturation monitors and accessories;
- 26           (13)    cold packs and hot packs;
- 27           (14)    collection bags;
- 28           ~~(12)~~ (15) Cotton; ~~cotton;~~
- 29           ~~(13)~~ (16) Crutch ~~crutch~~ and cane holders;
- 30           ~~(14)~~ (17) Cylinder ~~cylinder~~ tank carriers;
- 31           (18)    denture adhesive;
- 32           ~~(15)~~ (19) Dial a dose ~~dial-a-does~~ insulin delivery devices;
- 33           ~~(16)~~ (20) Dressings; ~~dressings;~~
- 34           ~~(17)~~ (21) Exam ~~exam~~ and surgical gloves;
- 35           ~~(18)~~ (22) Gauze; ~~gauze;~~
- 36           (23)    glucose for insulin reactions;
- 37           (24)    incontinence pads, sheets, and liners;



1 ~~(19)~~—Knives;  
2 ~~(20)~~~~(25)~~ I.V.;intravenous (IV) hangers;  
3 ~~(21)~~—I.V. poles;  
4 ~~(26)~~ knives;  
5 ~~(22)~~~~(27)~~ Lancets;lancets;  
6 ~~(28)~~ lubricants;  
7 ~~(23)~~~~(29)~~ Microscopes;microscopes;  
8 ~~(24)~~~~(30)~~ Mouthpieces;mouthpieces;  
9 ~~(25)~~~~(31)~~ Needles;needles and syringes;  
10 ~~(32)~~ non-corrective eye lenses;  
11 ~~(33)~~ ostomy barrier wipes and powders;  
12 ~~(34)~~ ostomy cleansers, deodorants, and adhesive removers;  
13 ~~(26)~~~~(35)~~ Peak-peak flow meters;  
14 ~~(27)~~~~(36)~~ Percussors;percussors;  
15 ~~(28)~~~~(37)~~ Pulse-pulse oximeters;  
16 ~~(29)~~~~(38)~~ Rollabout-rollabout chairs;  
17 ~~(39)~~ soap;  
18 ~~(30)~~~~(40)~~ Seissors;scissors;  
19 ~~(31)~~~~(41)~~ Sterile-sterile water;  
20 ~~(32)~~—Surgical gloves;  
21 ~~(33)~~—Syringes;  
22 ~~(42)~~ tissues;  
23 ~~(34)~~~~(43)~~ Tracheal-trachael suction catheters;  
24 ~~(35)~~~~(44)~~ Tracheostomy-tracheostomy care kits;  
25 ~~(36)~~~~(45)~~ Tracheostomy-tracheostomy cleaning brushes;  
26 ~~(37)~~~~(46)~~ Tracheostomy-tracheostomy masks and collars;  
27 ~~(38)~~~~(47)~~ Tubing;tubing, sold by the linear foot or otherwise;  
28 ~~(39)~~~~(48)~~ Urinals;urinals;  
29 ~~(40)~~~~(49)~~ Urine-urine test or reagent strips or ~~tablets; and~~tablets; or  
30 ~~(41)~~~~(50)~~ X-rayx-ray machines.

31  
32 *History Note: Authority G.S. 105-164.4; 105-164.6; 105.164.13; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
33 *42, 43, and 46;*  
34 *Eff. February 1, 1976;*  
35 *Amended Eff. July 1, 2000; August 1, 1998; October 1, 1993; October 1, ~~1991,1991;~~*  
36 *Readopted Eff. January 1, 2024.*  
37

1 17 NCAC 07B .1601 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 .1600 – SALES TO OR PURCHASES BY HOSPITALS; EDUCATIONAL; CHARITABLE OR**  
5 **RELIGIOUS INSTITUTIONS; ETCNONPROFIT ENTITIES; SALES BY NONPROFIT ENTITIES; AND**  
6 **REFUNDS THERETOTO NONPROFIT ENTITIES**

7  
8 **17 NCAC 07B .1601 SALES TO OR PURCHASES BY NONPROFIT ENTITIES**

9 (a) For purposes of this Rule, a nonprofit entity is an organization that is exempt from taxation under Section 501(c)(3)  
10 of the Internal Revenue Code and includes entities such as hospitals not operated for profit, educational institutions  
11 not operated for profit, churches, and civic groups such as chambers of commerce, fraternities, sororities, clubs, lodges,  
12 parent and teacher associations, scout councils, and similar organizations.

13 ~~(a)(b) Sales to nonprofits. -- Sales To Nonprofits~~ Nonprofit entities are not exempt from paying sales and use tax.  
14 ~~Sales-Retail sales of taxable tangible personal property items, as the term item is defined in G.S. 105-164.3, to a~~  
15 ~~nonprofit entity for use or consumption by that entity~~ are subject to the applicable rates of sales or and use tax, tax,  
16 unless acquired by the nonprofit entity for the purpose of resale. A retailer is liable for collecting and remitting sales  
17 and use tax on a sale to a nonprofit entity, unless the nonprofit provides the retailer a Certificate of Exemption in  
18 accordance with 17 NCAC 07B .0106. Nonprofit entities include hospitals not operated for profit, educational  
19 institutions not operated for profit, churches, and civic groups such as chambers of commerce, fraternities, sororities,  
20 and scout clubs. Sales of building materials, supplies, fixtures, and equipment to contractors for use in the performance  
21 of contracts with a nonprofit entity are also subject to sales or use tax.

22 (c) Purchases by nonprofits:

23 (1) Purchases for Use or Consumption. -- Nonprofit entities are not exempt from paying sales and use  
24 tax. Purchases of taxable items by nonprofit entities for use or consumption are subject to the  
25 applicable rates of sales and use tax. Any nonprofit entity making taxable purchases from a seller  
26 that does not collect North Carolina sales and use tax is required to register with the Department and  
27 file returns in accordance with 17 NCAC 07B .0104, and pay the use tax due on such purchases. A  
28 nonprofit entity must pay sales tax charged on its purchases and is liable for use tax on its purchases  
29 when no sales tax is collected. A nonprofit entity that owes use tax must file a return in accordance  
30 with 17 NCAC 7B .0104.

31 (2) Purchases for Resale. -- Nonprofit entities that make purchases of items for the purpose of resale  
32 may purchase such items exempt from sales and use tax in accordance with 17 NCAC 07B .0106.

33 (c) Real property contracts with nonprofits:

34 (1) Retail sales of building materials, supplies, fixtures, and equipment to contractors or other persons  
35 for use in the performance of real property contracts with a nonprofit entity are subject to sales and  
36 use tax.

1           (2) Purchases of building materials, supplies, fixtures, and equipment by real property contractors or  
2           other persons for use in the performance of real property contracts with a nonprofit entity are subject  
3           to sale and use tax.

4           ~~(b) Sales By Nonprofits. Sales by nonprofit entities are subject to sales or use tax unless a specific~~  
5           ~~exemption applies to the sale. A nonprofit entity that makes taxable retail sales must register with the~~  
6           ~~Department and file sales and use tax returns. A nonprofit entity that is registered with the Department may~~  
7           ~~execute a Streamlined Sales Tax Agreement Certificate of Exemption, form E 595E. The certificate shall~~  
8           ~~not be used for items the nonprofit entity intends to use or consume.~~

9  
10    History Note:    Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-164.29; 105-262;  
11                    105-264; Chapter 105, Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article  
12                    43; Article 44;  
13                    Eff. February 1, 1976;  
14                    Amended Eff. April 1, 2006; July 1, 2000; October 1, 1993; October 1, 1991; January 1, 1982; July  
15                    5, ~~1980, 1980;~~  
16                    Readopted Eff. January 1, 2024.

1 17 NCAC 07B .1602 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 .1602 REFUNDS TO NONPROFIT ENTITIES**

5 (a) ~~Eligibility~~ Eligibility. -- A nonprofit entity listed in G.S. 105-164.14(b) may file ~~a claim for~~ Form E-585, Nonprofit  
6 and Governmental Entity Claim for Refund State, County and Transit Sales and Use Taxes, to obtain a refund for of  
7 sales or and use tax paid by it on the following purchases when used in carrying on the work of the nonprofit entity:

8 (1) Direct purchases of an item, as the term item is defined in G.S. 105-164.3, including reimbursement  
9 by the nonprofit entity for purchases by an authorized person of tangible personal property and  
10 services on behalf of the nonprofit entity. For purposes of this Rule, an authorized person is a person  
11 designated by a nonprofit entity, within its records, to purchase tangible personal property and  
12 services on behalf of the nonprofit entity.

13 (2) Indirect purchases of items purchased for its use and for sales and use tax paid indirectly by it on  
14 building materials, supplies, fixtures, and equipment that become part of or annexed to any a  
15 building or structure if the entity owns or leases leases, and is being erected, altered, or repaired for  
16 use by the entity in carrying on its nonprofit activities, and uses to conduct its nonprofit activity.

17 ~~A claim for refund must be filed on a form provided by the Department.~~ A claim for refund applies to taxes sales and  
18 use tax paid during the period for which the claim for refund is filed. Taxes for which a refund is allowed under G.S.  
19 105-164.14(b) are not an overpayment of tax and do not accrue interest.

20 (b) Form E-585, requires the following information:

21 (1) name and address of entity requesting the refund;

22 (2) Federal Employer Identification Number;

23 (3) account number;

24 (4) refund period beginning and ending dates;

25 (5) contact person name and telephone number;

26 (6) designation as either a nonprofit entity or governmental entity;

27 (7) National Taxonomy of Exempt Entities (NTEE) number for nonprofit entities;

28 (8) name of taxing county if taxes were paid in only one county. Where more than one county's sales  
29 and use tax has been paid, attach Form E-536E, Schedule of County Sales and Use Taxes for Claims  
30 for Refund, and show the amount paid for each county's applicable local and transit rates of tax.

31 (9) total purchases of items for use on which State, food, county and transit sales or use tax was paid  
32 directly to the retailer;

33 (10) amount of sales and use tax paid directly to retailers on purchases;

34 (11) amount of sales and use tax paid indirectly to retailers on purchases;

35 (12) amount of use tax paid directly to the Department on purchases;

36 (13) total tax paid;

37 (14) total refund amount requested;

1           (15) allocation of food, county and transit tax amounts; and

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

3 (c) Records -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid.  
4 Records shall be maintained by the nonprofit entity on a county-by-county basis to identify local and transit sales and  
5 use tax paid by the nonprofit entity. A claim for refund shall be denied if a nonprofit entity fails to produce  
6 documentation supporting a direct or indirect purchase upon request by the Department.

7 ~~(b)(d) Proof-Documentation for Direct Purchases-Purchases. -- A claim for refund must be supported by~~  
8 ~~documentation showing the amount of tax paid. For items purchased by a nonprofit entity for its use, adequate~~  
9 ~~documentation~~Documentation to substantiate sales or use tax paid directly to a retailer or the Department is an invoice  
10 or copy of an invoice that sets out identifies the item purchased, the date of the purchase, the ~~cost~~ purchase price of the  
11 item, and the amount of sales or use tax paid, paid, and a record reflecting the date of payment. Documentation to  
12 substantiate an authorized person is designated to make purchases on behalf of the nonprofit entity shall include the  
13 name and address of the designee and the effective date of the designation.

14 ~~(e)(c) Proof-Documentation for Contractor Indirect Purchases-Purchases. -- A claim for refund for~~Documentation to  
15 substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by  
16 the nonprofits' real property contractor or other person, must be supported by adequate documentation showing the  
17 amount paid. Adequate documentation is a certified statement from the real property contractor or subcontractor other  
18 person that purchased the items.

19 (1) The certified statement must shall include the following information:

20           (A) indicate the date the item was purchased;

21           (B) the type of item purchased, purchased;

22           (C) the ~~vendor~~ name of the retailer or other person from whom it the item was  
23 purchased, purchased;

24           (D) the invoice or order reference number of the purchase, purchase;

25           (E) the ~~cost~~ purchase price of the item, and item;

26           (F) the amount of sales or use tax paid, paid to this State with the applicable local and transit  
27 rates of tax shown separately from the State rate of tax.

28           (G) the project for which the item was used;

29           (H) if the item was purchased in this State, the county in North Carolina in which the item was  
30 delivered and a copy of the sales invoice;

31           (I) if the item was not purchased in this State, the county in North Carolina in which the item  
32 was used; and

33           (J) the signature of the real property contractor or corporate officer or employee of the real  
34 property contractor who is authorized to provide the information.

35 (2) In the event the real property contractor or other person makes several purchases from the same  
36 retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices,

1 the total amount of the invoices, and the general State, and applicable local and transit rates of sales  
2 or use tax paid.

3 (3) If items are withdrawn from a real property contractor or other person's warehouse stock, the  
4 certified statement shall include the purchase price of the items and the amount of the general State,  
5 and applicable local and transit rates of sales and use tax paid.

6 (4) Only items that become part of a building the nonprofit entity owns or leases and uses to conduct  
7 its nonprofit activity are eligible for a refund. A real property contractor or other person may shall  
8 not include in its certified statement sales or use tax paid on items the contractor purchased and used  
9 to fulfill the real property contract but that did not become part of or annexed to the building  
10 constructed. Examples of items that are shall not to be included in the contractor's certified  
11 statement are scaffolding, forms for concrete, fuel for the operation of to operate machinery and  
12 equipment, tools, equipment repair parts, and equipment rentals, and blueprints, rentals.

13 (d)(f) Items Taxes Not Eligible for Refundable Refund. -- The refund provisions of this Rule do not apply to sales  
14 and use taxes tax incurred by employees on purchases of food, lodging, or other taxable travel expenses paid by  
15 employees and reimbursed by a nonprofit entity listed in G.S. 105-164.14(b). These expenses are personal to the  
16 employee because the contract for food, shelter, and travel is between the employee and the provider and payment of  
17 the tax is by the employee individually and personally. In this circumstance, a nonprofit entity has not incurred any  
18 sales or use tax liability and has not paid any sales tax; instead, it the nonprofit entity has chosen to reimburse a  
19 personal expense of the employee.

20 The refund provisions of this Rule do not apply to any of the following following taxes:

21 (1) Charges for electricity and telecommunications services; Sales or use tax remitted on taxable sales  
22 made by nonprofit entities.

23 (2) Sales or use tax paid on the purchase of "alcoholic beverages" as defined in G.S. 18B-101.

24 (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas,  
25 video programming, or a prepaid meal plan.

26 (2)(4) Occupancy Local occupancy taxes levied and administered by paid to certain counties and cities in  
27 this State; State.

28 (3)(5) Prepared Local prepared food and beverage taxes levied by paid to various local governments in this  
29 State; State.

30 (4)(6) Highway use taxes tax or alternate highway use tax paid on the purchase, vehicle subscription, lease,  
31 or rental of motor vehicles; vehicles.

32 (5)(7) The white White goods disposal tax levied paid on purchases of new white goods; goods.

33 (6)(8) The scrap Scrap tire disposal tax levied paid on purchases of new tires; or tires.

