

**North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001**

To Registered Taxpayers:

This document lists the changes made by the 2000 General Assembly to the taxes administered by the Sales and Use Tax Division. Legislative changes supersede any information previously set forth in Sales and Use Tax Administrative Rules or Technical Bulletins relating to any subject matter of the legislation. The changes are cited in order of effective date.

Effective June 26, 2000

Sales Tax Part of Purchase Price

G.S. 105-164.7 was amended to add taxable services to the types of transactions on which the tax is added to the sales price. This does not represent a change in policy, but simply clarifies that the sales tax is to be added to the gross receipts derived from taxable services such as rentals of hotel and motel rooms, dry cleaning and laundry services, and telecommunications services.

Effective July 13, 2000

White Goods Disposal Tax

Chapter 109 of the 2000 Session Laws repealed the sunset of the white goods disposal tax originally set to expire on July 1, 2001.

Effective July 14, 2000

Printed Material Exemption Recodified and Expanded

G.S. 105-164.13(14a) was recodified and rewritten as G.S. 105-164.13(33a) to include all types of property rather than printed material only. As rewritten, the exemption applies to property sold by a retailer to a purchaser when the property is delivered in North Carolina to a common carrier or the mails for delivery to the purchaser or the purchaser's designees outside the State and the purchaser does not subsequently use the property in this State.

Direct Pay Certificate

G.S. 105-164.27 gives the Secretary the authority to issue direct pay certificates (previously known as certificates of authority). Only taxpayers who cannot determine the tax treatment of an item at the time the item is purchased because the place of use of the property or the manner of use of the property is not known may apply for a direct pay certificate. The Department has administratively issued certificates of authority to qualifying taxpayers for many years. The direct pay certificate, like the certificate of authority, allows a taxpayer to purchase tangible personal property without paying tax to the seller and accrue and remit to the Department the applicable use tax when the property is placed in use. This section also allows the Secretary to revoke the certificate if the holder does not file a return on time, does not pay the tax on time, or otherwise fails to comply with the sales and use tax laws.

Certificate of Resale

G.S. 105-164.28 was amended to remove the "good faith" requirement on a seller when accepting a certificate of resale. A seller will not be held liable for the tax if, for a sale made in person, the certificate is signed by the purchaser and states the purchaser's name, address, registration number, and describes the property generally sold. For a remote sale, the seller will not be held liable for the tax if the seller obtained the purchaser's name and registration number.

Secrecy Provision Change

G.S. 105-259(b)(25) was added to allow the Department to provide public access to a database containing the names of retailers who are registered to collect sales and use taxes in this State.

Adoption of Local Sales and Use Tax

G.S. 105-466(c) was rewritten to provide that any new local tax or change in an existing local tax rate can only be effective on the first day of January or July and requires at least 90 days advance notice by the county. The same provision was added to the Mecklenburg Local Acts.

Effective August 2, 2000

Definitions

Manufactured home: This definition, set out in G.S. 105-164.3(8a), was amended to provide that it must be used as a dwelling and must be manufactured in accordance with either the specifications for manufactured homes as issued by the U.S. Department of Housing and Urban Development or the specifications for modular homes as issued by the North Carolina State Residential Building Code. The revised definition deletes requirements pertaining to the size of the home. In order for a modular home to constitute a manufactured home, the revised definition also provides that the home must be built on a permanent chassis and be transportable in one or more sections. These provisions represent the Department's current treatment of manufactured housing.

Production company: This new definition in G.S. 105-164.3(11c) was recodified. It was moved from G.S. 105-164.13(22a) where it was previously included in the exemption for audiovisual masters.

Effective January 1, 2001

Misuse of Exemption Certificates

G.S. 105-236(5a) was amended to define "exemption certificate" and to provide that the \$250.00 penalty for misuse applies to all exemption certificates rather than only the Certificate of Resale, Form E-590. In addition to a certificate of resale, the penalty will apply to misuse of a direct pay certificate, farmer's certificate, manufacturer's certificate, and other sales tax certificates issued by the Secretary of Revenue.

Effective October 1, 2001

Dry-Cleaning Solvent Tax

G.S. 105-187.31 was amended to increase the per gallon tax rates on dry-cleaning solvent. The tax on chlorine-based solvent is increased from \$5.85 to \$10.00 per gallon and the tax on hydrocarbon-based solvent is increased from \$0.80 to \$1.35 per gallon. The dry-cleaning solvent tax is currently set to expire on January 1, 2010. Effective April 1, 2003, an amount equal to 15% of the net State sales and use taxes collected under G.S. 105-164.4(a)(4) on receipts from dry cleaners, laundries, and similar businesses will be transferred to the Dry-Cleaning Solvent Cleanup Fund. The amount will be based on the collections of the previous fiscal year and will be transferred at the end of each calendar quarter.

Frequently asked questions with responses can be found on the Department's website at www.dor.state.nc.us. If you have questions about the information in this document or about sales and use taxes, you may call (919) 733-3661 or write to: Taxpayer Assistance Section, Office Services Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001.

North Carolina Department of Revenue
Sales and Use Tax Division

Taxpayer Survey

The Sales and Use Tax Division seeks input from taxpayers regarding our forms, website, and overall customer service provided. Please take a few moments to complete this survey and mail it to the Department at the address shown on the reverse. To aid us in this effort, please fold and staple this survey and mail it separately. Do not include it with your sales and use tax return.

- 1. Are the sales and use tax forms easy to understand and complete? Yes No
- 2. Are the instructions included in the forms booklet easy to understand? Yes No
- 3. Do you use the Taxpayer Copy of your sales and use tax return? Yes No
- 4. How can the Department improve on the sales and use tax forms?

- 5. Have you contacted the Department of Revenue by telephone or in writing in the last 12 months for assistance regarding sales and use tax, motor vehicle lease and rental tax, scrap tire disposal tax, white goods disposal tax, or Mecklenburg Public Transportation sales and use tax?

Yes No If yes, how many times? _____

- 6. Why did you contact the Department?

Request for forms Response to a Delinquent Notice Response to an Assessment Notice
 Request for information Other _____

- 7. In order to provide quality customer service, please identify any areas where you think the Department can improve.

- 8. Would you be interested in attending a seminar or workshop sponsored by the Department? Yes No
If yes, what topics would be of interest to you?

- 9. Have you visited the Department's Website at www.dor.state.nc.us? Yes No
If yes, how many times per month? _____

- 10. If yes, indicate the areas you visited and rank its overall effectiveness in providing information that you need:

	Excellent	Very Good	Good	Fair	Poor
Tax Information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Practitioner's Corner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Administrative Rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Directives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bulletins	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax Forms and Publications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Frequently Asked Questions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Press Releases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- 11. Please give suggestions for improving the website and additional information you would like to see on the website.

SALES TAX SURVEY

NORTH CAROLINA DEPARTMENT OF REVENUE
PO BOX 25000
RALEIGH NC 27640 0001