



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

**IMPORTANT NOTICE:
SALES OF ELECTRICITY BY CAPE HATTERAS
ELECTRIC MEMBERSHIP CORPORATION**

This notice addresses the change in the sales and use tax rate applicable to the gross receipts derived from sales of electricity billed on or after July 1, 2015 by Cape Hatteras Electric Membership Corporation ("CHEMC"). The rate is increased from 3.50% to the 7.00% combined general rate of sales and use tax for sales billed on or after July 1, 2015. Effective July 1, 2015 the [Important Notice: Sales Tax Phased in for Sales of Electricity by Cape Hatteras Electric Membership Corporation](#) published on June 30, 2014 is obsolete.

For purposes of the taxes imposed by N.C. Gen. Stat. § 105-164.4(a), the term "gross receipts" has the same meaning as the term "sales price" defined in N.C. Gen. Stat. § 105-164.3(37).

Reporting of the Tax

Effective July 1, 2015, CHEMC must report the gross receipts derived from sales of electricity, billed on or after July 1, 2015, at the 7.00% combined general rate of tax due on Line 5 of [Form E-500E, Utility and Liquor Sales and Use Tax Return](#). A retailer of electricity must report the gross receipts on the accrual basis of accounting for purposes of reporting and remitting sales tax. A sale of electricity is considered to accrue when the retailer bills its customer for the sale.

Other Resources and Exemptions

The application of sales and use tax to the gross receipts derived from sales of electricity was addressed in the [Important Notice: Rate Change for Gross Receipts Derived from Sales of Electricity](#) published on June 2, 2014. The same exemptions from sales and use tax for the gross receipts derived from sales of electricity for a qualifying farmer, conditional farmer, and a manufacturing facility at which the primary activity is manufacturing, discussed in that notice, may also apply to sales of electricity by CHEMC.

Assistance

Questions about this notice can 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or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided.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.