34 (7)(9) The dry cleaning Dry-cleaning solvent tax levied paid on dry-cleaning solvent purchased by a dry  
35 cleaning facility.

36 (10) Solid waste disposal tax.

37 (11) 911 service charge for prepaid wireless telecommunications service.

1           (12) Other states' sales or use taxes paid to those states.

2 (g) The provisions of G.S. 105-164.14(b) and this Rule apply to out-of-state nonprofit entities to the extent the out-  
3 of-state nonprofit entity pays North Carolina sales or use tax on purchases for use in carrying on the entities nonprofit  
4 activities, whether those activities occur in or outside this State.

5  
6 *History Note:*    *Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 105-262; 105-264;*  
7 *Chapter 105, Articles 39, 40, 42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article~~*  
8 *44;*

9           *Eff. February 1, 1976;*

10           *Amended Eff. April 1, 2006; July 1, 2000; July 1, 1999; August 1, 1998; April 1, 1997;*

11           *August 1, 1996; October 1, 1993; March 1, 1993; June 1, 1992; October 1, ~~1991, 1991~~;*

12           *Readopted Eff. January 1, 2024.*

13

1 17 NCAC 07B .1605 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 .1605 ~~CLUBS; ASSOCIATIONS; ETC.~~ SALES BY NONPROFIT ENTITIES**

5 ~~Clubs, lodges, parents and teachers associations, scout councils and similar organizations which~~ Nonprofit entities as  
6 defined in 17 NCAC 07B .1601(a) that make regular retail sales of taxable tangible personal property must shall  
7 register with the Department of Revenue and pay the Department and file sales and use tax returns in accordance with  
8 17 NCAC 07B .0104, and collect and remit the applicable sales tax on such sales except as provided by G.S.  
9 105-164.13(34) and G.S. 105-164.13(35) due, unless specifically exempt by statute.

10

11 *History Note: Authority G.S. 105-164.4; 105-164.8; 105-164.29; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
12 *42, 43, and 46;*

13 *Eff. February 1, 1976;*

14 *Amended Eff. January 1, 1982; July 5, ~~1980-1980;~~*

15 *Readopted Eff. January 1, 2024.*

16



1 17 NCAC 07B .1701 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 .1700 - SALES TO OR BY THE STATE: COUNTIES: CITIES: AND OTHER POLITICAL**  
5 **SUBDIVISIONS**  
6

7 **17 NCAC 07B .1701 GOVERNMENTAL SALES AND PURCHASES**

8 (a) General Sales to and Purchases by Governmental Entities. -- With the exception of ~~electricity and~~  
9 ~~telecommunication~~electricity, telecommunications service, and ancillary service, sales to North Carolina State  
10 agencies are exempt from State and local sales or use taxes-tax pursuant to G.S. 105-164.13(52), if all of the conditions  
11 set out in G.S. 105-164.13(52) are met, and from the privilege tax pursuant to Article 5F of Chapter 105 of the General  
12 Statutes. The items must be purchased by the State agency for its own use pursuant to a valid purchase order issued  
13 by the agency that contains its exemption number and a description of the property purchased, or the items must be  
14 paid for with a State issued check, electronic deposit, credit card, procurement card, or credit account of the agency.  
15 For all purchases other than by an agency issued purchase order, the agency must provide to or have on file with the  
16 retailer the agency's exemption number. The~~This~~ exemption does not apply to sales of tangible personal  
17 property items, as the term item is defined in G.S. 105-164.3, to ~~contractors~~ a person, including a real property  
18 contractor, for use in the performance of ~~contracts~~ a contract with State agencies or to sales of tangible personal  
19 property items to employees of State agencies. Sales to counties, cities, and other political subdivisions are subject to  
20 the applicable State and applicable local and transit rates of tax.

21 (b) Taxable Sales by Governmental Entities. -- A governmental ~~unit~~entity, including a State agency that sells tangible  
22 personal property items at retail is considered to be a retailer.- A governmental entity that is a retailer shall register  
23 with the Department, in accordance with 17 NCAC 07B .0104, and report, collect, and remit the applicable sales and  
24 use tax due on retail sales unless exempt by statute. The annual refund for certain governmental entities, as provided  
25 by G.S. 105-164.14, does not apply to the tax due on retail sales made by a governmental entity. Governmental entities  
26 registered with the Department may purchase items for resale without paying sales tax to the seller by providing a  
27 completed Certificate of Exemption in accordance with 17 NCAC 07B .0106. The reporting, payment, and other  
28 requirements that apply to a nongovernmental entity apply to a governmental entity unless a law exempts the  
29 governmental entity from the requirement.

30 (c) ~~DOT~~Sales to the North Carolina Department of Transportation. -- Sales of items to the Department of  
31 Transportation are exempt from ~~State and local~~ State, local, and transit rates of sales and use tax. This exemption does  
32 not apply to sales of tangible personal property items to ~~contractors~~ a person, including a real property contractor, for  
33 use in the performance of ~~contracts~~ a contract with the Department of Transportation ~~nor or~~ to sales of tangible  
34 personal property items to ~~employees~~ an employee of the Department of Transportation.  
35

1 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; ~~105-187.52; 105-262; 105-264;~~*  
2 *Chapter 105, Articles 39, 40, 42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article~~*  
3 *44; Article 46;*  
4 *Eff. February 1, 1976;*  
5 *Amended Eff. October 1, 2009; August 1, 1998; August 1, 1996; October 1, 1993; October 1, 1991;*  
6 *May 1, 1990; February 1, ~~1987; 1987;~~*  
7 *Readopted Eff. January 1, 2024.*

8

1 17 NCAC 07B .1702 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 .1702 REFUNDS TO COUNTIES, CITIES, AND OTHER GOVERNMENTAL ENTITIES**

5 (a) Eligibility. -- A governmental entity listed in G.S. 105-164.14(c) may file Form E-585, Nonprofit and  
6 Governmental Entity Claim for Refund for State, County and Transit Sales and Use Taxes, to obtain a refund of sales  
7 and use tax paid by it on the following purchases:

8 (1) Direct purchases of items, as the term item is defined in G.S. 105-164.3.

9 (2) Indirect purchases of building materials, supplies, fixtures, and equipment that become part of or  
10 annexed to any building or structure the entity owns or leases, and is being erected, altered, or  
11 repaired for use by the entity.

12 A claim for refund applies to sales and use tax paid during the period for which the claim for refund is filed. Taxes for  
13 which a refund is allowed under G.S. 105-164.14(c) are not an overpayment of tax and do not accrue interest.

14 (b) Claims for refund by governmental entities shall be filed on Form E-585, and requires all the information set out  
15 in 17 NCAC 07B .1602(b).

16 (c) Records. -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid.  
17 Records shall be maintained by the governmental entity on a county-by-county basis to identify local and transit sales  
18 and use tax paid by the governmental entity.

19 (d) Documentation for Direct Purchases. -- Documentation to substantiate sales or use tax paid directly to a retailer  
20 or the Department is an invoice or copy of an invoice that identifies the item purchased, the date of the purchase, the  
21 purchase price of the item, the amount of sales or use tax paid, and a record reflecting the date of payment.

22 (e) Documentation for Indirect Purchases by a Real Property Contractor or Other Person. -- Documentation to  
23 substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by  
24 the governmental entity's real property contractor or other person, is a certified statement from the real property  
25 contractor or other person that purchased the items.

26 (1) A certified statement shall contain the information set out in G.S. 105-164.14(e)(1) through (6).

27 (2) If the item was purchased in this State, the person shall attach a copy of the sales invoice.

28 (3) In the event the real property contractor or other person makes several purchases from the same  
29 retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices,  
30 the total amount of the invoices, and the general State, and applicable local and transit rates of sales  
31 or use tax paid.

32 (4) If items are withdrawn from a real property contractor or other person's warehouse stock, the  
33 certified statement shall include the purchase price of the items and the amount of the general State,  
34 and applicable local and transit rates of sales or use tax paid.

35 (5) A real property contractor or other person shall not include in its certified statement sales or use tax  
36 paid on items purchased and used to fulfill the real property contract that did not become part of or  
37 annexed to the building constructed. Examples of items that shall not be included in the certified

1 statement are scaffolding, forms of concrete, fuel to operate machinery and equipment, tools,  
2 equipment repair parts, temporary fencing/netting, and equipment rentals.

3 (f) Taxes not Eligible for Refund – The refund provisions of this Rule do not apply to the following taxes:

4 (1) Sales or use tax remitted on taxable sales made by the governmental entity.

5 (2) Sales or use tax paid on the purchase of “alcoholic beverages” as defined in G.S. 18B-101.

6 (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas,  
7 video programming, or a prepaid meal plan.

8 (4) Local occupancy taxes paid to certain counties and cities in this State.

9 (5) Local prepared food and beverage taxes paid to various local governments in this State.

10 (6) Highway use tax or alternate highway use tax paid on the purchase, vehicle subscription, lease, or  
11 rental of motor vehicles.

12 (7) White goods disposal tax paid on purchases of new white goods.

13 (8) Scrap tire disposal tax paid on purchases of new tires.

14 (9) Dry-cleaning solvent tax paid on dry-cleaning solvent purchased by a dry cleaning facility.

15 (10) Solid waste disposal tax.

16 (11) 911 service charge for prepaid wireless telecommunications service.

17 (12) Other states’ sales or use taxes paid to those states.

18 ~~G.S. 105-164.14(c) lists the governmental entities that are allowed an annual refund of sales and use taxes as well as~~  
19 ~~the sales and use taxes for which a refund is allowed. The entities listed are eligible for refunds of sales and use taxes~~  
20 ~~paid on their purchases to the same extent as other nonprofit entities. Rule 17 NCAC 7B .0602 addresses refunds for~~  
21 ~~nonprofit entities. Governmental entities must file an annual claim for refund, however, instead of a semiannual claim~~  
22 ~~for refund. The annual claim requirement does not apply to a hospital or another medical facility that is an agency of~~  
23 ~~a county or city and has received approval from the Secretary to file a claim for refund on a semiannual basis. Rule~~  
24 ~~17 NCAC 7B .1802 explains this approval process.~~

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 105-262; 105-264;*  
27 *Chapter 105, Articles 39, 40, 42, 43, and 46;*

28 *Eff. February 1, 1976;*

29 *Amended Eff. July 1, 2000; August 1, 1998; April 1, 1997; August 1, 1996; October 1, 1993; October*  
30 *1, 1991; May 1, 1990; February 1, ~~1997~~1997;*

31 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1704 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 .1704 GOVERNMENTAL ENTITIES NOT ELIGIBLE FOR REFUNDS**

5 G.S. 105-164.14(c) lists the governmental entities ~~that are~~ eligible for annual refunds of sales and use ~~taxes-tax~~ paid  
6 on certain direct purchases. A governmental entity ~~that is~~ not listed in that subsection is not eligible for ~~a~~-an annual  
7 refund. The governmental entities that are not eligible for ~~a~~-an annual refund include the following:

- 8 (1) An alcoholic beverage control board.
- 9 (2) A community college established under G.S. 115D.
- 10 (3) A drainage district.
- 11 (4) A housing authority.
- 12 ~~(5) The North Carolina Civil Air Patrol, a State agency created by G.S. 143B 490.~~

13

14 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.14; 105-262; 105-264;*

15 *Eff. February 1, 1976;*

16 *Amended Eff. April 1, 1999; October 1, 1993; May 1, 1990; July 5, ~~1980-1980;~~*

17 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1705 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 .1705 HOUSING AUTHORITIES**

5 Sales of ~~taxable tangible personal property~~ items, as the term item is defined in G.S. 105-164.3, to housing authorities  
6 created and existing under Chapter 157 of the North Carolina General Statutes for use in carrying on their activities  
7 are subject to the applicable statutory ~~state and local sales or use tax~~ rates of sales and use tax and such housing  
8 authorities are not entitled to refunds under the provisions of G.S. 105-164.14.

9

10 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
11 *42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
12 *Eff. February 1, 1976;*  
13 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; August 1, 1988; March 1, ~~1984-1984;~~*  
14 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1801 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 .1801 SALES TO AND PURCHASES BY HOSPITALS AND SIMILAR INSTITUTIONS**

5 (a) ~~General~~ General. -- ~~Hospitals, sanitariums, nursing homes, and rest homes~~ Hospitals and similar institutions are  
6 primarily engaged in rendering services and are ~~considered the users or consumers of all tangible personal~~  
7 ~~property items, as the term item is defined in G.S. 105-164.3, they purchase for use in connection with these~~  
8 ~~institutions the operation of the hospital or similar institutions.~~ Hospitals and similar institutions purchasing items for  
9 use, such as linens, soap, toilet paper, facial tissues, and other supplies, shall pay sales or use tax due on the purchase  
10 of the items, unless exempt from tax by statute. For purposes of this Rule, similar institutions include nursing homes,  
11 ambulatory surgical facilities, psychiatric hospitals, chemical dependency facilities, and other institutions primarily  
12 engaged in providing a health service, as the term is defined in G.S. 131E-176(9a). ~~These institutions are liable for~~  
13 ~~payment of sales or use tax on their purchases of tangible personal property except as explained in this Rule.~~

14 (b) Purchases of Drugs for Use. -- Hospitals and similar institutions are the consumers of drugs and over-the-counter  
15 drugs used in administering treatment to patients. Purchases of drugs and over-the-counter drugs by hospitals or similar  
16 institutions are subject to the general State, and applicable local and transit rates of sales or use tax, unless exempt  
17 from tax by statute.

18 ~~(b)~~ (c) Purchases and Sales of Food—Food:

19 (1) Hospitals and similar institutions are the consumers of food they purchase to furnish meals to  
20 patients. Purchases of food used to furnish meals to patients by hospitals and similar institutions are  
21 subject to the applicable rates of sales and use tax, unless exempt by statute. ~~Purchases of food by~~  
22 ~~hospitals, sanitariums, nursing homes, or rest homes for use in furnishing meals to patients are~~  
23 ~~exempt from State tax, but not the 2% local tax, if the food could be purchased under the Food~~  
24 ~~Stamp Program.~~

25 (2) Hospitals and similar institutions that make sales of ~~If food purchased by an institution could not be~~  
26 ~~purchased under that Program, the food is subject to both State and local sales or use tax. If, in~~  
27 ~~addition to furnishing meals to patients, one of these institutions operates a cafeteria from which it~~  
28 ~~makes sales of prepared meals or food to guests, visitors, employees, staff, or students, patients~~  
29 ~~when the sale of food is not part of their health care services, or other persons,~~ persons the institution  
30 must shall register with the Department of Revenue ~~Department, in accordance with 17 NCAC 07B~~  
31 .0104, and collect and remit the applicable rates of sales and use tax on its the sales.

