



**North Carolina Department of Revenue  
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[www.dornc.com](http://www.dornc.com)**

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**IMPORTANT NOTICE:**

**ADDITIONAL 0.25% LOCAL SALES AND USE TAX**

The following counties adopted resolutions to levy an additional 0.25% local sales and use tax **effective January 1, 2011**:

**Duplin      Robeson**

Effective January 1, 2011, the local rate of sales and use tax in the above two counties is 2.25%. The 2007 North Carolina General Assembly enacted legislation that provides all counties the authority to levy an additional 0.25% local sales and use tax upon the favorable vote by the residents of a county. The local rate of sales and use tax in effect for Alexander, Catawba, Cumberland, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Rowan, Sampson, Surry, and Wilkes Counties remains at 2.25%. The local rate of tax in Mecklenburg County remains at 2.5%; the local rate of tax in the other eighty-two counties remains at 2.0%.

The additional 0.25% local sales and use tax applies to sales of tangible personal property, certain digital property and other transactions subject to the general State rate of sales and use tax pursuant to the provisions of N.C. Gen. Stat. §105-164.4. Sales of food subject to the 2% rate of tax are not subject to the additional 0.25% local sales and use tax. The provisions of the Local Government Sales and Use Tax Law, with respect to a retailer with a place of business in a taxing county, a retailer required to collect use tax in a taxing county, and the liability for local sales and use tax, are applicable to the new levy.

The additional 0.25% local sales and use tax does not apply to construction materials purchased to fulfill a lump-sum or unit-price contract entered into or awarded before January 1, 2011 or entered into or awarded pursuant to a bid made before January 1, 2011. Form E-589D, Affidavit to Exempt Contractors from the ¼% County Sales and Use Tax, is to be used by contractors that are engaged in performing any such contracts or will be awarded contracts pursuant to bids submitted before January 1, 2011. The Affidavit is to be executed by the contractors and provided to their suppliers of construction materials. The contractors and their suppliers should keep a copy of the Affidavit in their files, and the contractors must retain the original or a duplicate of any lump-sum or unit-price contract in their files. Copies of the Affidavit can be obtained by accessing the Department's website or by contacting the Department's Forms Line at 1-877-252-3052 (toll-free).

Construction materials purchased by subcontractors to fulfill a lump-sum or unit-price contract entered into or awarded to general contractors before January 1, 2011 or entered into or awarded to general contractors pursuant to a bid made before January 1, 2011 are subject to the rates in effect prior to January 1, 2011. The subcontractor should obtain written documentation from the general contractor and attach a copy of such to Form E-589D, Affidavit to Exempt Contractors from the ¼% County Sales and

Use Tax, for purchases in conjunction with contracts entered into or awarded before January 1, 2011 or entered into or awarded pursuant to a bid made before January 1, 2011. A properly completed affidavit should be executed by subcontractors in connection with each purchase and copies thereof should be maintained in the records of the seller and purchaser. If the vendor is not registered to collect North Carolina tax, the purchaser is responsible for reporting the applicable use tax to the Department.

Construction materials purchased by contractors and subcontractors for change orders in conjunction with lump-sum or unit-price contracts entered into or awarded to general contractors before January 1, 2011 or entered into or awarded to general contractors pursuant to a bid made before January 1, 2011 are subject to the rates in effect prior to January 1, 2011.

Taxpayers who report and pay sales and use tax on the cash basis of accounting are not liable for remitting the 2.25% local sales and use tax on collections they receive on or after January 1, 2011 for sales made prior to January 1, 2011 provided there is a separate accounting of the sales transactions and applicable collections are sourced to Duplin and Robeson Counties. If the taxpayer is unable to separately account for collections on sales transactions made before and after January 1, 2011, the taxpayer should remit the 2.25% local sales and use tax rate on all receipts received on or after January 1, 2011.

Lease or rental payments billed and sourced to Duplin and Robeson Counties on or after January 1, 2011 for tangible personal property leased or rented pursuant to a lease or rental agreement entered into for a definite stipulated period of time prior to January 1, 2011 are subject to the 5.75% State and applicable local rates in effect prior to January 1, 2011. Lease or rental payments billed for tangible personal property leased or rented pursuant to a lease or rental agreement entered into on or after January 1, 2011 will be subject to the 7.75% in eighty-two counties, 8% in Alexander, Catawba, Cumberland, Duplin, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 8.25% in Mecklenburg County.

An item purchased on "lay-away" where a purchaser pays a vendor a nonrefundable deposit to hold the item before January 1, 2011, but the sale is completed when the customer takes delivery of the item on or after January 1, 2011, will be subject to the 7.75% in eighty-two counties, 8% in Alexander, Catawba, Cumberland, Duplin, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 8.25% in Mecklenburg County.

The gross receipts derived from a transaction where a person reserves an accommodation prior to January 1, 2011, for the rental of an accommodation on or after January 1, 2011, and secures the agreement with an advance deposit or with a credit card, are subject to the 7.75% tax in eighty-two counties, 8% in Alexander, Catawba, Cumberland, Duplin, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 8.25% in Mecklenburg County.

A retailer who ships or delivers taxable merchandise sold to a purchaser in a county other than the county in which the retailer's business is located is required to collect and remit tax due for the county to which the property is shipped or delivered. A retailer who has locations in multiple counties or ships or delivers merchandise sold to purchasers in multiple counties is required to complete and submit Form E-536, Schedule of County Sales and Use Taxes. This schedule reflects the amount of tax collected for each county and is used to derive the proper amount of tax distributed to local jurisdictions. Form E-536 has been revised to include entries for the 2.25% rate of tax for the counties of Duplin and Robeson. The revised form will be available on the Department's website or can be ordered from the Department's Forms Line at 1-877-252-3052 (toll-free) after January 1, 2011.

Tax charts setting out the combined State and local sales and use tax are available on the website or by calling the Forms Line. Questions about this notice can be directed to the Taxpayer Assistance Call Center at telephone number 1-877-252-3052 (toll-free).