



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.ncdor.gov**

**IMPORTANT NOTICE:
ADDITIONAL 0.25% LOCAL SALES AND USE TAX**

Effective October 1, 2016, the following counties adopted a resolution to levy an additional 0.25% local sales and use tax:

Cherokee County and Jackson County

Effective October 1, 2016, the local rate of sales and use tax in Cherokee and Jackson Counties is 2.25%. The general 4.75% State and 2.25% local rates of sales and use tax (total rate of 7.00%) apply to taxable sales and purchases of tangible personal property, taxable service contracts, taxable gross receipts derived from admission charges to an entertainment activity, certain digital property, sales price or taxable gross receipts derived from repair, maintenance, and installation services, and certain other items subject to the general State rate of sales and use tax pursuant to the provisions of N.C. Gen. Stat. § 105-164.4. Retail sales of food subject to the 2.00% rate of tax are not subject to the additional 0.25% local rate of sales and use tax. Retail sales of manufactured homes, modular homes, aircraft, and qualified jet engines are not subject to the local 2.25% rate of tax but rather only subject to the general 4.75% State rate of sales and use tax. **The provisions of the Local Government Sales and Use Tax Law, with respect to a retailer or facilitator required to collect sales and use tax in a taxing county, and the liability for local sales and use tax, are applicable to the new levy.**

General State, Applicable Local, and Applicable Transit Rates as of October 1, 2016

Effective October 1, 2016, the total general State, applicable local, and applicable transit rates of sales and use tax is 6.75% in sixty-eight counties, 7.00% in Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes Counties, 7.25% in Mecklenburg County, and 7.50% in Durham and Orange Counties.

County Tax Reporting Requirements

A retailer or facilitator required to collect local and transit sales and use tax in more than one county must complete Form E-536, Schedule of County Sales and Use Taxes, and submit it along with the sales and use tax return or enter the applicable local and transit tax information for each county at the time of filing an electronic return through the Department's [Online Filing and Payments](#) service. Form E-536 or the electronic information should reflect the amount of local and transit tax collected for each county by a retailer or facilitator. Form E-536 and the Department's electronic services will be revised to accommodate the applicable 2.25% local tax rates for Cherokee and Jackson Counties for returns due to be filed for periods beginning October 1, 2016. Purchases of taxable products by a person for storage, use, consumption, or distribution in Cherokee or Jackson Counties on or after October 1, 2016 are subject to the 2.25% local rate of sales and use tax.

Additional Information

For general guidance on the administration of the sales and use tax rate increase for Cherokee and Jackson Counties relating to leases or rentals, construction contracts including change orders, layaway sales, gross receipts derived from the rental of accommodations, taxable service contracts, taxable gross receipts derived from admission charges to an entertainment activity and reporting of tax on the cash basis of accounting for sales and use tax purposes, please review the publication at the following link: www.ncdor.gov/documents/general-guidance-local-sales-and-use-tax-rate-increase.

Assistance

The revised Form E-536, Schedule of County Sales and Use Taxes, will be available after October 1, 2016, and can be obtained on the Department's website or by calling the Department's Forms Line at 1-877-252-3052 (toll-free) after October 1, 2016. Questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).