



Sales and Use Tax Division  
North Carolina Department of Revenue  
Post Office Box 25000  
Raleigh, North Carolina 27640-0001  
[www.ncdor.gov](http://www.ncdor.gov)

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**IMPORTANT NOTICE:**

**RETAIL SALES BY CERTAIN NONPROFITS WHERE THE NET PROCEEDS BENEFIT THE STATE OF NORTH CAROLINA, OR ITS AGENCIES OR INSTRUMENTALITIES**

**Effective January 1, 2017**, retail sales of tangible personal property, certain digital property, and taxable services on or after January 1, 2017 by a nonprofit civic, charitable, educational, scientific or literary organization when the net proceeds of the sales will be given or contributed to the State of North Carolina or to one or more of its agencies or instrumentalities, or to one or more nonprofit charitable organizations, one of whose purposes is to serve as a conduit through which such net proceeds will flow to the State or to one or more of its agencies or instrumentalities, **are subject to sales and use tax**. Nonprofit civic, charitable, educational, scientific or literary organizations are liable for the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax, on retail sales of all tangible personal property, certain digital property, and taxable services unless another rate of tax in N.C. Gen. Stat. § 105-164.4 applies, regardless of to whom the net proceeds are contributed.

*Example: A gift shop operated by a nonprofit organization where the net proceeds of the sales flow to a State owned museum or historical site, is liable for the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax on the sales price of any retail sales of tangible personal property, souvenirs, soft drinks, or candy sold to visitors on or after January 1, 2017.*

**Registration**

Any nonprofit organization or other person who is not registered with the Department and is liable for sales and use tax on the sales price of or gross receipts derived from retail sales of tangible personal property, certain digital property, or taxable services must complete Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery and Equipment Tax. Both an [online business registration portal](#) and a [web-fill version](#) of Form NC-BR are available on the Department's website, [www.ncdor.gov](http://www.ncdor.gov). There is no fee required to register and obtain a certificate of registration. An active nonprofit organization that has a certificate of registration number that does not begin with "6" and is a nine-digit number, and who is not currently filing sales and use tax returns with the Department must apply for a new sales and use tax number.

An active nonprofit organization that has a certificate of registration number that begins with "6" and is a nine-digit number, and who is not currently filing sales and use tax returns with the Department, may request that the account number beginning with "6" be reinstated by the Department and may request that a coupon booklet containing sales and use tax forms be mailed to the organization. For an eligible nonprofit organization to reinstate a sales and use tax number, contact the Department by phone at 1-877-252-3052 (toll-free), and from the main menu select 4 for "all other inquiries" and then select option 2 for "General Business Taxes Including Sales and Use, Withholding, or Corporate."

**Filing Sales and Use Tax Returns and Paying Tax Due**

The sales price of or the gross receipts derived from retail sales of tangible personal property, certain digital property, and taxable services and the 4.75% general State, applicable local, and applicable transit rates of sales and use tax must be reported on Form E-500, Sales and Use Tax Return, or through the Department's [online filing and payment system](#). Additionally, food subject to the 2% Food rate of tax is reported on Form E-500. The term "food" as defined in N.C. Gen. Stat. § 105-164.3 does

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not include the following items which are subject to the general 4.75% State, applicable local, and applicable transit rates of tax: soft drinks, candy, and prepared food.

Gross receipts, sales for resale, and receipts exempt from State tax must be reported on Form E-500 lines 1, 2, and 3, respectively. In addition, if a local and transit tax is due on retail sales sourced or delivered by the retailer to a county other than the county in which the business is located or for more than one county, Form E-536, Schedule of County Sales and Use Taxes, must be completed and filed in conjunction with Form E-500.

**Rates of Tax**

The Department maintains the current and historical general State, local, and transit rates of sales and use tax on its website, <https://www.ncdor.gov/taxes/sales-and-use-tax/sales-and-use-tax-rates-other-information>.

**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 that 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.*