

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. Other sales and use tax should be reported on Form E-500.
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 is mailed to you. The tax due must be paid with the return or penalty and interest will be assessed by the Department. If you do not owe any tax for a filing period, you must file a return showing zero (0.00) on Line 22. Please do not write "No Tax Due" or any similar text on the form.
3. The Department images all sales and use tax returns; therefore, use a pen with blue or black ink to ensure legibility.
4. If you discontinue business operations or sell your business, please complete Form NC-BN, Out-of-Business Notification, and mail it separate from any returns to the Department at the address shown on the form.
5. **Through June 30, 2014**, the gross receipts derived from providing electricity and billed prior to June 30, 2014 to a commercial laundry or to a pressing and dry-cleaning establishment for use in machinery used in the direct performance of the laundering or the pressing and cleaning service and measured by a separate meter or another separate device are subject to the 2.83% State sales and use tax.
Other sales of electricity billed prior to July 1, 2014 are subject to the 3% State sales and use tax.
Effective July 1, 2014, the rates of 2.83% and 3% for sales of electricity are repealed. The gross receipts derived from sales of electricity billed on or after July 1, 2014 are subject to the combined general rate of 7%.
6. The combined general rate of sales and use tax is 7%.
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. **Through June 30, 2014**, 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 in the amount entered on Line 5 of the return and used when computing the amount of the credit to be deducted from the sales tax due to be remitted to the Department. **Effective July 1, 2014**, the sales tax deduction for municipalities that sell electric power is repealed for gross receipts billed on or after that date.
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. Lines 4 through 7 and Line 16 should not be completed for filing periods July 2014, August 2014, and September 2014.

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.

Spirituos Liquor retailers should complete Lines 1, 2, 3, 13, 14, 15, 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 (Through June 30, 2014. Deduction Repealed for Returns for July 2014, August 2014, and September 2014):

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

Line 5 - Enter the cost of electricity and other related services purchased for resale and resold at retail by the municipal. 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 for the municipal by subtracting Line 5 from Line 4.

Line 7 - Multiply the net amount on Line 6 by 3% and enter the result on Line 16 on the return.

Line 8 - Electricity for Laundry, Pressing and Dry Cleaning Machinery: Through June 30, 2014, enter under the column "Receipts and Purchases" the net taxable receipts and purchases of electricity sold and billed prior to July 1, 2014 to a commercial laundry or pressing and dry-cleaning establishment for use in machinery used in the direct performance of the laundering or the pressing and cleaning service and measured by a separate meter or another separate device which are subject to the 2.83% State tax. Enter "2.83" in the "Rate" field for Line 8. Compute the tax due at the 2.83% rate and enter that amount under the column "Tax." Tax reported at the 2.83% rate on the transactions should be supported by Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, issued by a qualifying purchaser.

Effective July 1, 2014, sales of electricity to a commercial laundry or to a pressing and dry-cleaning establishment and billed on or after July 1, 2014 are subject to the combined general rate of 7%. The net taxable receipts and purchases of electricity sold to these businesses should be combined with the net taxable receipts and purchases of other electricity service on Line 9 effective July 1, 2014. Line 8 should be left blank for returns filed for July 2014, August 2014, and September 2014.

Line 9 - Other Electricity Service: Enter under the column "Receipts and Purchases" the net taxable receipts billed prior to July 1, 2014 and the cost of electricity purchased and billed prior to July 1, 2014 for own use and not resold which are subject to the 3% State tax. Enter "3" in the "Rate" field for returns filed for the periods October 2013 through June 2014. Compute the tax due at the 3% rate and enter that amount under the column "Tax."

Effective July 1, 2014, the gross receipts derived from sales of electricity and billed on or after July 1, 2014 are subject to the combined general rate of 7%. Enter "7" in the "Rate" field for returns filed for July 2014, August 2014, and September 2014.

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 7% 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 7% 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 7% 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 7% 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 – **Through June 30, 2014**, enter the deduction from Line 7. **Effective July 1, 2014**, the deduction is repealed for gross receipts billed on or after July 1, 2014.

Line 17 - Tax Due: Add the tax on Lines 14 and 15 minus Line 16 (if applicable), 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.

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.

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, 2013. Check the Department's website or contact the Department for the interest rate in effect on or after January 1, 2014.

Line 20 - Less Prepayment for This Period: *(This line is for use by taxpayers remitting \$20,000 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 \$20,000 a month in sales and use taxes on Form E-500E must make a monthly prepayment of the next month's tax liability for utility and liquor sales and use tax returns. 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 about utility and liquor sales and use tax may be obtained from the Department's website at www.dorncc.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).