32 (3) If the food purchased by the a hospital or similar institution for use in furnishing meals to patients  
33 cannot be distinguished from the food purchased for resale through the cafeteria to other persons,  
34 the hospital or similar institution may purchase all the food exempt from sales or use tax under a  
35 certificate of resale exemption, in accordance with 17 NCAC 07B .0106. An A hospital or similar  
36 institution that does this purchases food under a certificate of exemption assumes liability for

1 payment of sales or use tax due on the purchase price of food used in furnishing meals to its patients  
2 and on sales of meals by the cafeteria at the applicable State, local, and transit rates of tax.

3 ~~(e)~~(d) Meals to Students Gift Shops and Other Retail Sales. -- A hospital or similar institution that operates a gift shop  
4 or other business making retail sales shall register with the Department and collect and remit the sales and use tax due  
5 on its retail sales. The tax due shall be computed at the applicable rates on the sales price or purchase price of the item  
6 sold. If, at the time of sale, a hospital or similar institution cannot distinguish whether an item will be used or resold,  
7 the hospital or similar institution may purchase the item exempt from sales and use tax under a certificate of exemption.  
8 A hospital or similar institution that purchases an item under a certificate of exemption which is subsequently used by  
9 the hospital, including items used to provide services to patients, must pay the sales or use tax due on the purchase  
10 price of the item. Meals and food products sold by a hospital operated by a State or private educational institution to  
11 student nurses are exempt from tax in accordance with G.S. 105-164.13(27).

12 ~~(d)~~(c) Purchases for Consumption Use of a Certificate of Exemption. -- Except as provided by Paragraph (b) sections  
13 (c) and (d) of this Rule, a Certificate of Resale, Form E-590, Exemption may not be used by hospitals, sanitariums,  
14 nursing homes, or rest homes hospitals or similar institutions when making taxable purchases of tangible personal  
15 property items for use or consumption. The sales or use tax due on taxable purchases from North Carolina suppliers  
16 or out of state suppliers who charge retailers that collect North Carolina sales or use tax must shall be paid to the  
17 suppliers-retailer. An institution that makes Hospitals and similar institutions that make taxable purchases from an  
18 out of state supplier who does suppliers that do not collect and remit North Carolina sales or use tax must shall register  
19 with the department Department and remit monthly the tax due on the purchases purchase price of items purchased  
20 for use or consumption.

21  
22 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-467; 105-264; Chapter 105, Articles*  
23 *39, 40, 42, 43, and 46;*  
24 *Eff. February 1, 1976;*  
25 *Amended Eff. July 1, 2000; May 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991; July*  
26 *1, 1989, 1989;*  
27 *Readopted Eff. January 1, 2024.*  
28



1 17 NCAC 07B .1905 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 .1905      ~~SALES TO TIRE RECAPPERS~~RETREADERS**

5 (a) Sales by Tire Retreaders:

6       (1) Sales of Retreaded Tires. -- The sales price of a retreaded tire is subject to the general State, and  
7           applicable local and transit rates of sales and use tax on the sales price of the retreaded tire, without  
8           any deduction for any trade-in credit or allowance.

9       (2) Tire Retreading Services. -- The gross receipts derived from tire retreading services are subject to  
10           the general State, and applicable local and transit rates of sales and use tax, without any deduction  
11           for any trade-in credit or allowance.

12       (3) Sales of Other Parts or Services. -- The sales price of other items sold by a tire retreader including  
13           shoes, valves, dust caps, and repair, maintenance, and installation services are subject to the general  
14           State, and applicable local and transit rates of sales and use tax unless exempt by statute.

15 (b) Purchases by Tire Retreaders:

16       (1) Purchases of Ingredient or Component Parts. -- A tire retreader may purchase exempt from sales  
17           and use tax tangible personal property that enters into or becomes an ingredient or component part  
18           of retreaded tires that are resold. Such items may include ~~Sales to tire recappers of camelback or~~  
19           other rubber products, cement and rubber solvent, cord fabric, wheel ~~weights-weights,~~ and other  
20           items ~~similar items,~~ of a similar nature which enter into or become an ingredient or component part  
21           of the recapped tires or are attached to and delivered with the tires to the customer are exempt from  
22           tax.

23       ~~(b) The gross receipts derived by a utility from sales of electricity to tire recappers for use in connection with~~  
24       ~~the operation of the recapping plant are subject to tax at the rate set in G.S. 105-164.4. Sales of other fuel,~~  
25       ~~except piped natural gas, to tire recappers for use in connection with the operation of the recapping plant are~~  
26       ~~exempt from sales tax. Sales of piped natural gas are exempt from sales tax and are subject to the excise tax~~  
27       ~~imposed by Article 5E of G.S. 105.~~

28       ~~(e)(2) Purchases of Mill Machinery or Mill Machinery Parts or Accessories. -- Sales to~~Purchases by tire  
29           ~~recappers-retreaders~~ retreaders ~~of mill machinery, or mill machinery parts and or accessories therefor, for use~~  
30           ~~exclusively used primarily in the recapping "production" phase, as defined in section 57 of the~~  
31           ~~Department's Sales and Use Tax Bulletin, of the retreading process are exempt from sales and use~~  
32           ~~tax. Sales to contractors and subcontractors of mill machinery or mill machinery parts and~~  
33           ~~accessories for use by them in the performance of contracts with manufacturing industries and plants~~  
34           ~~and sales to subcontractors purchasing mill machinery or mill machinery parts and accessories for~~  
35           ~~use by them in the performance of contracts encompassed in such contracts with manufacturing~~  
36           ~~industries and plants are exempt from sales tax. Such mill machinery or mill machinery parts and~~  
37           ~~accessories must be for use by tire recappers in the production process, as the term "production" is~~

1 defined in 17 NCAC 07D .0102(a)(1), to qualify for the exemption from sales and use tax when  
2 purchased by such contractors or subcontractors. Contractors and subcontractors may obtain  
3 Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E, from the  
4 Taxpayer Assistance Division, North Carolina Department of Revenue, to be executed by them and  
5 furnished to their vendors in connection with such purchases as the vendor's authority to apply the  
6 exemption. The following items when sold to tire recappers retreaders for use exclusively primarily  
7 in the recapping retreading process are considered to be mill machinery or mill machinery parts and  
8 or accessories within the meaning of the Sales and Use Tax Article; exempt from sales and use tax.

9 This is not an all-inclusive list:

- 10 (1) — wire brushes;
- 11 (2) — mold lube;
- 12 (3) — curing tubes and rims;
- 13 (4) — molds and matrices;
- 14 (5) — buffing equipment;
- 15 (6) — buffing discs;
- 16 (7) — buffing rasps;
- 17 (8) — rasp teeth;
- 18 (9) — crayons for marking tires;
- 19 (10) — tire trimmers;
- 20 (11) — boilers;
- 21 (12) — tire handling equipment used exclusively between the beginning and ending steps of the recapping  
22 process;
- 23 (13) — inspection spreaders used exclusively to inspect casings being recapped;
- 24 (14) — spinners used for applying cement used on casings being recapped;
- 25 (15) — pre-condensing tanks for air lines used for applying cement, dusting buffed casings, and inflating  
26 curing tubes;
- 27 (16) — casing balancers used exclusively in balancing casings to be recapped;
- 28 (17) — tread builders used to apply tread rubber to casings being recapped;
- 29 (18) — air compressors used exclusively in retreading or recapping process;
- 30 (19) — dust collectors;
- 31 (20) — knives, stitchers, rollers, shears, awls, and splicing tools used to perform work on the ingredient  
32 material or the manufactured product;
- 33 (21) — thermometers, pyrometers, and durometers used in testing mold heat and cure hardness of the rubber  
34 used in the recapping process;
- 35 (22) — bagging and debugging equipment;
- 36 (23) — sprayers used exclusively in the recapping process;
- 37 (24) — matrix loaders;

1 ~~(25) — steam traps and valves used in steam lines for curing molds; and~~

2 ~~(26) — mold cleaners.~~

3 (A) Air compressors.

4 (B) Bagging and debagging equipment.

5 (C) Boilers.

6 (D) Buffing discs.

7 (E) Buffing equipment.

8 (F) Buffing rasps.

9 (G) Casing balancers and balancing casings to be retreaded.

10 (H) Crayons for marking tires.

11 (I) Curing tubes and rims.

12 (J) Dust collectors.

13 (K) Inspection spreaders used to inspect casings being retreaded.

14 (L) Knives, stitchers, rollers, shears, awls, and splicing tools used to perform work on the  
15 ingredient material or the manufactured product.

16 (M) Matrix loaders.

17 (N) Mold cleaners.

18 (O) Mold lube.

19 (P) Molds and matrices.

20 (Q) Pre-condensing tanks for air lines used for applying cement, dusting buffed casings, and  
21 inflating curing tubes.

22 (R) Rasp teeth.

23 (S) Spinners used for applying cement used on casings being retreaded.

24 (T) Sprayers.

25 (U) Steam traps and valves used in steam lines for curing molds.

26 (V) Thermometers, pyrometers, and durometers used in testing mold heat and cure hardness of  
27 the rubber used in the retreading process.

28 (W) Tire handling equipment used between the beginning and ending steps for the retreading  
29 process.

30 (X) Tire trimmers.

31 (Y) Tread builders used to apply tread rubber to casings being retreaded.

32 (Z) Wire brushes.

33 ~~(d)(c) Purchases of items used or consumed. -- Purchases by tire retreaders of items used or consumed by them are~~  
34 ~~subject to the general State, and applicable local and transit rates of sales and use tax. The following are examples of~~  
35 ~~items which used or consumed by tire retreaders that are subject to the applicable statutory state and local sales or use~~  
36 ~~tax when sold to tire recappers for use or consumption: tax. This is not an all-inclusive list:~~

37 ~~(1) — motor vehicle jacks;~~

- ~~(2) — tire tools not used between the beginning and ending recapping processes;~~
- ~~(3) — balancing machinery used after recapping process is completed;~~
- ~~(4) — equipment used to remove tires from the rim before the recapping process begins;~~
- ~~(5) — administrative equipment such as office supplies, file cabinets and other office equipment;~~
- ~~(6) — cleaning compounds for janitorial and sanitary purposes;~~
- ~~(7) — uniforms for employees;~~
- ~~(8) — advertising materials;~~
- ~~(9) — lubricants, repair parts and accessories for motor vehicles;~~
- ~~(10) — inspection bags; and~~
- ~~(11) — gloves.~~

- (1) Administrative equipment such as office supplies, file cabinets, and other office equipment.
- (2) Advertising materials.
- (3) Balancing machinery used after the retreading process is completed.
- (4) Cleaning compounds for janitorial and sanitary purposes.
- (5) Equipment used to remove tires from the rim before the retreading process begins.
- (6) Gloves.
- (7) Inspection bags.
- (8) Motor vehicle jacks.
- (9) Tire tools not used between the beginning and end of the retreading process.
- (10) Uniforms for employees.

~~(e) The lists in Paragraphs (c) and (d) of this Rule are not intended to be exclusive but are for illustrative purposes only. If there is any question as to the tax status of any item not on the lists, it may be submitted to the Secretary of Revenue for a determination as to the applicable rate of tax.~~

(d) Purchases of Other Items for Resale. -- Tire retreaders making purchases of items for resale may purchase such items exempt from sales and use tax in accordance with 17 NCAC 07B .0106.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;  
Eff. February 1, 1976;  
Amended Eff. October 1, 2009; July 1, 1999; October 1, 1993; June 1, 1992; October 1, 1991; May 1, ~~1985, 1985;~~  
Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .1907 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 .1907 SCRAP TIRE DISPOSAL TAX**

5 (a) The scrap tire disposal tax applies to the sale or purchase of new tires including new tires for motor vehicles,  
6 aircraft, construction equipment, maintenance and industrial equipment, and implements of husbandry, farm tractors,  
7 special mobile equipment as defined in G.S. 20-4.01, or vehicles designed primarily for use in non-highway work.

8 (b) Lessors of vehicles shall pay the scrap tire disposal tax to the retailer or wholesale merchant when they purchase  
9 a new tire.

10 ~~(c)~~ (c) Lessors of tires shall pay the scrap tire disposal tax to the retailer or wholesale merchant when they purchase a  
11 new tire. The taxable event for tires that are purchased for the purpose of lease or rental occurs at the time the tires are  
12 purchased and the scrap tire tax is due at that time. The receipts from the lease or rental of tires are not subject to the  
13 scrap tire tax but they are subject to the sales or use tax. ~~The scrap tire tax shall be computed on the selling price of~~  
14 ~~the tire including the federal excise tax but excluding the sales tax.~~

15 ~~(b)(d)~~ (d) The scrap tire disposal tax applies to Purchases-purchases of new tires from inside or outside of North Carolina  
16 for storage, use or consumption in North Carolina or to be placed Carolina, including for placement on a vehicle offered  
17 for sale, lease or rental in this State. are subject to tax at the rate established in G.S. 105-187.16(b).

18 (e) Tire retailers shall separately state and charge the scrap tire disposal tax on the invoice or similar billing document  
19 given to purchasers at the time of sale except where the retailer displays a statement indicating the sales price includes  
20 the scrap tire disposal tax.

21 (f) The sales price on which the scrap tire disposal tax is computed includes the federal excise tax on new tires. The  
22 sales price on which the scrap tire disposal tax is computed does not include the sales and use tax due on the sale. The  
23 sales price on which the sales and use tax is computed does not include the scrap tire disposal tax due on the sale.

24 ~~(e)(g)~~ (g) The scrap tire disposal tax is not to be reported on a tire vendor's sales and use tax report but it is to be reported  
25 on the Scrap Tire Disposal Tax Report, Form E-500G. Taxpayers who are making sales or purchases of tires that are  
26 subject to the tax in accordance with the above information must register for this purpose. Persons required to collect  
27 and remit the scrap tire disposal tax shall register with the Department in accordance with 17 NCAC 07B .0104. The  
28 scrap tire disposal tax shall be paid and reported on Form E-500G, Scrap Tire Disposal Tax Return, which shall contain  
29 the following information:

- 30 \_\_\_\_\_ (1) name and address of entity filing return;  
31 \_\_\_\_\_ (2) beginning and ending dates of return period;  
32 \_\_\_\_\_ (3) account number;  
33 \_\_\_\_\_ (4) amount of gross receipts;  
34 \_\_\_\_\_ (5) amount of sales for resale;  
35 \_\_\_\_\_ (6) amount of exempt sales by type;  
36 \_\_\_\_\_ (7) total exempt sales;  
37 \_\_\_\_\_ (8) total taxable sales;

- 1               (9)     amount of receipts or purchases for tires with a bead diameter of less than 20 inches;
- 2               (10)    amount of tax due for receipts or purchases for tires with a bead diameter of less than 20 inches;
- 3               (11)    amount of receipts or purchases for tires with a bead diameter of at least 20 inches;
- 4               (12)    amount of tax due for receipts or purchases for tires with a bead diameter of at least 20 inches;
- 5               (13)    amount of total tax for all tires;
- 6               (14)    amount of total tax due; and
- 7               (15)    signature of person authorized to legally bind entity and date form signed.

