



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

IMPORTANT NOTICE:
BASIS OF SALES AND USE TAX REPORTING

This important notice is issued under the authority granted the Secretary of Revenue pursuant to N.C. Gen. Stat. § 105-264. The notice addresses the requirement for retailers to report and remit sales tax on the accrual basis of accounting for certain taxable transactions.

Effective April 9, 2015 Session Law 2015-6 rewrites N.C. Gen. Stat. § 105-164.20 and incorporates reporting requirements from other sections of the Sales and Use Tax Article into this section. N.C. Gen. Stat. § 105-164.20(b) provides that **the following retailers must report gross receipts on an accrual basis of accounting for purposes of reporting and remitting sales tax:**

- (1) A retailer who sells electricity, piped natural gas, or telecommunications service. A sale of electricity, piped natural gas, or telecommunications service is considered to accrue when the retailer bills its customer for the sale.
- (2) A retailer who derives gross receipts from a prepaid meal plan, notwithstanding that the retailer may report tax on the cash basis for other sales at retail and notwithstanding that the revenue has not been recognized for accounting purposes.
- (3) A retailer who sells or derives gross receipts from a service contract, as provided in N.C. Gen. Stat. § 105-164.4I(d).

As discussed in the [Important Notice: Recent Changes for Admission Charges to Entertainment Activities](#) dated June 25, 2014 and available on the Department's [website](#), sales and use tax on the gross receipts derived from admission charges are due at the time the admission charges are received, notwithstanding the admission charges may be for the right to attend an entertainment activity for a future date. Where season tickets are billed in advance of the season and payment is rendered at such time, the sales and use tax is due for the period in which the payment is rendered by the purchaser or other person on behalf of the purchaser.

[Sales and Use Tax Technical Bulletin Section 45-3](#) provides information for certain retailers who elect or are permitted to report sales and use tax on the cash basis other than as required and discussed above.

Assistance

Questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.