



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com**

IMPORTANT NOTICE:

Combined General Rate Decrease Effective July 1, 2011

Effective July 1, 2011, the gross receipts derived from providing telecommunications service, ancillary service, and video programming in this State, and sales of spirituous liquor other than mixed beverages are subject to the 7% “combined general rate” of tax for transactions sourced to North Carolina except as noted below. The combined general rate is the State’s general rate plus the sum of the rates of local taxes authorized for every county in the State.

For services provided and billed on a monthly or other periodic basis, the 7% rate of tax applies to bills rendered on or after July 1, 2011. For services not billed on a monthly or other periodic basis, the 7% rate of tax applies to amounts received for services provided on or after July 1, 2011. However, amounts received for services provided under a lump-sum or unit-price contract entered into or awarded from September 1, 2009 through June 30, 2011 or entered into or awarded pursuant to a bid made from September 1, 2009 through June 30, 2011 will remain subject to the 8% rate of tax. Sales of spirituous liquor are subject to the 7% rate of tax effective July 1, 2011.

Taxpayers that file Form E-500E, Utility and Liquor Sales and Use Tax Return, should report the tax liability on the existing returns. Prior to August 1, 2011, a worksheet will be created and posted by the Department on its website for use by taxpayers in completing Form E-500E for July, August, and September 2011. The Department will not create and provide new returns for these months. The worksheet will automatically compute the “Tax” and the adjusted “Receipts and Purchases” to be placed on Form E-500E.

Questions about this notice can be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).