



Sales and Use Tax Division
North Carolina Department of Revenue
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www.ncdor.gov

IMPORTANT NOTICE: EXEMPTION FOR CERTAIN PRODUCTS MADE OF RECYCLED MATERIALS

Effective October 1, 2016, N.C. Gen. Stat. § 105-164.13(68) provides an exemption from sales and use tax for the sale at retail or the storage, use, or consumption in this State of “products that are made of more than seventy-five percent (75%) by weight of recycled materials when the products are sold for use in an accepted wastewater dispersal system as defined in [N.C. Gen. Stat. §] 130A-343.”

N.C. Gen. Stat. § 130A-343(a)(1) defines an “accepted wastewater dispersal system” as “any subsurface wastewater dispersal system, other than a conventional wastewater system, that: (i) has been previously approved as an innovative wastewater dispersal system by the Department [of Health and Human Services]; (ii) has been in general use in this State as an innovative wastewater dispersal system for more than five years; and (iii) has been approved by the Commission [for Public Health] for general use or use in one or more specific applications. An accepted wastewater dispersal system may be approved for use in applications for which a conventional wastewater system is unsuitable. The Commission [for Public Health] may impose any design, operation, maintenance, monitoring, and management requirements on the use of an accepted wastewater dispersal system that it determines to be appropriate.”

N.C. Gen. Stat. § 130A-290(a)(26) defines “recyclable material” as “those materials which are capable of being recycled and which would otherwise be processed or disposed of as solid waste.”

Purchase Qualifying Products Exempt from Sales and Use Tax

A person, who is not engaged in business and is not registered or required to register for sales and use tax purposes, that wishes to purchase products that are made of more than seventy-five percent (75%) by weight of recycled materials when the products are to be purchased for use in an accepted wastewater dispersal system, as defined in N.C. Gen. Stat. §130A-343, must obtain an exemption certificate number from the Department. To apply for an exemption certificate number, complete and submit [Form E-595EA, Application for Exemption Certificate Number for Qualified Purchases](#).

The purchaser of qualifying products should provide the seller with a properly completed Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, or the required data elements pursuant to N.C. Gen. Stat. § 105-164.28, as the seller’s authority to exempt the transaction from sales or use tax. **A Form E-595E issued by the purchaser to a seller must include either the sales and use tax number or the accepted wastewater dispersal system exemption number issued to the purchaser by the Department in order to claim an exemption from sales and use tax on qualifying purchases for use in an accepted wastewater dispersal system.**

Assistance

General 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 there is any change in the rate or amount of tax, change to a 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 issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.