

Form E-500E Utility and Liquor Sales and Use Tax Return
General Instructions

1. Use Form E-500E to file and report your North Carolina electricity, telecommunications and ancillary service, direct-to-home satellite service, video programming, and spirituous liquor sales and use taxes.
2. A return must be filed each period by the due date indicated, including the period in which the application for registration was filed, or a delinquent notice for failure to file will be mailed to you. The tax shown to be due must be paid with the return or penalty and interest will be charged. If you do not owe any tax for a month, you must file a return showing zero (0.00) on Line 23. Please do not write "No Tax Due" or any similar text on the form.
3. Complete the utility and liquor sales and use tax return in its entirety on your computer and print the return.
4. If you discontinue business operations or sell your business, please complete Form NC-BN, Out-of-Business Notification, and mail it separately to the Department at the address shown on the form.
5. The gross receipts derived from providing electricity to commercial laundries are subject to the 2.83% State sales and use tax.
Other sales of electricity are subject to the 3% State sales and use tax.
6. The combined general rate of sales and use tax is 8%.
7. The gross receipts derived from providing telecommunications and ancillary service, direct-to-home satellite service, and video programming are subject to the combined general rate of sales and use tax.
8. Sales of spirituous liquor other than mixed beverages are subject to the combined general rate of sales and use tax.
9. A retailer who sells electricity or telecommunications and ancillary service is required to report sales on the accrual basis. The service is considered to accrue when the utility bills its customer for the sale.
10. Municipal corporations that sell electricity and purchase electricity for resale without payment of sales tax thereon are required to pay the 3% rate of tax on the cost price of electricity that they use and do not resell. The cost of such electricity should be included on Line 1 but it is not to be included on Line 5 of the return when computing the amount of the credit to be deducted from the sales tax due to be remitted.
11. Payment of tax must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to the North Carolina Department of Revenue unless you have been previously instructed by the Department to make payments electronically. Do not mail cash, stamps, or post dated checks with your return.

How To Prepare Return

Electricity providers (other than municipal corporations) should complete Lines 1, 2, 3, 8, 9, 14, 15, and 17 through 22.

Telecommunications and ancillary service providers should complete Lines 1, 2, 3, 10, 14, 15, and 17 through 22.

Municipal corporations should complete Lines 1 through 9 and 14 through 22.

Direct-to-home satellite service providers should complete Lines 1, 2, 3, 11, 14, 15, and 17 through 22.

Video programming providers other than direct-to home satellite service providers should complete Lines 1, 2, 3, 12, 14, 15, and 17 through 22.

Spirituous Liquor retailers should complete Lines 1, 2, 3, 13, 14, 17, and 17 through 22.

Line 1 - Receipts from Retail Sales and Purchases for Own Use: Enter the gross receipts derived from retail sales of electricity, telecommunications and ancillary services, direct-to-home satellite

service, video programming, and spirituous liquor. Municipal corporations should also include the cost of power purchased for own use and not resold.

Line 2 - Sales for Resale: Enter the total sales of electricity, telecommunications and ancillary services, direct-to-home satellite service, video programming, and spirituous liquor for the purpose of resale for informational purposes only. Do not include sales for resale in exempt sales on Line 3 or elsewhere on the return.

Line 3 - Exempt Sales: Enter the amount of exempt retail sales. Do not include sales for resale reported on Line 2.

Lines 4 - 7 Sales Tax Municipal Electricity Deduction

Line 4 - Enter the gross receipts derived from retail sales of electricity only. Do not include electricity purchased for own use and not resold.

Line 5 - Enter the cost of electricity and other related services purchased for resale and resold at retail. Do not include the cost of electricity purchased for own use and not resold or the cost of electricity purchased for resale and sold to other firms for resale.

Line 6 - Enter the net amount in excess of cost by subtracting Line 5 from Line 4.

Line 7 - Multiply the net amount on Line 6 by 3% and enter the result. Carry this deduction amount forward to Line 16 on the front of the return.

