



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

Important Notice: Relief to Excise Taxpayers Affected by Novel Coronavirus Disease 2019 (COVID-19)

March 31, 2020

In response to the hardship caused by COVID-19, the Department of Revenue (“Department”) will provide relief from certain civil penalties administered by the Excise Tax Division.

Penalty Relief

On March 10, 2020, Governor Roy Cooper signed [Executive Order 116](#) declaring a state of emergency in response to COVID-19. On March 17, 2020, the Department [announced](#) penalty relief for taxpayers. Subsequently, on March 20, 2020, the United States Department of the Treasury and the Internal Revenue Service [announced](#) that the time for filing certain federal returns was extended under Section 7508A of the Internal Revenue Code to July 15, 2020.

In response to the federal action, the Department will not assess the following civil penalties:

- Failure to obtain a license under G.S. 105-236(a)(2);¹
- Failure to file a return under G.S. 105-236(a)(3);
- Failure to pay tax when due under G.S. 105-236(a)(4);

¹ Although the Department will not assess a penalty for failure to obtain a license under G.S. 105-236(a)(2), persons required to be licensed will remain subject to other sanctions, including criminal penalties.

- The penalties regarding informational returns under G.S. 105-236(a)(10); and
- Failure to file a return under G.S. 105-449.45(d).

(collectively, "Late Action Penalties"). The Department will not assess penalties for failure to obtain a license, failure to file a return, or failure to pay a tax that is due on March 15, 2020 through July 15, 2020, if the corresponding license is obtained, return is filed, or tax is paid on or before July 15, 2020.

The relief from Late Action Penalties applies to the following taxes administered by the Excise Tax Division:

- Privilege Tax (Chapter 105, Article 2);
- Installment Paper Dealers (Chapter 105, Article 2);
- Tobacco Products (Chapter 105, Article 2A);
- Alcohol (Chapter 105, Article 2C);
- Motor Carrier (Chapter 105, Article 36B);
- Motor Fuel (Chapter 105, Article 36C);
- Alternative Fuel (Chapter 105, Article 36D); and
- Inspection Tax (Chapter 119, Article 3).

Taxpayers do not need to request a penalty waiver to qualify for this relief. However, if a taxpayer receives a proposed assessment of a penalty covered by the relief granted in this notice, the taxpayer should contact the Department by phone, at (919) 707-7500 or toll free at (877) 308-9092, or by writing to the Department at the following address: North Carolina Department of Revenue, Customer Service, P.O. Box 1168, Raleigh, NC 27602.

Termination of Licenses

The Department will not terminate a license for failure to file a return or failure to pay a tax if the return or payment was due during the period beginning March 15, 2020 through July 15, 2020, and the return is filed and tax is paid on or before July 15, 2020. This relief from license termination applies to the following tax schedules:

- Tobacco Products (Chapter 105, Article 2A);
- Motor Carrier (Chapter 105, Article 36B);
- Motor Fuel (Chapter 105, Article 36C);
- Alternative Fuel (Chapter 105, Article 36D); and
- Inspection Tax (Chapter 119, Article 3).

Interest

State law prevents the Department from waiving any interest except in limited cases.² As such, if you owe additional tax, the Department is required to charge interest on any unpaid tax, accruing from the original due date, until the tax is paid.

The interest rate is currently 5% per year for all Excise Taxes except for taxes assessed to motor carriers. This is the minimum rate set by statute.

The interest rate is currently 7% per year for taxes assessed to motor carriers. This rate is set by the International Fuel Tax Agreement.

Additional Relief

In separate notices issued on [March 23, 2020](#) and [March 31, 2020](#), the Department announced relief from Late Action Penalties for other tax schedules.

In addition to the relief granted in these notices, the Secretary of Revenue may waive or reduce any civil penalties provided for in Subchapter I of Chapter 105 and certain other penalties. See N.C. Gen. Stat. § 105-237(a). A taxpayer seeking waiver of penalties not covered by these notices should review the [Department's Penalty Policy](#) and complete [Form NC-5500](#), Request to Waive Penalties ("NC-5500").

Questions

This Important Notice may be updated as new information becomes available. If you have any questions about this notice, you may call the Excise Tax Division at (919) 707-7500 or toll free (877) 308-9092.

The response to COVID-19 continues to evolve as North Carolina and taxpayers adapt to difficult circumstances. Taxpayers are encouraged to check for further updates published by the Department. To the extent there is any 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 regarding the subject of this notice and issued prior to this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.

² See 105-237(a)(2); 105-249.2(a).