

State of North Carolina

SCRAP TIRE DISPOSAL TAX BULLETIN

**Sales and Use Tax Division
North Carolina Department of Revenue
501 North Wilmington Street
Raleigh, North Carolina 27604**

January 1, 2021

PREFACE

The Scrap Tire Disposal Tax Bulletin presents the Secretary of Revenue's interpretation of the North Carolina scrap tire disposal tax law. This bulletin does not cover all interpretations and applications of the scrap tire disposal tax law. Pursuant to G.S. § 105-264, it is the duty of the Secretary to interpret all laws administered by the Secretary.

The Scrap Tire Disposal Tax Bulletin is based on the law in effect as of January 1, 2021 and supersedes any Scrap Tire Disposal Tax Bulletins published prior to January 1, 2021.

Consideration must be given to all the facts and circumstances of transactions or situations in applying the information contained in this bulletin to the particular transactions or situations. Additional changes may result from legislative action, court decisions and rules amended or adopted under Chapter 150B of the North Carolina General Statutes after these bulletins are published. To the extent there is any change to a statute, administrative rule, or new case law subsequent to the date of this publication, the provisions in this bulletin may be superseded or voided.

To obtain specific tax advice that is binding on the Department refer to the written determination policy available on the Department's website, www.ncdor.gov.

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STDTB 1 SCRAP TIRE DISPOSAL TAX**1-1 DEFINITIONS**

For the purposes of this bulletin, G.S. § 105-187.15 provides the following definitions:

1. **“Scrap tire”** – A tire that is no longer suitable for its original, intended purpose because of wear, damage, or defect.
2. **“Tire”** – A continuous solid or pneumatic rubber covering encircling a wheel.

1-2 GENERAL PROVISIONS

The scrap tire disposal tax is imposed pursuant to Article 5B of Chapter 105 of the North Carolina General Statutes. The definitions contained in G.S. § 105-164.3 are applicable to Article 5B except that the term “sale” does not include the term “lease or rental.”

1-3 IMPOSITION AND LIABILITY FOR COLLECTING AND REMITTING TAX**A. Tax Imposed**

A privilege tax is imposed on a tire retailer at a percentage rate of the sales price of each new tire sold at retail by the retailer without regard to whether the new tire is for motor vehicles, aircraft, construction equipment, maintenance and industrial equipment, an implement of husbandry, farm tractors, special mobile equipment as defined in G.S. § 20-4.01, or vehicles designed primarily for use in non-highway work. A privilege tax is imposed on a tire retailer and on a tire wholesale merchant at a percentage rate of the sales price of each new tire sold by the retailer or wholesale merchant to a wholesale merchant or retailer for placement on a vehicle offered for sale, lease, or rental by the retailer or wholesale merchant. An excise tax is imposed on the purchase price of a new tire purchased for storage, use, or consumption in this State or for placement in this State on a vehicle offered for sale, lease, or rental.

The scrap tire disposal tax rate is 2% on tires with a bead diameter of less than 20 inches. The scrap tire disposal tax rate is 1% on tires with a bead diameter of 20 inches or more. The bead diameter is the diameter of the hole in the center of the tire or the diameter of the rim.

B. Liability for Collecting and Remitting the Tax

The privilege tax imposed on a tire retailer who sells new tires at retail is an additional State sales tax and the excise tax imposed on the storage, use, or consumption of a new tire in this State is an additional State use tax. Except as otherwise provided in Article 5B of Chapter 105 of the North Carolina General Statutes, these taxes shall be collected and administered in the same manner as the State sales and use tax imposed by Article 5 of Chapter 105 of the North Carolina General Statutes. The privilege tax paid when a new tire is sold for placement on a vehicle offered for sale, lease, or rental is a credit against the use tax imposed on the purchase of the same tire for placement in this State on a vehicle offered for sale, lease, or rental.

The scrap tire disposal tax is to be stated and charged separately on the invoice or similar billing document given to the purchaser at the time of sale except where a retailer displays a statement indicating the sales price includes the scrap tire disposal tax. A retailer must keep records that establish its scrap tire disposal tax liability. The scrap tire disposal tax is not a part of the sales price on which the sales tax is computed, nor should the scrap tire disposal tax be computed on any sales or use tax due.

A person that is not registered with the Department that is required to collect and/or remit the scrap tire disposal tax, must register using [Form NC-BR](#), **Business Registration Application for**

Income Tax Withholding, Sales and Use Tax, and Other Taxes and Service Charge, or register electronically using the online business registration portal located on the Department's website. The scrap tire disposal tax is to be paid and reported separately to the Department on the [Form E-500G, Scrap Tire Disposal Tax Return](#).

C. Out-of-State Purchases

Purchases of new tires from outside North Carolina for storage, use, or consumption in North Carolina to be placed on a vehicle offered for sale, lease, or rental are subject to the scrap tire disposal tax at the rate stated in STDTB 1-3A.

1-4 EXEMPTIONS RELATED TO SCRAP TIRE DISPOSAL TAX

The scrap tire disposal tax does not apply to:

1. Bicycle tires and other tires for vehicles propelled by human power.
2. Recapped tires.
3. Tires sold for placement on newly manufactured vehicles.

Except for the exemption for sales a state cannot constitutionally tax, such as sales to the U.S. Government, the exemptions allowed in Article 5 of Chapter 105 of the North Carolina General Statutes do not apply to the scrap tire disposal tax.

1-5 SCRAP TIRE DISPOSAL TAX REGARDING THE LEASE OR RENTAL OF A VEHICLE

Persons engaged in the business of, leasing or renting vehicles to users or consumers are liable for paying the scrap tire disposal tax to the retailer or wholesale merchant on the price of a tire at the time of purchase. The scrap tire disposal tax is not to be collected from the purchaser, lessee, or renter of a vehicle.

1-6 REFUNDS SCRAP TIRE DISPOSAL TAX

Refunds authorized in G.S. § 105-164.14 do not apply to the scrap tire disposal tax.

1-7 DIRECT PAY PERMITS DO NOT APPLY TO THE SCRAP TIRE DISPOSAL TAX

A direct pay permit does not apply to the scrap tire disposal tax and does not constitute authority to exempt a transaction from the scrap tire disposal tax.