



**Sales and Use Tax Division
North Carolina Department of Revenue
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**IMPORTANT NOTICE: WASTEWATER DISPERSAL PRODUCTS
SALES AND USE TAX EXEMPTION**

On July 20, 2017, House Bill 548 was signed into law by the Governor and is Session Law 2017-139. The Session Law amends the sales and use tax exemption in N.C. Gen. Stat. § 105-164.13(68) and provides **effective July 1, 2017**, for sales and purchases made on or after that date, “[s]ales of wastewater dispersal products approved by the Department of Health and Human Services under Article 11 of Chapter 130A of the General Statutes” are exempt from sales and use taxes. N.C. Gen. Stat. § 130A-334(14a) also effective July 1, 2017 provides “ ‘wastewater dispersal product’ means a product approved by the Department [of Health and Human Service] for dispersing wastewater effluent within the subsurface dispersal field in a ground absorption system.”

The Department of Health and Human Services (DHHS) is directed to notify the Department of all existing wastewater dispersal product approvals by August 9, 2017. DHHS has indicated that it will publish a list of all approved wastewater dispersal products on its website. The Department intends to [publish a list of the products](#) upon receipt of notification from DHHS. Additionally, DHHS is instructed to notify the Department of all wastewater dispersal product approvals and revocations within 60 days of approval or revocation.

A retailer engaged in business in the State that makes a retail sale sourced to the State of a wastewater dispersal product approved by DHHS must maintain adequate documentation to substantiate that the product is on the approved list at the time of the sale. A purchaser is not required to provide a certificate of exemption to purchase an approved wastewater dispersal product exempt from sales and use tax.

A purchaser of a wastewater dispersal product should determine if the product has an existing approval from DHHS at the time of purchase. Absent a valid existing approval from DHHS for a wastewater dispersal product, the purchaser is liable for payment of use tax on the purchase price of the product. N.C. Gen. Stat. § 105-164.6(b) provides, in part, “[t]he tax imposed by this section is payable by the person who purchases . . . tangible personal property. . . . If the property purchased becomes a part of a building or other structure in the State and the purchaser is a contractor or subcontractor, the contractor, the subcontractor, and the owner of the building are jointly and severally liable for the tax. The liability of a contractor, a subcontractor, or an owner who did not purchase the property is satisfied by receipt of an affidavit from the purchaser certifying that the tax has been paid.”

Prior to July 1, 2017, N.C. Gen. Stat. § 105-164.13(68) provided an exemption from sales and use tax for “[s]ales of products that are made of more than seventy five percent (75%) by weight of recycled materials when the products are sold for use in an accepted wastewater dispersal system as defined in G.S. 130A-343. For additional information regarding the exemption in effect prior to July 1, 2017, review the [Important Notice: Exemption for Certain Products Made of Recycled Materials](#) Revised September 30, 2016 and available on the Department’s website.

Effective immediately, all previously issued Accepted Wastewater Dispersal System Exemption Numbers are cancelled. The Department will send notice of such cancellations to each exemption number holder in the near future.

To the extent 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.