



**Sales and Use Tax Division
North Carolina Department of Revenue
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IMPORTANT NOTICE: CERTAIN MOTORSPORTS EXEMPTIONS AND REFUNDS

Exemptions

Effective September 30, 2015, N.C. Gen. Stat. § 105-164.13(65) provides an exemption from sales and use tax for the sale at retail or the storage, use, or consumption in this State of "[t]he sale, lease, or rental of an engine to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series." The term "sale," for purposes of this exemption, "includes gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a 'service contract' as defined in G.S. 105-164.3 but may meet the definition of the term 'lease or rental,' as defined in G.S. 105-164.3." This exemption expires January 1, 2020.

Effective September 30, 2015, N.C. Gen. Stat. § 105-164.13(65a) provides an exemption from sales and use tax for the sale at retail or the storage, use, or consumption in this State of "[a]n engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series." This exemption expires January 1, 2020.

N.C. Gen. Stat. § 105-164.4I(b)(3) as amended applies retroactively to service contracts purchased on or after January 1, 2014. As amended, the statute provides sales and use tax does not apply to the sales price of or the gross receipts derived from a service contract for "[a] transmission, an engine, rear-end gears, and any other item purchased by a professional motorsports racing team or a related member of a team for which the team may receive a sales tax refund under G.S. 105-164.14A(a)(5)." This exemption expires January 1, 2020.

Refunds

The repeal date of N.C. Gen. Stat. § 105-164.14A(a)(4) was extended from January 1, 2016 to January 1, 2020. "A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state." The term "motorsports event," for purposes of this refund provision, "includes a motorsports race, a motorsports sponsor event, and motorsports testing."

The repeal date of N.C. Gen. Stat. § 105-164.14A(a)(5) was extended from January 1, 2016 to January 1, 2020. "A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle." The term "motorsports accessories," for purposes of this refund provision, "includes instrumentation, telemetry, consumables, and paint."

Assistance

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in 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 regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.