8  
9     *History Note:    Authority G.S. 105-187.15; 105-187.16; 105-187.17; 105-164.29; 105-262; 105-264;*  
10                    *Eff. October 1, 1991;*  
11                    *Amended Eff. October 1, 1993; June 1, ~~1992~~.1992;*  
12                    *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2001 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 .2000 - SALES AND GIFTS BY EMPLOYERS TO EMPLOYEES ~~OR OTHER USERS~~**

5  
6 **17 NCAC 07B .2001 SALES TO EMPLOYEES**

7 ~~Sales of tangible personal property by any employer, manufacturer, processor, wholesaler, distributor or jobber to his~~  
8 ~~employees or others for use or consumption are subject to the applicable statutory state and local sales or use tax,~~  
9 ~~unless specifically exempt, notwithstanding that such sales are infrequent or comprise only a small fraction of the~~  
10 ~~vendor's total business, and every employer, manufacturer, processor, wholesaler, distributor or jobber making such~~  
11 ~~sales must register with the department and collect and remit the tax due thereon. The fact that any such vendor only~~  
12 ~~makes sales to his employees shall not relieve him of this requirement.~~

13 (a) An employer engaged in business in this State shall collect and remit the sales and use tax due on the retail sale of  
14 an item, as the term item is defined in G.S. 105-164.3, to an employee. The tax due shall be computed at the applicable  
15 State, local, and transit rates of tax on the sales price of the item. An employer required to collect sales or use tax shall  
16 register with the Department in accordance with 17 NCAC 07B .0104. The fact that an employer's sales are infrequent,  
17 comprise only a small fraction of the total business, or are to employees only, shall not relieve an employer of these  
18 requirements.

19 (b) Employees shall pay the sales or use tax due on the purchase of an item from their employer. The tax due shall be  
20 computed at the applicable State, local, and transit rates of tax on the sales price or purchase price of the item.

21  
22 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
23 *42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44;*  
24 *Eff. February 1, 1976;*  
25 *Amended Eff. April 1, 2006; October 1, 1993; October 1, ~~1991~~,1991;*  
26 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2002 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 .2002      GIFTS AND WAGES TO EMPLOYEES AN EMPLOYEE OR OTHER PERSON**

5 Gifts of tangible personal property by any employer, manufacturer, processor, wholesaler, distributor or jobber to his  
6 employees or other persons are subject to the applicable statutory state and local sales or use tax, unless the donor paid  
7 sales or use tax on the sales or purchase price of the donated property at the time he acquired the same. The tax due  
8 by reason of any such gift shall be paid by the donor and shall be computed on the donor's cost price of the property  
9 donated, irrespective of whether fabricated, produced, manufactured or processed by the donor, or acquired elsewhere.  
10 An employer shall pay the sales or use tax due on the purchase of an item, as the term item is defined in G.S. 105-  
11 164.3, that is provided to an employee or other person as a gift or as compensation. The tax due shall be computed at  
12 the applicable State, local, and transit rates of sales and use tax on the sales price or purchase price of the item given  
13 away, irrespective of whether the item is fabricated, produced, manufactured, or processed by the employer, or  
14 acquired elsewhere.

15  
16 *History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; Chapter 105,*  
17 *Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article 44;*  
18 *Eff. February 1, 1976;*  
19 *Amended Eff. April 1, 2006; October 1, 1993; October 1, ~~1991~~, 1991;*  
20 *Readopted Eff. January 1, 2024.*



1 17 NCAC 07B .2101 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 .2100 – ELECTRICITY: PIPED NATURAL GAS: BOTTLED GAS: COAL: COKE: FUEL OIL:**  
5 **OXYGEN: ACETYLENE: HYDROGEN: LIQUEFIED PETROLEUM GAS AND OTHER**  
6 **COMBUSTIBLES**

7  
8 **17 NCAC 07B .2101 ~~ELECTRICITY~~ ELECTRICITY, PIPED NATURAL GAS, AND OTHER FUEL**

9 (a) Gross Receipts. -- For purposes of this Rule, “gross receipts” means the total amount or consideration for which  
10 the item subject to tax is sold or purchased and includes:

- 11 (1) All charges, costs, credits, and discounts included in the “sales price” as defined in G.S. 105-164.3;  
12 (2) All charges for items provided in the production and delivery of the taxable item to customers, even  
13 if some charges are billed separately from the charge for metered services;  
14 (3) Separately stated charges billed to customers for repair, maintenance, and installation services or  
15 contribution in aid of construction; and  
16 (4) The amount actually charged to customers for the taxable item consumed during the billing period,  
17 even if a customer participates in an equal pay agreement.

18 ~~(a)~~(b) Electricity. -- Electricity is tangible personal property and its sale the gross receipts derived from the retail sales,  
19 including any separately stated charges billed to customers for repair, maintenance, and installation services or  
20 contribution in aid of construction, is subject to tax at the rates set in G.S. 105-164.4, the combined general rate of  
21 sales and use tax, unless exempt by statute. Sales tax is computed on the gross receipts after any allowance for  
22 conservation or load control discounts on metered electric service for residential customers.- Local and transit rates of  
23 sales and use taxes tax not included in the combined general rate do not apply to sales or purchases of electricity.

24 (c) Piped Natural Gas. -- Piped natural gas is tangible personal property and the gross receipts derived from the retail  
25 sales, including any separately stated charges billed to customers for repair, maintenance, and installation services or  
26 contribution in aid of construction, is subject to the combined general rate of sales and use tax, unless exempt by  
27 statute. Local and transit rates of sales and use tax not included in the combined general rate do not apply to sales or  
28 purchases of piped natural gas.

29 ~~(b)~~(d) Other Fuel. -- The sale of fuels including bottled gas, coal, coke, fuel oil, oxygen, acetylene, hydrogen, liquefied  
30 petroleum gas, or another other combustible to a user or consumer is subject to the general applicable statutory  
31 stateState, and applicable local and transit rates of sales and use tax tax, unless the sale is exempt from tax under G.S.  
32 105-164.13 by statute. Sales of piped natural gas are exempt from sales tax and are subject to the excise tax imposed  
33 by G.S. 105, Article 5E.

34  
35 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.16; 105-262; 105-264; 105-*  
36 *467; Chapter 105 Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43;*  
37 *Article 44; Article 46;*

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*Eff. February 1, 1976;*  
*Amended Eff. October 1, 2009; July 1, 2000; August 1, 1998; October 1, 1993; October 1, 1991;*  
*May 1, 1990; August 1, ~~1986-1986~~;*  
*Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2102 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 .2102      SAWDUST USED AS FUEL**

5

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

7 *Eff. February 1, 1976;*

8 *Amended Eff. August 1, ~~2009-2009~~;*

9 *Repealed Eff. January 1, 2024.*

1 17 NCAC 07B .2105 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 .2105 AVIATION FUEL**

5 The gross receipts derived from the retail sale of aviation gasoline and jet fuel are subject to the combined general rate  
6 of sales and use tax, unless specifically exempt by statute. For purposes of this Rule, gross receipts include any federal  
7 excise tax imposed on the retailer, even if the federal excise tax is listed separately on the invoice, bill of lading, or  
8 similar billing document. Gross receipts do not include federal excise taxes imposed directly on a consumer if the tax  
9 is separately stated on the invoice, bill of sale, or similar document given to the customer. Sales of aviation gasoline  
10 and other aviation fuel to users or consumers in this state are subject to the applicable statutory state and local sales  
11 or use tax. The federal tax on aviation gasoline or other aviation fuels which is levied by Chapter 32, Section 4081, of  
12 the Internal Revenue Code and the federal super fund tax are imposed on gasoline sold by any producer, terminal  
13 operator or importer of gasoline and shall be included in the sales price of aviation gasoline on which North Carolina  
14 sales tax is due. The federal tax on noncommercial aviation gasoline and the federal tax on liquids sold for use or  
15 used for fuel in noncommercial aviation as levied by the provisions of Chapter 31, Section 4041, of the Internal  
16 Revenue Code, are taxes imposed at the retail level and these taxes are not includable in the sales price upon which  
17 North Carolina sales tax is due.

18  
19 *History Note: Authority G.S. 105-164.3; 105-164.4; ~~105-164.6~~; 105-262; 105-264; Article 39; Article 40; Article*  
20 *42; Article 43; Article 44; Article 46;*  
21 *Eff. February 1, 1976;*  
22 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; October 1, 1990; January 3,*  
23 *1984-1984;*  
24 *Readopted Eff. January 1, 2024.*  
25

1 17 NCAC 07B .2201 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 .2200 - FOOD AND FOOD PRODUCTS FOR HUMAN CONSUMPTION**

5  
6 **17 NCAC 07B .2201 FOOD AND FOOD PRODUCTS**

7 (a) ~~General.~~ Retail sales and purchases of food or and food products not included in subsection (b) of this  
8 Rule are subject to applicable statutory State and local sales or use tax unless a statute exempts the sales from tax, the  
9 two percent (2%) local food rate of sales and use tax, imposed by Articles 39, 40, and 42 of Chapter 105 of the North  
10 Carolina General Statutes, and are exempt from the general State rate of sales and use tax. The local and transit taxes  
11 imposed by Articles 43 and 46 of Chapter 105, do not apply to food and food products that are exempt from the State  
12 rate of sales and use tax.

13 (b) ~~G.S. 105-164.13B lists the food that is exempt from State tax, but not the two percent local tax. The following~~  
14 food and food products are subject to the general State, and applicable local and transit rates of sales and use tax:

- 15 (1) Dietary supplements.  
16 (2) Food sold through a vending machine.  
17 (3) Prepared food, other than bakery items sold without eating utensils by an artisan bakery.  
18 (4) Soft drinks.  
19 (5) Candy.  
20 (6) Food or prepared food provided by prepaid meal plans.

21 (b)(c) ~~Exempt Cafeteria Food.~~ The schools, institutions, and organizations whose sales of food and meals are Schools  
22 making purchases of food exempt under G.S. 105-164.13(26), (26a), or (27)G.S. 105-164.13(26) and G.S. 105-  
23 164.13(26a), are not required to register with the Department. Therefore, unless one of these entities is otherwise  
24 required to register with the Department by reason of making other sales or purchases subject to the sales or use tax,  
25 it cannot furnish their suppliers a Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E,  
26 to its suppliers or the required data elements, in accordance with 17 NCAC 07B .0106. When making purchases of  
27 food to be sold, one of these entities that is not registered must give the supplier information to the effect that the food  
28 purchased is to be sold by the entity's school cafeteria or dining room, and the supplier must enter this Failure to provide  
29 a Certificate of Exemption or other documentation to the supplier, for entry of the information on its in their records  
30 and on the sales invoices, invoice identifying the food purchased as food to be sold exempt by the school. Otherwise,  
31 the transactions may be subject to the tax, transaction to sales and use tax. Registered schools, institutions, and  
32 organizations must furnish a properly executed Streamlined Sales and Use Tax Agreement Certificate of Exemption,  
33 Form E-595E, to a supplier to purchase food without paying tax on the purchase.

34  
35 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.6; 105-164.13; 105-164.13B; 105-  
36 164.28; 105-262; 105-264; 105-467; Article 39; Article 40; Article 42; Article 43; Article 44;  
37 Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;

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*Eff. February 1, 1976;*  
*Amended Eff. May 1, 2009; August 1, 2002; May 1, 1999; August 1, 1998; October 1, 1993; October*  
*1, 1991; February 1, 1986; May 11, ~~1979~~1979;*  
*Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2204 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 .2204      ~~MEALS SALES OF FOOD ON TRAINS; PLANES;~~ TRAINS, PLANES, ETC.**

5 ~~Sales~~ Retail sales of food and prepared foods ~~food or meals~~ by railroads, ~~Pullman cars, steamships, airlines~~ ships,  
6 airlines, or other transportation ~~company~~ diners, companies while within this ~~state,~~ State, are subject to the applicable  
7 ~~statutory state and local~~ rates of sales or ~~and~~ use tax.

8

9 *History Note:*      *Authority G.S. 105-164.4; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article*  
10 *44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;*

11 *Eff. February 1, 1976;*

12 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991~~ 1991;*

13 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2205 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 .2205     ~~CATERERS~~CATERING**

5 (a) Catering is the retail sale of food, prepared food, beverages, and other tangible personal property or services at a  
6 location designated by the customer or another person. ~~All charges by persons~~A person engaged in the catering  
7 ~~business~~ business, including a personal chef that provides and prepares food for consumers, is a retailer. A location  
8 may include the caterer’s banquet facility, a hotel, a restaurant, the customer’s home, or any other location. All charges  
9 that are connected with the furnishing, preparing or serving of ~~meals, foods,~~food, prepared food, beverages, and other  
10 tangible personal property or services to users or consumers are part of the sales price subject to the general State, and  
11 applicable statutory state and local ~~and~~ transit rates of sales ~~or~~ and use tax.

12 (b) Charges for services, including bartending or carving services, connected with the sale of catered food or drink  
13 are part of the sales price subject to sales tax even if the charges for the services are separately stated on an invoice or  
14 similar billing document. Separately stated bartending charges, including corkage fees, for service of beverages owned  
15 or provided by the caterer’s customer are not part of the sales price subject to sales tax.

16 (c) Charges for a venue by a caterer that are connected with the furnishing, preparing, and serving food or drink are  
17 part of the sales price subject to sales and use tax even if the charges are separately stated on the invoice or similar  
18 billing document.

19 (d) Charges by a caterer for chairs, linens, tables, flatware, and similar items used to provide catering are subject to  
20 sales and use tax even if the charges are separately stated on the invoice or similar billing document. In addition, a  
21 caterer shall pay the applicable rates of sales and use tax on the purchase price of such items as they are not resold to  
22 their customers.

23 ~~If such persons perform other~~Charges for nontaxable services that are not a part of the ~~charges for~~sales price and  
24 are not connected with the furnishing, ~~preparing~~preparing, or serving of ~~meals, foods,~~food, prepared food, beverages,  
25 and other tangible personal property, the charges for such services rendered are exempt from taxproperty are not  
26 subject to sales tax, provided such the charges are separately stated from the charges for the tangible personal property  
27 on the invoice or similar billing document given to the customer at the time of the sale and in the vendor’s catering  
28 business’ records; otherwise, the ~~total amount~~non-separately stated charges are part of the sales price and is subject to  
29 the sales tax.