Line 8 - Electricity for Laundries: Enter under the column "Receipts and Purchases" the net taxable receipts and purchases of electricity sold to commercial laundries which are subject to the 2.83% State tax. Compute the tax due at the 2.83% rate and enter that amount under the column "Tax."

Line 9 - Other Electricity Service: Enter under the column "Receipts and Purchases" the net taxable receipts and purchases of electricity and the cost of electricity purchased for own use and not resold which are subject to the 3% State tax. Compute the tax due at the 3% rate and enter that amount under the column "Tax."

Line 10 - Telecommunications Service and Ancillary Service: Enter under the column "Receipts and Purchases" the net taxable receipts derived from telecommunications and ancillary services. Compute the tax due at the 8% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 11 - Direct-To-Home Satellite Service: Enter under the column "Receipts and Purchases" the net taxable receipts derived from direct-to-home satellite service. Compute the tax due at the 8% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 12 - Video Programming Other Than Direct-To-Home Satellite Service: Enter under the column "Receipts and Purchases" the net taxable receipts derived from video programming services other than direct-to-home satellite service. Compute the tax due at the 8% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 13 - Spirituous Liquor: Enter under the column "Receipts and Purchases" the net taxable receipts derived from sales of spirituous liquor. Compute the tax due at the 8% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 14 - Tax From Lines 8 - 13: Add the amounts in the column "Tax" on Lines 8 through 13, and enter the sum.

Line 15 - Excess Collections: Enter any tax collected in excess of the total amount of tax calculated to be due on taxable receipts.

Line 16 - Municipal Electricity Deduction: Municipal corporations only - Enter the deduction derived in the computations of Lines 4 - 7 on the reverse of the form.

Line 17 - Tax Due: Add the tax on Lines 14 and 15 minus Line 16, and enter the sum.

Line 18 - Penalty: **If the return is filed after the due date, add the failure to file return penalty** of 5% per month of the tax shown on Line 17 for each month, or fraction thereof, that the return is filed

late. The maximum failure to file return penalty is 25% of the tax due. The minimum failure to file return penalty is \$5.00 if tax is reported. **If the tax was not paid when due, add the failure to pay tax when due penalty** of 10% of the tax shown on Line 17. The minimum failure to pay penalty is \$5.00 if tax is due. Therefore, if tax is reported on a late filed return and the tax was not paid when due, there is a total minimum penalty of \$10.00.

- Line 19 - Interest:** If the return is filed after the due date, compute interest on the total tax shown to be due on Line 17 from the time the taxes were due until paid. The Secretary of Revenue establishes the interest rate on a semiannual basis. The interest rate is 5% per year or .417% per month through December 31, 2010. Check the Department's website or contact the Department for the current interest rate.
- Line 20 - Less Prepayment for This Period:** *(This line is for use by taxpayers remitting \$15,000 or more in tax per month who have made a prior prepayment for this period.)* Enter the total amount of any electronic payment made for this period prior to filing this return.
- Line 21 - Prepayment for Next Period:** Beginning with the monthly return for October 2007, taxpayers who are consistently liable for at least \$15,000 a month in sales and use taxes must make a monthly prepayment of the next month's tax liability. The prepayment is due when the monthly return is due. The prepayment must equal at least 65% of any of the following:
- (1) the amount of tax due for the current month,
 - (2) the amount of tax due for the same month in the preceding year, or
 - (3) the average monthly amount of tax due in the preceding calendar year.
- Penalties or interest will not be due on an underpayment of a prepayment if one of these three calculation methods is used. Enter the amount of payment to be applied to the next monthly period.
- Line 22 - Total Due:** Enter the total amount due by adding Lines 17, 18, 19, and 21, and subtracting any prepayment on Line 20, and pay this amount. **Do not fold your return or payment.**

Additional information may be obtained from the Department's website at www.dornrc.com. Questions should be directed to the Taxpayer Assistance Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001, telephone number 1-877-252-3052 (toll-free) or to one of the Department's service centers.