30  
31 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.6; 105-164.22; 105-262; 106-264;*  
32 *Chapter 105, Articles 39, 40, 42, 43, and 46; Article 39; Article 40; Article 42; Article 43; Article*  
33 *44; Article 46;*  
34 *Eff. February 1, 1976;*  
35 *Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; July 5, ~~1980.~~1980;*  
36 *Readopted Eff. January 1, 2024.*  
37



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 .2209 SCHOOL STORES' SALES**

5

6 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262;*

7 *Eff. February 1, 1976;*

8 *Amended Eff. October 1, ~~1993-1993~~;*

9 *Repealed Eff. January 1, 2024.*

10

1 17 NCAC 07B .2210 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 .2210      ~~MEALS AT SUMMER CAMPS AND SIMILAR CAMPS~~**

5 (a) For purposes of this Rule, a summer camp is a program primarily providing children and adolescents recreational,  
6 athletic, or educational facilities and programming for a limited period of time during the summer vacation period.  
7 Similar camps include camps that operate during other school breaks or that provide services to persons with special  
8 needs.

9 ~~(b) A Summer camp~~summer camp or similar camp that make charges a weekly or monthly charge to persons who  
10 ~~are fee for campers~~ enrolled in the courses or activities ~~carried on~~offered by the ~~summer camps~~camp is not liable  
11 for collecting the applicable sales tax on such charges. ~~charges, even if the fee includes food and prepared food~~  
12 provided to campers during time spent at the camp.

13 Summer camps and similar camps purchasing food, prepared food, or other tangible personal property that is used to  
14 provide food and prepared food to campers as part of the operation of the camp shall pay the applicable rates of sales  
15 and use tax on the purchases. ~~Such organizations are liable for payment of the tax on their purchases of food and other~~  
16 ~~tangible personal property for use in the operation of the camps.~~

17 ~~(b)(c) Camps~~Summer camps and similar camps that operate cafeterias or restaurants where theycafeterias,  
18 restaurants, snack stands, or similar places that make retail sales of meals and food, prepared food, or other tangible  
19 personal property to students campers or other users or consumerspersons shall ~~register and~~ collect and remit the  
20 applicable rates of sales tax on the sales price of such property. ~~retail sales.~~

21 (d) A person who, in addition to operating a summer camp or similar camp, rents ~~Camps where rooms, lodgings or~~  
22 accommodations are regularly furnished to transients for a consideration are deemed to be retailers and mustshall  
23 collect and remit the applicable sales and use tax on such receipts. ~~the gross receipts derived from such rentals of~~  
24 accommodations.

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4F; 105-164.6; 105-262; 105-264; Chapter 105,*  
27 *Articles 39, 40, 42, 43, and 46;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. October 1, 1993; July 5, ~~1980-1980;~~*  
30 *Readopted Eff. January 1, 2024.*  
31

1 17 NCAC 07B .2212 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 .2212      SALES OF FISH AND OTHER SEAFOODS**

5 (a) A person who purchases making retail sales of fish or other seafood and sells them at retail is liable for collecting  
6 the two percent local sales or use tax on the sales unless the sales are considered prepared food as defined in G.S. 105-  
7 164.3(28). Prepared food is subject to the applicable statutory state and local sales and use tax shall collect and remit  
8 the applicable rates of sales tax on the sales price of the fish or other seafood unless exempt under subsection (b) of  
9 this Rule or other exemption. The rates of sales tax on fish and other seafood are as follows:

10        (1) Fish or other seafood sold for ingestion or chewing by humans and that is consumed for its taste or  
11        nutritional value is subject to the two percent (2%) food rate of sales tax, unless the fish or other  
12        seafood is prepared food.

13        (2) Fish or other seafood meeting the definition of prepared food in G.S. 105-164.4L is subject to the  
14        general State, and applicable local and transit rates of sales tax.

15        (3) Live fish or other seafood not intended for human consumption, such as pet fish or fish for ponds,  
16        is subject to the general State, and applicable local and transit rates of sales tax.

17        (4) Fish or other seafood sold for bait is subject to the general State, and applicable local and transit  
18        rates of sales tax.

19        (5) Other sales of fish or other seafood are subject to the general State, and applicable local and transit  
20        rates of sales tax.

21 (b) Sales of fish and or other seafood are exempt when sold in their its original or unmanufactured state by a person  
22 selling in the capacity of a producer, such as an angler or fisherman fisher selling in his capacity as a fisherman that  
23 capacity, are exempt from sales tax.

24  
25 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4L; 105-164.13; 105-262; 105-264; 105-467;*  
26 *Article 39; Article 40; Article 42; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
27 *Article 43; Article 44; Article 46;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. August 1, 2009; May 1, 1999; August 1, 1998; October 1, 1993; October 1,*  
30 *1991-1991;*  
31 *Readopted Eff. January 1, 2024.*  
32

1 17 NCAC 07B .2213 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 .2213      SERVICE CHARGE~~CHARGES~~ IMPOSED ON FOOD, BEVERAGES, OR  
5 PREPARED FOOD**

6 ~~A service charge is exempt from sales tax under G.S. 105-164.13A only if it meets the conditions in that statute. If a~~  
7 ~~service charge does not exceed 20% of the sales price and personnel who are not directly involved in the service of~~  
8 ~~food, beverages, or meals receive part of the service charge, then none of the service charge is exempt. If a service~~  
9 ~~charge exceeds 20% of the sales price and personnel who are directly involved in the service of food, beverages, or~~  
10 ~~meals receive an amount equal to 20% of the sales price, the amount received by them is exempt if the service~~  
11 ~~charge is separately stated as required by G.S. 105-164.13A. In this circumstance, if the personnel who are directly~~  
12 ~~involved do not receive an amount equal to 20% of the service charge, then none of the charge is exempt. The~~  
13 ~~amount of a service charge that exceeds 20% of the sales price is subject to tax.~~

14 (a) Service Charges Up To Twenty Percent (20%). -- A service charge imposed by a retailer for the service of food,  
15 beverages, or prepared food, is considered a tip and not subject to sales and use tax if it meets all of the following  
16 requirements:

17 (1) The service charge does not exceed twenty percent (20%) of the sales price.

18 (2) The service charges is separately stated in the price list, menu, or written proposal and also in the  
19 invoice or similar billing document.

20 (3) The service charge is turned over to the personnel directly involved in the service of the food,  
21 beverages, or prepared food, in accordance with G.S. 95-25.6.

22 (b) Service Charges Over Twenty Percent (20%). -- If a service charge imposed by a retailer for the service of food,  
23 beverages, or prepared food, exceeds twenty percent (20%) of the sales price, the portion of the service charge that  
24 equals twenty percent (20%) of the sales price is considered a tip and not subject to sales and use tax if it meets all of  
25 the following requirements:

26 (1) The service charge is separately stated in the price list, menu, or written proposal and also in the  
27 invoice or similar billing document.

28 (2) A portion of the service charge that is at least twenty percent (20%) of the sales price is turned over  
29 to personnel directly involved in the service of the food, beverages, or prepared food in accordance  
30 with G.S. 95-25.6.

31 (c) Service charges imposed on food, beverages, or prepared food include:

32 (1) Automatic gratuity charged to large dining parties.

33 (2) Service charges for delivery of room service.

34 (3) Service charges for bottle service in nightclubs.

35 (4) Service charges for banquet room catering.

36 (d) Personnel not directly involved in the service of food, beverages, or prepared food include:

37 (1) Hosts.

- 1     (2)     Maître d's.
- 2     (3)     Valets.
- 3     (4)     Manager and supervisors.
- 4     (5)     Chefs.
- 5     (6)     Bartenders that prepare, but do not regularly serve food or drinks.
- 6     (7)     Dishwashers.
- 7     (8)     Bussers.

8     (e) Service charges subject to the applicable State, local, and transit rates of sales and use tax include:

9             (1)     For service charges of twenty percent (20%) or less of the sales price, the full amount of a service  
10            charge if any portion of the service charge is paid to personnel not directly involved in service of  
11            food, beverages, or prepared food. For example, a caterer separately states a twenty percent (20%)  
12            service charge on its written contract and invoice. The caterer turns the service charge over as  
13            follows: fifteen percent (15%) of the sales price to waiters who deliver prepared food and beverages;  
14            and five percent (5%) of the sales price to bussers. The caterer maintains sufficient records. In this  
15            scenario, the entire service charge is subject to sales and use tax because personnel directly involved  
16            in the service of prepared food and beverages do not receive the full amount of the twenty percent  
17            (20%) service charge.

18            (2)     For service charges that exceed twenty percent (20%) of the sales price, the full amount of a service  
19            charge if any portion of the service charge that is less than twenty percent (20%) of the sales price  
20            is paid to personnel not directly involved in service of food, beverages, or prepared food. For  
21            example, a restaurant separately states a twenty five percent (25%) automatic gratuity on its menu  
22            and bills. The restaurant turns the gratuity over as follows: fifteen percent (15%) of the sales price  
23            to waiters who deliver prepared food and beverages; five percent (5%) of the sale prices to hosts;  
24            and five percent (5%) of the sales price to bussers. The restaurant maintains sufficient records. In  
25            this case, the entire service charge is subject to sales and use tax because personnel directly involved  
26            in the service of prepared food and beverages do not receive the full amount of the twenty percent  
27            (20%) service charge.

28            (3)     The full amount of a service charge that is not separately stated as set out in G.S. 105-164.13A.

29            (4)     The portion of any service charge that exceeds twenty percent (20%). For example, a nightclub  
30            separately states a thirty percent (30%) service charge for bottle service on its menu and bills. The  
31            nightclub turns the service charge over as follows: twenty five percent (25%) of the sales price to  
32            waiters who deliver beverages; and five percent (5%) of the sales price to barbacks and other support  
33            staff. The nightclub maintains sufficient records. In this case, the amount of the service charge that  
34            equals twenty percent (20%) of the sales price is considered a tip and not subject to sales and use  
35            tax because servers receive an amount of the service charge that is at least twenty percent (20%) of  
36            the sales price. The remaining portion of the service charge is subject to sales and use tax because  
37            it exceeds twenty percent (20%) of the sales price.

1 (f) Record Keeping. -- Failure of a retailer to keep records that establish that a service charge meets the requirements  
2 in paragraph (a) or (b) subjects the retailer to liability for sales and use tax on the full amount of the service charge.

3

4 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13A; 105-164.22; 105-262; 105-264; Chapter 105,*  
5 *Articles 39, 40, 42, 43, and 46;*

6 *Eff. January 3, 1984;*

7 *Amended Eff. July 1, 2000; October 1, ~~1993-1993~~;*

8 *Readopted Eff. January 1, 2024.*

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

**SECTION .2300 - SALES TO OUT-OF-STATE MERCHANTS FOR RESALE**

5

6

**17 NCAC 07B .2301 IN GENERAL**

7

8

*History Note: Authority G.S. 105-164.3; 105-164.5; 105-262;*

9

*Eff. February 1, 1976;*

10

*Amended Eff. May 1, 2009; February 1, ~~1988-1988~~;*

11

*Repealed Eff. January 1, 2024.*

12

13

1 17 NCAC 07B .2401 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 .2401 SALES OF MEDICAL SUPPLIES AND EQUIPMENT TO VETERINARIANS**

5 (a) A veterinarian is a physician. Veterinarians are the consumer of items, as the term item is defined in G.S. 105-  
6 164.3, that they use in rendering professional services. Therefore, Retail sales to a veterinarian veterinarians of medical  
7 instruments, laboratory equipment, medical supplies, animal blood, and medical equipment other tangible personal  
8 property used to test, diagnose, prevent, treat, or cure disease in animals are subject to applicable State and local rates  
9 of sales or use tax, unless exempt in accordance with paragraph (d) or (e) of this Rule or other statute. Medical  
10 instruments and equipment include knives, needles, scissors, microscopes, X-ray machines, and other laboratory  
11 equipment. Medical supplies include cotton, gauze, adhesive tape, bandages, and other dressings. Rule 17 NCAC 7B  
12 .1404 lists additional medical items that are subject to tax, the general State, and applicable local and transit rates of  
13 sales and use tax.

14 (b) Retail sales of dietary pet food, vitamins, joint supplements, flea and tick treatments, soap, collars, toys, and  
15 identification tags used by a veterinarian in the treatment of an animal or in the course of rendering professional  
16 services are subject to the general State, and applicable local and transit rates of sales and use tax, unless exempt in  
17 accordance with paragraph (d) or (e) of this rule or other statute.

18 (c) Retail sales to veterinarians of durable medical equipment are subject to the general State, and applicable local  
19 and transit rates of sales and use tax because the equipment is not sold pursuant to a prescription.

20 (d) Sales to veterinarians of drugs required by federal law to be dispensed only on prescription are exempt from sales  
21 and use tax.

22 (e) In accordance with G.S. 105-164.13E, sales of certain items to veterinarians to fulfill a service for a person who  
23 holds a qualifying farmer exemption certificate or a conditional farmer exemption certificate are exempt from sales  
24 and use tax.

25  
26 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.13E; 105-262; 105-264;*  
27 *Chapter 105, Articles 39, 40, 42, 43, and 46;*  
28 *Eff. February 1, 1976;*  
29 *Amended Eff. July 1, 2000; August 1, 1996; April 1, 1995; October 1, 1993; October 1, 1991; August*  
30 *1, ~~1986~~ 1986;*  
31 *Readopted Eff. January 1, 2024.*  
32



1 17 NCAC 07B .2603 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 .2603     ASPHALT PLANTS: CONCRETE PLANTS: WEIGH HOPPERS SOLD TO**  
5 **CONTRACTORS**

6 ~~Sales-Purchases~~ of asphalt plants, concrete plants, weigh hoppers-hoppers, or other equipment ~~to contractors who by~~  
7 real property contractors, retail-contractors, subcontractors, or other consumers to produce concrete or asphalt for use  
8 in fulfilling their contracts are ~~taxable at~~ subject to the applicable statutory state ~~general State,~~ and applicable local and  
9 transit rates of sales or and use tax, and no maximum tax is applicable thereto tax.

10  
11 *History Note:*     Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-262; 105-264; Article 39; Article 40;  
12 Article 42; Article 43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;  
13 Eff. February 1, 1976;  
14 Amended Eff. May 1, 2009; October 1, 1993; October 1, 1991; December 1, 1984; July 5,  
15 1980-1980;  
16 Readopted Eff. January 1, 2024.

1 17 NCAC 07B .2604 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 .2604 SAND: DIRT; STONE SOLD TO CONTRACTORS**

5 (a) Sales—Retail sales of sand, dirt, and stone to contractors or other users or consumers or to nonregistered  
6 merchants consumers, including real property contractors, retailer-contractors, or subcontractors for use in fulfilling  
7 their contracts, are subject to the applicable statutory state the general State, and applicable local and transit rates of  
8 sales or and use tax unless such property is sold in its original or unmanufactured state by the producer in his capacity  
9 as a producer exempt in accordance with paragraph (b) of this Rule or other statute.

10 (b) Sales of sand, dirt, and stone from mines are exempt from sales and use tax when sold in their original or  
11 unmanufactured state by the producer in the capacity of producer.

12  
13 *History Note: Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-164.13; 105-262; 105-264; ~~Article 39;~~  
14 ~~Article 40; Article 42; Article 43; Article 44; Article 46;~~ Chapter 105, Articles 39, 40, 42, 43, and  
15 46;  
16 Eff. February 1, 1976;  
17 Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991-1991~~;  
18 Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2605 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 .2605      SANDBLAST SAND SOLD TO CONTRACTORS**

5 ~~Sales-Retail sales~~ of sandblast sand to ~~contractors~~ consumers, including real property contractors, retailer-contractors,  
6 ~~or subcontractors~~ for use in the performance of contracts to clean ships, buildings, etc., fulfilling their contracts, are  
7 subject to the ~~applicable statutory state~~ general State, and applicable local ~~and transit rates of sales or~~ and use tax.

8

9 *History Note:*      Authority G.S. 105-164.4; 105-164.4H; 105-164.6; 105-262; 105-264; ~~Article 39; Article 40;~~  
10 ~~Article 42; Article 43; Article 44; Article 46;~~ Chapter 105, Articles 39, 40, 42, 43, and 46;

11 *Eff. February 1, 1976;*

12 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991~~ 1991;*

13 *Readopted Eff. January 1, 2024.*

14

1 17 NCAC 07B .2701 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 .2700 - DENTISTS: DENTAL LABORATORIES AND DENTAL SUPPLY HOUSES**

5  
6 **17 NCAC 07B .2701 SALES TO DENTISTS AND ORTHODONTISTS**

7 (a) Dentists and orthodontists are deemed to be the users or consumers of items, as the term item is defined in G.S.  
8 105-164.3, tangible personal property which that they purchase for use in rendering professional services. With the  
9 exception of false teeth and orthopedic appliances which are specifically exempt from tax, all Retail sales of tangible  
10 personal property to dentists and orthodontists, including orthodontists of dental supplies, equipment, furnishings  
11 furnishings, and other property, such as materials which dentists fabricate into false teeth, tangible personal property  
12 that does not become part of a dental prostheses, are subject to the four percent state tax and any applicable local rates  
13 of sales or and use tax. Retail sales to dentists and orthodontists of durable medical equipment for use in rendering  
14 professional services are subject to the general State, and applicable local and transit rates of sales and use tax because  
15 the durable medical equipment is not sold pursuant to a prescription.

16 (b) Sales to dentists and orthodontists of prosthetic devices for human use are exempt from sales and use tax. The  
17 term prosthetic device includes the following items when purchased to become a component part of a prosthetic device  
18 worn on or in the body: The term "false teeth" includes dentures and artificial restoration of teeth; however, as stated  
19 in this Rule, the exemption for false teeth does not apply to sales of materials to dentists which they use in fabricating  
20 false teeth. The term "orthopedic appliances" includes headgear, bows, neckstraps, neck straps, wires, bands, brackets,  
21 rubber bands and jackscrewsbands, jackscrews, bonding agents used to attach the prosthetic device to teeth, and other  
22 similar tangible person property. A prosthetic device also includes a dental prosthesis. A dental prosthesis includes an  
23 artificial replacement of one or more teeth and bridges, crowns, and dentures, when such items are purchased by  
24 orthodontists to be assembled into various types of appliances to be worn on the person of the owner or user and other  
25 orthopedic appliances when the same are designed to be worn on the person of the owner or user.

26 (c) Sales to dentists and orthodontists of drugs required by federal law to be dispensed only on prescription are exempt  
27 from sales and use tax.

28  
29 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105,*  
30 *Articles 39, 40, 42, 43, and 46;*  
31 *Eff. February 1, 1976;*  
32 *Amended Eff. October 1, 1993; October 1, 1991; January 3, 1984; November 1, ~~1982-1982~~;*  
33 *Readopted Eff. January 1, 2024.*  
34

1 17 NCAC 07B .2702 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 .2702 SALES TO DENTAL LABORATORIES**

5 (a) Sales to dental laboratories of tangible personal property which becomes a component part of false teeth, dentures  
6 or artificial restoration of teeth being fabricated by such laboratories are not items not identified in paragraphs (b) or  
7 (c) of this Rule are subject to the applicable rates of sales or and use tax.

8 (b) Sales to dental laboratories of tangible personal property that becomes a component part of a dental prosthesis  
9 manufactured by the dental laboratories are exempt from sales and use tax.

10 (c) Sales to dental laboratories of machinery and equipment, and machinery, equipment, parts, or accessories thereto  
11 for use used directly in manufacturing a dental prosthesis are exempt from sales and use tax. the fabricating of false  
12 teeth are subject to the one percent rate of sales or use tax with a maximum tax of eighty dollars (\$80.00) per article.

13 (d) Sales to contractors and subcontractors purchasing such machinery and equipment or parts and of machinery,  
14 equipment, parts, or accessories thereto for use by them in the performance of contracts with dental laboratories and  
15 sales to subcontractors of such machinery and equipment or parts and accessories thereto for use by them in the  
16 performance of contracts encompassed in such contracts with dental laboratories are taxable at the one percent rate of  
17 sales or use tax, subject to a maximum tax of eighty dollars (\$80.00) per article where applicable when the machinery  
18 and equipment or parts and accessories thereto are exempt from sales and use tax if the machinery, equipment,  
19 parts, or accessories will be used by such the dental laboratories directly in the fabricating of false teeth. manufacturing  
20 dental prostheses. -Contractors and subcontractors may obtain Contractor's and Subcontractor's Certificate, Form  
21 E-580, from the Office Services Division, Taxpayer Assistance Section, North Carolina Department of Revenue, to  
22 be executed by them and furnished to their vendors in connection with such purchases as the vendor's authority to  
23 apply the one percent rate of tax thereto.

24 (e) Sales to dental laboratories of tangible personal property which does not become a component part of false teeth,  
25 or which is not used directly in the fabricating of the false teeth are subject to the four percent state and any applicable  
26 local sales or use tax.

27  
28 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-164.28; 105-262; 105-264; Chapter 105,*  
29 *Articles 39, 40, 42, 43, and 46;*  
30 *Eff. February 1, 1976;*  
31 *Amended Eff. October 1, 1993; June 1, 1992; October 1, 1991; January 1, ~~1982-1982;~~*  
32 *Readopted Eff. January 1, 2024.*  
33

1 17 NCAC 07B .2801 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 .2800 – FLORIST: ~~NURSERYMEN;~~NURSERIES; GREENHOUSE GREENHOUSES**  
5 **OPERATORS AND FARMERS**

6  
7 **17 NCAC 07B .2801 FLORISTS: ~~NURSERYMEN;~~NURSERY AND GREENHOUSE OPERATORS**  
8 **AND FARMERS**

9 (a) “Nursery Stock” means flowers, trees, potted plants, shrubbery, and other similar items grown by nurseries and  
10 greenhouse operators.

11 (b) ~~Retail sales of wreaths, bouquets and similar items~~nursery stock are subject to the ~~applicable statutory state~~general  
12 State, and applicable local and transit rates of sales or and use tax-tax, unless exempt pursuant to paragraph (f) of this  
13 Rule or by statute.

14 (b)(c) ~~Retail sales of flowers, potted plants, shrubbery and similar nursery stock and retail sales of fruits, vegetables~~  
15 and other farm productsplanters, hoses, nozzles and sprayers, rain barrels, sprinklers and timers, fertilizer, insect and  
16 weed control, garden tools, birdbaths, and other tangible personal property are subject to the ~~applicable statutory~~  
17 stategeneral State, and applicable local and transit rates of sales or and use tax unless exempt by statute.

18 (d) Producer of Nursery Stock. -- If a nursery or greenhouse operator is the producer of an article of nursery stock,  
19 the article the product in question is a product of the farm farm, and is sold in its original state by the producer of the  
20 product who is not primarily a retail merchant at the location where the product is sold. A nursery or greenhouse  
21 operator is the producer of nursery stock in either of the following circumstances:

22 (1) The operator owns the article and grows the article from seed, cutting, or other similar propagation.

23 (e) ~~For the purpose of the exemption afforded by G.S. 105-164.13(4b), nurserymen and greenhouse operators are~~  
24 considered to be farmers.

25 (2) The operator purchases the article of Nursery stocknursery stock, which is does not sold sell the  
26 article during the season in which it was purchased by the nurserymen, purchased, greenhouse  
27 operators and other farmers but is retained, retains the article until at least the next season season, and  
28 growth is added thereto to the article by virtue of such retention is considered to be a product of the  
29 farm and is exempt from sales and use taxes when sold by such nurserymen, greenhouse operators  
30 or farmers who are not selling primarily as retail merchants. retention.

31 (d) ~~Nurserymen, greenhouse operators and other types of farmers that make retail sales of farm products that they~~  
32 have produced which are in their original state are not liable for collecting and remitting sales tax on these sales unless  
33 they are selling primarily in their capacity as retail merchants. Such vendors are selling primarily as producers when  
34 the total dollar sales volume of their produced farm products in the original state regularly exceeds fifty percent of the  
35 total dollar sales volume of their purchased products and their produced products. Such vendors are selling primarily  
36 in their capacity as retail merchants when their total dollar sales volume of purchased products regularly exceeds fifty  
37 percent of the total dollar sales volume of their purchased and produced products. Such classification shall remain in

1 ~~effect until either category of sales on a regular basis has changed to another principal type. If such producer vendors~~  
2 ~~operate more than one location, the preceding is applicable to the total dollar sales volume of each location separately.~~  
3 ~~The total dollar sales volume to be used in determining the classification of "producer" or "retail merchant" shall~~  
4 ~~include all sales of tangible personal property without regard to any items or sales that might otherwise be exempt~~  
5 ~~from tax by the Sales and Use Tax Statutes.~~

6 (e) Determining Primary Business. -- A producer shall determine whether it is primarily a retail merchant as follows:

7 (1) Determine the producer's total gross sales of products of a farm produced by the producer of nursery  
8 stock.

9 (2) Determine the producer's total gross sales from sales not included in subsection (1).

10 (3) If the producer's gross sales determined in subsection (2) are greater than the gross sales determined  
11 in subsection (1), the producer is primarily a retail merchant.

12 (4) Producers that have more than one location shall determine if it is primarily a retail merchant for  
13 each location separately.

14 (5) The total gross sales used to determine the classification as primarily a retail merchant shall include  
15 all sales without regard to any sales exempt from sales and use tax.

16 (6) The classification shall remain in effect until the primary business determination has changed on a  
17 regular basis.

18 ~~(e)(f) Exempt Sales of Nursery Stock by a Producer. -- If such vendors are not classified primarily as retail merchants~~  
19 ~~on the basis of the total dollar sales volume, sales of their produced products Nursery stock sold in the its original state~~  
20 ~~by the producer of the nursery stock are is exempt from tax; sales and use tax unless the producer is however, retail~~  
21 ~~sales of any farm products or any other taxable merchandise acquired by purchase are subject to any applicable tax.~~  
22 ~~If such vendors are classified primarily as a retail merchants merchant, on the basis of the total dollar sales volume,~~  
23 ~~they shall be liable for tax accordingly; i.e., all retail sales of both types of products shall be subject to the tax unless~~  
24 ~~specific sales are statutorily exempt from tax.~~

25 (g) Sales by a Person that is Primarily a Retail Merchant. -- A person that is primarily a retail merchant shall collect  
26 and remit the general State, and applicable local and transit rates of sales and use tax on all retail sales of purchased  
27 and produced nursery stock unless the sales are specifically exempt by statute.

28 (h) Real Property Contracts:

29 (1) A person classified as primarily a retail merchant that withdraws nursery stock from their inventory  
30 to fulfill a real property contract to perform landscaping shall pay the general State, and applicable  
31 local and transit rates of use tax on the nursery stock.

32 (2) A producer not classified as primarily a retail merchant that withdraws nursery stock from their  
33 inventory to fulfill a real property contract to perform landscaping does not owe use tax if they are  
34 the producer of the nursery stock. If the person is not the producer of the nursery stock, the person  
35 shall pay the general State, and applicable local and transit rates of use tax on the nursery stock.

36 ~~(f)(i) Record Keeping for Producers. -- When vendors who are not primarily retail merchants make sales of farm~~  
37 ~~products produced by them and products acquired by purchase, Producers that make exempt sales and taxable sales~~

1 shall maintain separate records ~~must be maintained~~ of sales of products ~~produced by them of each.~~ ~~Records of~~  
2 ~~purchased products, as well as sales thereof, must be kept and maintained in a manner that can be~~ ~~Failure to keep~~  
3 ~~separate records in a manner that can be~~ accurately and conveniently checked by the agents of the Secretary of  
4 ~~Revenue; otherwise, all sales are subject to the tax.~~ Revenue subjects all sales to the general State, and applicable local  
5 and transit rates of sales and use tax.

6 ~~(g) Producers making taxable sales must register with the Department of Revenue for the purpose of collecting and~~  
7 ~~remitting the tax due thereon.~~

8 ~~(h) When nurserymen, greenhouse operators, florists or other persons make taxable sales of shrubbery, young trees~~  
9 ~~or similar items, and as a part of the transaction transplant them to the land of the purchaser for a lump sum or a flat~~  
10 ~~rate, the entire amount of the transaction is subject to the applicable statutory state and local sales or use tax unless~~  
11 ~~such vendors segregate on the invoice that portion of the charge which is for the property sold and that portion of the~~  
12 ~~charge which is for transplanting.~~

13 ~~(i)(j) Exempt Purchases. -- A nursery or greenhouse operator, including an operator that is primarily a retail merchant,~~  
14 ~~that meets the requirements of a qualifying or conditional farmer is eligible for the exemption provided in G.S. 105-~~  
15 ~~164.13E. For the purpose of the exemption afforded by G.S. 105-164.13(4b), nurserymen and greenhouse operators~~  
16 ~~are considered to be farmers; therefore, the fact that they may be selling tangible personal property primarily as a~~  
17 ~~retailer and not as a producer does not preclude their purchases of tangible personal property for use from any~~  
18 ~~exemption listed in G.S. 105-164.13. 17 NCAC 07B .1101 provides additional information regarding exemptions.~~

19  
20 *History Note: Authority G.S. 105-164.3; 105-164.4; ~~105-164.4A;105-164.4H;~~ 105-164.6; 105-164.13; 105-*  
21 *164.13E; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Chapter 105,*  
22 *Articles 39, 40, 42, 43, and 46;*  
23 *Eff. February 1, 1976;*  
24 *Amended Eff. June 1, 2006; July 1, 2000; October 1, 1993; June 1, 1992; October 1, 1991;*  
25 *March 1, ~~1987;~~1987;*  
26 *Readopted Eff. January 1, 2024.*  
27



1 17 NCAC 07B .2802 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 .2802 ~~FLORISTS' DELIVERY ASSOCIATIONS~~FLORIST WIRE SALES**

5 (a) For purposes of this Rule, a florist wire sale is a sale in which a retail florist takes a customer's order and transmits  
6 the order to another retail florist to be filled and delivered.

7 (b) A retail florist in North Carolina that accepts a customer's order as part of a florist wire sale and transmits the  
8 order to another retail florist located inside or outside North Carolina shall collect and remit the general State, and  
9 applicable local and transit rates of sales tax on the sales price of the order. The sales price of a florist wire sale  
10 includes charges for delivery, relay charges, and charges for other services. Charges are a part of the sales price  
11 regardless of whether the florist keeps the charges or forwards them to other florists through a florist delivery  
12 association or other person. The sales price is subject to sales and use tax even if the florist separately states the charges  
13 on an invoice or other similar billing document given to the purchaser at the time of sale.

14 The tax due on transactions conducted through a florists' delivery association must be collected and remitted to the  
15 Department pursuant to the following principles:

16 (1) — All delivery and service charges associated with taxable sales of flowers or other tangible personal property  
17 in North Carolina, whether delivered to the purchaser or to a person other than the purchaser, are considered to be a  
18 part of the sales price and subject to the applicable statutory state and local sales or use tax.

19 (2) — Service or relay charges to purchasers for orders accepted in North Carolina and forwarded to other  
20 florists through a florist delivery association, regardless of whether the charges are separately stated  
21 on the bill to the purchaser, constitute a part of the sales price and are subject to the applicable  
22 statutory state and local sales or use tax.

23 (3) — A North Carolina florist receiving orders from other florists within or without North Carolina for  
24 delivery within or without North Carolina is not liable for any tax on the receipts derived from these  
25 transactions.

26 (c) A retail florist in North Carolina that receives a florist wire sale from another retail florist located inside or outside  
27 North Carolina is not liable for sales tax on the receipts derived from the transactions.

28  
29 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4B; 105-164.6; 105-262; 105-264; Article 39;*  
30 *Article 40; Article 42; Article 43; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
31 *Article 44;*  
32 *Eff. February 1, 1976;*  
33 *Amended Eff. June 1, 2006; April 1, 1999; October 1, 1993; October 1, 1991; March 1, ~~1987-1987;~~*  
34 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .2901 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 .2900 – VENDING MACHINES**

5  
6 **17 NCAC 07B .2901 SALES THROUGH VENDING MACHINES**

7 (a) ~~Requirement~~ Requirement. -- A person who sells tangible personal property through a vending machine is a retailer  
8 and shall must register with the Department in accordance with 17 NCAC 07B .0104, and remit sales and use tax on  
9 the sales price of the items sold. property sold, unless the sale is exempt from tax. ~~The sale of an item in a vending~~  
10 ~~machine for one cent is exempt from tax.~~

11 (b) Sales Price Subject to Tax. -- Tobacco products and newspapers sold through a vending machine are taxed on one  
12 hundred percent (100%) of the sales price for which the property is sold. Other tangible personal property sold through  
13 a coin-operated vending machine are taxed on fifty percent (50%) of their sales price. All items sold through a vending  
14 machine that is not coin-operated are taxed on one hundred percent (100%) of the sales price for which the property  
15 is sold. ~~The "sales price" of an item sold in a vending machine differs depending on the item. For tobacco products~~  
16 ~~sold through vending machines, the sales price is 100% of the price at which the item is sold in the vending machine.~~  
17 ~~For all other items, the sales price is 50% of the price at which the item is sold in the vending machine. A vending~~  
18 ~~machine retailer may calculate receipts from items sold, separate the receipts from items that are taxable at 100% of~~  
19 ~~their price from those that are taxable at 50% of their price, and then divide the receipts by the appropriate number to~~  
20 ~~determine the amount of receipts on which sales tax is due.~~

21 (c) Failure of a retailer to keep records that establish which vending machine sales are taxable at fifty percent (50%)  
22 of the sales price subjects the retailer to liability of one hundred percent (100%) of the sales price for sale tax on the  
23 sale.

24  
25 *History Note: Authority G.S. 105-164.3; 105-164.4; ~~105-164.13; 105-164.22;~~ 105-262; 105-264; Chapter 105,*  
26 *Articles 39, 40, 42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44;~~*  
27 *Eff. February 1, 1976;*  
28 *Amended Eff. April 1, 2006; July 1, 2000; October 1, 1993; June 1, 1992; July 1, ~~1989; 1989;~~*  
29 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .3004 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 .3004      SECONDHAND-USED PROPERTY**

5 (a) ~~Tax Status~~General. -- ~~The original stock in trade of a retailer is~~Taxable sales are not limited to sales of newly  
6 manufactured articles-items. ~~Therefore, the~~The fact that property is used or secondhand does not exempt it from sales  
7 or use tax.

8 (b) Retail sales of secondhand-used tangible personal property acquired by any means other than repossession are  
9 subject to the applicable rates of sales or use tax-tax, except as provided in 17 NCAC 07B .3002 or other statutory  
10 exemption.

11 (b)(c) ~~Purchases~~Purchases. -- Property is considered purchased ~~When when a vendor-retailer~~acquires property in  
12 any of the following circumstances, the property is considered to have been purchased and is therefore subject to  
13 tax-circumstances:

- 14           (1)    the ~~vendor-retailer~~reacquires property that is collateral for a nonrecourse endorsement given by the  
15                    ~~vendor-retailer~~ to a financial institution; or  
16           (2)    the ~~vendor-retailer~~ accepts ~~secondhand-used, secondhand,~~ or other property in lieu of  
17                    ~~commissions~~ other consideration.

18  
19 *History Note:*    Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and  
20                    46;  
21                    Eff. February 1, 1976;  
22                    Amended Eff. July 1, 2000; October 1, 1993; October 1, 1991; January 3, 1984, 1984;  
23                    Readopted Eff. January 1, 2024.

1 17 NCAC 07B .3009 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 .3009      ~~TRANSFER OF REPOSSESSED ITEMS~~INVENTORY HELD FOR RESALE TO**  
5 **NEW BUSINESS**

6 (a) When a business acquires another business or converts to a new type of entity, such as through a change in  
7 ownership or entity type, and the inventory held for resale of the previous business is sold or transferred to the new  
8 business for resale, sales and use tax is not due on the transaction. The new business is liable for collecting and  
9 remitting the applicable rates of sales and use tax on its retail sales of items, as the term item is defined in G.S. 105-  
10 164.3, acquired from the previous business, including any articles repossessed by the previous business that would be  
11 exempt from tax under G.S. 105-164.13(16) if they had been resold by the previous business. A repossessed item that  
12 is in the inventory of a business and would be exempt under G.S. 105-164.13(16) if sold by the business becomes  
13 taxable when the business dissolves and transfers its inventory to a successor business entity. This applies to all  
14 business reformulations except a merger of two or more business entities in which the inventory is transferred to the  
15 surviving business entity.

16 (b) When one or more corporations merge into a surviving or other corporation pursuant to the provisions of G.S. 55-  
17 11-01, and the inventory held for resale by the predecessor corporation is transferred to a surviving or other corporation  
18 for resale, sales and use tax is not due on the transaction. When one or more corporations merge into a surviving or  
19 other corporation the exemption from sales and use tax for articles repossessed by a predecessor corporation is  
20 applicable to the sale of the repossessed articles when they are sold by the surviving or other corporation.

21  
22 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Chapter 105,*  
23 *Articles 39, 40, 42, 43, and 46;*  
24 *Eff. February 1, 1976;*  
25 *Amended Eff. July 1, 2000; October 1, 1993; October 1, 1991; November 1, ~~1982-1982;~~*  
26 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .3101 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 .3100 - RADIO AND TELEVISION STATIONS: ~~MOTION PICTURE~~MOVIE THEATRES**

5  
6 **17 NCAC 07B .3101 ~~RADIO AND TELEVISION: ETC.~~RADIO, TELEVISION, MOVIE THEATRES**  
7 **RECEIPTS**

8 (a) Receipts of radio and television companies ~~for derived from~~ the broadcasting or telecasting of programs are not  
9 subject to sales or use ~~tax-tax~~, unless the receipts are derived from certain digital property, video programming, or  
10 satellite digital audio radio service.

11 (b) ~~Receipts~~The gross receipts of ~~motion picture~~movie theatres derived from admission charges are ~~not~~ subject to  
12 the general State, and applicable local and transit rates of sales ~~or~~ and use tax.

13 (c) ~~Motion picture theatres making taxable sales of tangible~~Tangible personal ~~property~~ property, including food,  
14 prepared food, and beverages, sold by movie theatres through concession stands or otherwise ~~must register with the~~  
15 department and ~~must collect and remit the applicable statutory state~~ are subject to the general State, and applicable  
16 local ~~and transit rates of sales or~~ and use ~~tax on such sales~~.tax.

17  
18 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.4G; 105-262; 105-264; Chapter 105, Articles 39,*  
19 *40, 42, 43, and 46; ~~Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;~~*  
20 *Eff. February 1, 1976;*  
21 *Amended Eff. May 1, 2009; October 1, 1993; October 1, ~~1991~~.1991;*  
22 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .3106 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 .3106 CABLE SERVICE PROVIDERS**

5 (a) For purposes of this Rule, cable service provider means a cable television company that:

6 (1) receives payment or other consideration from its subscribers for cable service;

7 (2) uses broadcasting equipment, parts and accessories attached to the equipment, and a tower to receive  
8 and prepare signals for transmission over its cable systems; and

9 (3) is regulated and supervised by the Federal Communications Commission.

10 ~~(b) Sales-Purchases of broadcasting equipment and parts and accessories attached to the equipment to by a cable~~  
11 ~~service provider are exempt from sales and use tax. Examples of exempt broadcasting equipment include towers and~~  
12 ~~antenna. Broadcasting equipment does not include cable for purposes of the exemption. The term "cable service~~  
13 ~~provider," as used in this Rule, means a cable television company that receives consideration from its subscribers and~~  
14 ~~uses broadcasting equipment and parts and accessories and a tower to receive and prepare signals for transmission~~  
15 ~~over their cable systems and also is regulated and supervised by the Federal Communications Commission.~~

16 ~~(b)(c) Purchases, including the lease or rental, of motion picture films, transcriptions, and recordings The sale of~~  
17 ~~developed movie film to cable service providers which that operate under the regulation and supervision of the Federal~~  
18 ~~Communications Commission for use by them in broadcasting and telecasting programs is are exempt from sales and~~  
19 ~~use tax.~~

20 ~~(e)(d) Purchases of tangible personal property by cable service providers, including Antenna-antenna cable,~~  
21 ~~transmission cable, trunk, feeder and drop cable, and tangible personal property purchased by cable service providers~~  
22 ~~other than towers, antennas and purchases of broadcasting equipment and parts and accessories thereto are subject to~~  
23 ~~the applicable statutory state general State, and applicable local and transit rates of sales or use tax.~~

24 (e) Purchases of computer software by cable service providers, that is used to provide ancillary service, cable service,  
25 Internet access service, telecommunications service, or video programming, is exempt from sales and use tax.

26  
27 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; Article 39; Article 40; Article*  
28 *42; Article 43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
29 *Eff. March 1, 1984;*  
30 *Amended Eff. August 1, 2009; April 1, 1997; October 1, 1993; October 1, 1991; August 1, 1986;*  
31 *December 1, 1984-1984;*  
32 *Readopted Eff. January 1, 2024.*  
33

1 17 NCAC 07B .3107 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 .3107      ~~MOTION PICTURE PRODUCTION FIRMS~~PRODUCTION COMPANIES**

5 (a) Sales to ~~motion picture production firms~~a production company, as defined in G.S. 105-164.3, of items including  
6 cameras, ~~film~~ machinery, equipment, film, and props or building materials used in the construction of sets ~~which are~~  
7 ~~used in the actual filming of movies for sale, lease or rental are exempt from~~are subject to the general State, and  
8 ~~applicable local and transit rates of sales and use tax. The sale~~Sales of ~~chemicals~~chemicals, film, and equipment used  
9 to develop and edit film ~~which is used to~~that produce release prints ~~is exempt from~~are subject to the general State, and  
10 ~~applicable local and transit rates of sales and use tax~~tax unless exempt by paragraph (b) of this Rule or other  
11 ~~exemption.~~

12 (b) ~~Sales of machinery and equipment and other property to motion picture production firms for use in receiving~~  
13 ~~tangible personal property and other activities such as raw materials storage, finished goods storage, distribution or~~  
14 ~~administration is subject to the applicable statutory state and local sales or use tax.~~

15 (c)(b) ~~The purchase~~Sales of film by a ~~movie~~to a production company ~~which~~that becomes an ingredient or a  
16 component part of release prints that are actually produced and sold, ~~leased~~leased, or rented to its customers are  
17 exempt from sales and use tax. ~~Also,~~Sales of chemicals ~~which are~~used to develop release prints ~~that are~~for sale,  
18 ~~lease~~lease, or rental that become an ingredient or a component part of the release prints are exempt from tax.

19  
20 *History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; ~~105-164.13;~~*  
21 *Article 39; Article 40; Article 42; Article 43; Article 44; Article 46;Chapter 105, Articles 39, 40,*  
22 *42, 43, and 46;*  
23 *Eff. June 1, 1992;*  
24 *Amended Eff. October 1, 2009; October 1, ~~1993~~1993;*  
25 *Readopted Eff. January 1, 2024.*  
26

1 17 NCAC 07B .3301 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 .3300 - ORTHOPEDIC APPLIANCES**

5  
6 **17 NCAC 07B .3301 EXEMPT PROSTHETIC DEVICES**

7 (a) ~~Exemption.~~Medical Prosthetic Devices. -- ~~G.S. 105-164.13(12) exempts from sales and use tax~~Sales of prosthetic  
8 devices as defined in G.S. 105-164.3(30b).105-164.3, for human use are exempt from sales and use tax. Prosthetic  
9 devices for human use are exempt from sales and use tax whether or not the prosthetic device is sold on prescription.  
10 The Department's Sales and Use Tax Bulletin contains a non-exclusive list of examples of exempt medical prosthetic  
11 devices. An item not included in the list may also be exempt if it meets the definition of a prosthetic device.~~–The~~  
12 ~~exemption includes orthodontic materials that are purchased by an orthodontist for assembly into an appliance to be~~  
13 ~~worn by a patient. Prosthetic devices are exempt regardless of whether they are sold on prescription.~~

14 (b) ~~Specific Items.~~Dental Prosthetic Devices. -- ~~The Sales and Use Tax Technical Bulletins contain a list of exempt~~  
15 ~~prosthetic devices and a list of orthodontic materials that are considered to be exempt prosthetic devices when they~~  
16 ~~are purchased by an orthodontist for assembly into an appliance. An item that is not included in these lists may also~~  
17 ~~be exempt.~~Sales of dental prosthetic devices are exempt from sales and use tax. The term prosthetic device includes  
18 headgear, bows, neck straps, wires, bands, brackets, rubber bands, jackscrews, bonding agents used to attach prosthetic  
19 devices to teeth, and other appliances when purchased by orthodontists to assemble into various types of appliances  
20 to be worn on or in the body. Dental prosthesis also includes an artificial replacement of one or more teeth and includes  
21 bridges, crowns, and dentures.

22 (c) Optical Prosthetic Devices. -- Reference 17 NCAC 07B .5001 and 17 NCAC 07B .5002 for optical prosthetics.

23 (d) Records. -- A retailer that sells prosthetic devices for human use shall keep sales records that clearly identify the  
24 prosthetic device, repair or replacement parts, and all other items included in the sales price of the device. Failure of  
25 a retailer to keep records that establish a sale of a prosthetic device is exempt from sales and use tax subjects the  
26 retailer to liability at the general State, and applicable local and transit rates of sale and use tax on the sale.

27  
28 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264;  
29 Chapter 105, Articles 39, 40, 42, 43, and 46;  
30 Eff. February 1, 1976;  
31 Amended Eff. October 1, 2009; April 1, 1999; August 1, 1998; October 1, 1993; October 1, 1991;  
32 July 1, 1989; February 1, 1986.1986;  
33 Readopted Eff. January 1, 2024.  
34



1 17 NCAC 07B .3302 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 .3302 EXEMPT DURABLE MEDICAL EQUIPMENT AND DURABLE MEDICAL**  
5 **SUPPLIES**

6 (a) ~~Devices.~~Durable Medical Equipment. -- ~~G.S. 105-164.13(12) exempts from sales and use tax~~Sales of durable  
7 medical equipment as the term is defined under G.S. 105-164.3(8b) when sold on prescription in G.S. 105-164.3 are  
8 exempt from sales and use tax, when sold on prescription. The Department's Sales and Use Tax Technical  
9 Bulletins~~Bulletin~~ contain a~~contains~~ a non-exclusive list of items that are exempt from taxqualify as durable medical  
10 equipment when sold on prescription. An item not included in the list in the~~Bulletins~~ may also be exempt from tax  
11 when sold on~~prescription.~~prescription if it meets the definition of durable medical equipment.

12 (b) Durable Medical Supplies. -- Sales of durable medical supplies as the term is defined in G.S. 105-164.3 are exempt  
13 from sales and use tax, when sold on prescription. The Department's Sales and Use Tax Bulletin contains a non-  
14 exclusive list of items that qualify as durable medical supplies. An item not included in the list may also be exempt  
15 from sales and use tax when sold on prescription if it meets the definition of durable medical supplies.

16 (b)(c) Records. -- ~~A vendor who~~retailer that sells durable medical equipment or durable medical supplies, pursuant  
17 to a~~written prescription~~prescription, must~~shall~~ keep sales records that~~segregate these sales.~~ clearly identify the sales  
18 price, the prescription, and the durable medical equipment or supplies. The ~~vendor must~~retailer shall keep the original  
19 prescription for inspection by the Secretary of Revenue or an agent of the Secretary. Failure of a retailer to keep  
20 records that establish that a sale of durable medical equipment or durable medical supplies is exempt from sales and  
21 use tax subjects the retailer to liability at the general State, and applicable local and transit rates of sales and use tax  
22 on the sale.

23  
24 *History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-164.22; 105-262; 105-264;  
25 Chapter 105, Articles 39, 40, 42, 43, and 46;  
26 Eff. February 1, 1976;  
27 Amended Eff. October 1, 2009; April 1, 1999; August 1, 1998; October 1, 1993; June 1, 1992;  
28 October 1, 1991; February 1, 1986-1986;  
29 Readopted Eff. January 1, 2024.

1 17 NCAC 07B .3801 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 .3800 - ~~PREMIUMS; PROMOTIONAL ITEMS; GIFTS AND TRADING STAMPS~~**

5  
6 **17 NCAC 07B .3801 ~~PREMIUMS; PROMOTIONAL ITEMS AND GIFTS~~**

7 (a) Sales to Purchases by a retailer person of tangible personal property items, as the term item is defined in G.S. 105-  
8 164.3, for use by the retailer person as premiums promotional items or gifts are subject to the applicable statutory state  
9 and local rates of sales or use tax tax, and the purchaser shall remit the tax on the purchases to his suppliers. If the  
10 suppliers are located outside this state and deseller does not collect the North Carolina sales or and use tax on the  
11 purchases, such sales, the purchaser shall remit such the applicable use tax directly to the Department.

12 (b) Purchases by a person of items for use in satisfying a customer's redemption of reward points or items earned by  
13 the customer through a rewards program are subject to the applicable rates of sales or use tax. If the seller does not  
14 collect North Carolina sales and use tax on such sales, the purchaser shall remit the applicable use tax directly to the  
15 Department.

16 (c) If the property item purchased is of the type or character customarily sold by the a retailer, he the retailer may  
17 purchase the same item without payment of the sales tax if he furnishes his supplier with a Streamlined Sales and Use  
18 Tax Agreement Certificate of Exemption, Form E-595E, when the retailer complies with 17 NCAC 07B .0106. In this  
19 case, the The retailer must shall remit the use tax to the Department the tax on all taxable articles items withdrawn  
20 from stock inventory and used as premiums promotional items or gifts. The provisions of this Rule do not apply to  
21 any purchases of property to be used in redeeming trading stamps or other media.

22  
23 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.28; 105-262; 105-264; Article 39;*  
24 *Article 40; Article 42; Article 43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and*  
25 *46;*  
26 *Eff. February 1, 1976;*  
27 *Amended Eff. August 1, 2009; October 1, 1993; October 1, ~~1991~~, 1991;*  
28 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .3804 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 .3804      GIFT CERTIFICATES AND GIFT CARDS**

5 Charges ~~by vendors~~ for gift certificates or gift cards ~~which can be exchanged for merchandise~~ are not subject to sales  
6 and use tax. When the holder of ~~such a gift certificates~~ certificate or gift card ~~exchanges~~ redeems the gift certificate  
7 or gift card for ~~merchandise items~~, as the term item is defined in G.S. 105-164.3, the transaction is subject to the  
8 applicable ~~statutory state and local~~ rates of sales or and use tax ~~tax unless specifically exempt by statute~~. ~~The basis for~~  
9 ~~the tax is the sales price of the property.~~

10  
11 *History Note:*      *Authority G.S. 105-164.3; 105-164.4; 105-262; 105-264; Article 39; Article 40; Article 42; Article*  
12 *43; Article 44; Article 46; Chapter 105, Articles 39, 40, 42, 43, and 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 .3907 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 .3907      DEPOSITS FOR REUSABLE CONTAINERS**

5 (a) Deposits charged by vendors a retailer or wholesale merchant for a beverage container that is returnable to the  
6 retailer or wholesale merchant for reuse and the amount charged is refundable or creditable to the purchaser, is not  
7 subject to sales and use tax, whether or not the deposit is separately stated on the invoice or similar billing document.

8 (b) Deposits charged by a retailer or wholesale merchant for reusable containers, other than those described in G.S.  
9 105-164.13(47) and (48) beverage containers, are subject to the general State, and applicable local and transit rates of  
10 sales or and use tax when the purchasers-purchaser of the property contained therein can, during the period the  
11 containers are in their possession, exercise such packaged within a reusable container exercises control over the  
12 containers-container as is ordinarily associated with ownership-ownership, while the container is in their possession.  
13 Such amounts are a part of the sales price even though designated as a deposit for the containers.

14 (b)(c) When the vendors retain a retailer or wholesale merchant retains title to such reusable containers and the vendors  
15 retain the right to control the use which vendee the purchaser makes of the containers, the containers are not considered  
16 to be a part of the sale of the property-property packaged within the reusable container. In such cases, amounts charged  
17 to the customers-purchasers as security for the return of the containers are not subject to sales or and use tax if such  
18 charges are shown separately from the sales price of the property on the customers' invoices-invoice or similar billing  
19 document given to the purchaser at the time of sale. If such amounts are not separately stated, stated on the invoice or  
20 similar billing document given to the purchaser at the time of sale, the total charge is subject to the tax-the general  
21 State, and applicable local and transit rates of sales and use tax.

22  
23 *History Note:      Authority G.S. 105-164.3; 105-164.4; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40,*  
24 *42, 43, and 46;*  
25 *Eff. February 1, 1976;*  
26 *Amended Eff. August 1, 2002; January 1, 1982; July 5, 1980-1980;*  
27 *Readopted Eff. January 1, 2024.*  
28

1 17 NCAC 07B .3910 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 .3910      RETURNABLE CONTAINERS**

5 When a ~~vendor~~ person sells tangible personal property in returnable containers without a ~~charge being made~~ charging  
6 for the use of the containers for a specified time but, at the expiration of the specified time, the containers enter a  
7 demurrage period and a penalty ~~charge is made as an inducement for~~ charged to encourage the return of the containers,  
8 the ~~charges are incidental to the sale of the property and are~~ charge is not subject to ~~the sales and use tax. If a container~~  
9 ~~is used by the owner of the container or another person to enclose tangible personal property for delivery to a purchaser~~  
10 ~~of the property and is required to be returned to its owner for reuse, it is exempt from tax in accordance with G.S. 105-~~  
11 ~~164.13(23)b.~~

12  
13 *History Note:*     *Authority G.S. 105-164.4; 105-164.13; 105-262; 105-264; Chapter 105, Articles 39, 40, 42, 43, and*  
14                     *46;*  
15                     *Eff. February 1, 1976;*  
16                     *Amended Eff. August 1, ~~1998-1998~~;*  
17                     *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4102 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 .4102 SALES OF PHOTOGRAPHS AND VIDEOS**

5 (a) Photographs. -- The ~~sale~~ sales price of photographs, whether the photographs are transferred electronically or as  
6 tangible personal property, are ~~including all charges for developing or printing~~, is subject to the applicable statutory  
7 ~~state~~ general State, and applicable local ~~and transit rates of sales or~~ and use tax. ~~The sales price of photographs include~~  
8 sitting fees charged to a customer who ultimately purchases photographs, and all charges for developing or printing.  
9 When transferred electronically, the sale of a photograph includes a photograph provided by email, electronic storage  
10 device, access through a website owned by the photographer, access through a website owned by a third-party, or by  
11 other electronic means.

12 A copyright fee that entitles a purchaser the right to reproduce a photograph does not constitute part of the sales price  
13 of the photograph and is not subject to sales and use tax when the charge is separately stated.

14 (b) Videos. -- The sales price of videos, whether the videos are transferred electronically or as tangible personal  
15 property, are subject to the general State, and applicable local and transit rates of sales and use tax. When transferred  
16 electronically, the sale of a video includes a video provided by email, electronic storage device, access through a  
17 website owned by the videographer, access through a website owned by a third-party, or by other electronic means.

18  
19 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article*  
20 *43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46;*  
21 *Eff. February 1, 1976;*  
22 *Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~.1991;*  
23 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4105 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 .4105 PHOTO SUPPLIES AND MATERIALS**

5 (a) Sales of items, as the term item is defined in G.S. 105-164.3, such as frames, ~~films~~-films, storage media, and other  
6 articles by photographers, photo ~~finishers~~-finishers, videographers, or others to users or consumers are subject to the  
7 general State, and applicable statutory state and local ~~and transit rates of sales or and~~ use tax. ~~Gross receipts from~~  
8 sales of photographs by commercial or portrait photographers or others are subject to the applicable statutory state  
9 and local sales or use tax; however, sales to

10 (b) Purchases of items by a commercial or portrait ~~photographers~~-photographer or videographer for use or  
11 consumption are subject to the general State, and applicable local and transit rates of sales and use tax. However,  
12 purchases by commercial or portrait photographers of materials which become an ingredient or component part of the  
13 finished picture are not subject to the tax. ~~Mounts,~~items including mounts, frames, and ~~paper~~-paper, which become  
14 an ingredient or component part of the finished picture and the sales of such materials to commercial or portrait  
15 photographers product are not subject to the ~~tax~~-sales and use tax when purchased for resale.

16 (c) Purchases by a commercial or portrait photographers of mill machinery or mill machinery parts or accessories  
17 Materials such as films, chemicals, proof paper, cameras, trays, and similar items that are used in the manufacture or  
18 fabrication of such pictures are exempt from the sales and use tax and subject to the privilege tax under the provisions  
19 of G.S. 105-187.51 when such materials are purchased by commercial or portrait photographers. the mill machinery  
20 or mill machinery parts or accessories are for use in the “production” phase, as defined in section 57 of the  
21 Department’s Sales and Use Tax Bulletin of the manufacture of such pictures.

22  
23 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-187.50; 105-187.51; 105-*  
24 *187.52; 105-262; 105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Chapter 105,*  
25 *Articles 39, 40, 42, 43, and 46;*  
26 *Eff. February 1, 1976;*  
27 *Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~,1991;*  
28 *Readopted Eff. January 1, 2024.*

1 17 NCAC 07B .4106 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 .4106 PHOTOENGRAVINGS: ELECTROTYPES: ETC.**

5 (a) Purchases by commercial printers and publishers of an item, as the term item is defined in G.S. 105-164.3,  
6 including photoengravings, electrotypes and lithographs, lithographs used in the “production” phase, as production is  
7 defined in section 57 of the Department’s Sales and Use Tax Bulletin, to produce items for sale, when the same are  
8 not for resale, but which the purchaser uses in printing tangible personal property for sale are exempt from the sales  
9 and use tax and subject to the privilege tax under the provisions of G.S. 105-187.51-tax. Lithographic and gravure  
10 plates and dies, including custom made plates and dies and tangible personal property used to fabricate plates and dies  
11 for use in the “production” of printed matter for sale, are exempt from sales and use tax when title to the plates and  
12 dies do not pass to the printers’ customers.

13 (b) Sales-Purchases of photoengravings, electrotypes and lithographs, electrotypes, lithographs, paper, ink, and all  
14 other printing equipment and supplies, supplies including paper and ink, to consumer by consumers or captive in-house  
15 printers are subject to the applicable statutory state general State, and applicable local and transit rates of sales or and  
16 use tax.

17  
18 *History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; ~~105-187.50; 105-187.51; 105-187.52;~~ 105-262;*  
19 *105-264; Article 39; Article 40; Article 42; Article 43; Article 44; Chapter 105, Articles 39, 40, 42,*  
20 *43, and 46;*  
21 *Eff. February 1, 1976;*  
22 *Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~.1991;*  
23 *Readopted Eff. January 1, 2024.*  
24



1 17 NCAC 07B .4109 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 .4109 BLUEPRINTS SOLD TO ARCHITECTS**

5 Sales of blueprints, photographs and other ~~tangible personal property~~ items, as the term item is defined in G.S. 105-  
6 164.3, to an architectural or engineering firm for use or consumption and not for resale are subject to the general State,  
7 and applicable statutory state and local and transit rates of sales or and use tax.

8

9 *History Note: Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264; Article 39; Article 40; Article 42; Article*  
10 *43; Article 44; Chapter 105, Articles 39, 40, 42, 43, and 46;*

11 *Eff. February 1, 1976;*

12 *Amended Eff. September 1, 2006; October 1, 1993; October 1, ~~1991~~.1991;*

13 *Readopted Eff. January 1, 2024.*