

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

**IMPORTANT NOTICE: INCREASE IN “COMBINED GENERAL RATE” OF TAX**

The “combined general rate” of sales and use tax increases from 7% to 8% **effective September 1, 2009** in all North Carolina counties. The “combined general rate” applies to the gross receipts derived from providing telecommunications service, ancillary service, video programming and to sales of spirituous liquor other than mixed beverages. The “combined general rate” is defined in G.S. 105-164.3(4a) as “the State’s general rate of tax set in G.S. 105-164.4(a) plus the sum of the rates of the local sales and use taxes authorized...for every county in this State.”

G.S. 105-164.15A provides for effective dates of a rate increase for services and items taxed at the combined general rate. For services that are provided and billed on a monthly or other periodic basis, the rate increase applies to the first billing period that starts on or after the effective date of the rate increase. For a service billed after it is provided, the first billing period starting on or after September 1, 2009 is subject to the rate increase. For a service billed before it is provided, the first billing period starting on or after October 1, 2009 is subject to the rate increase. For services that are not billed on a monthly or other periodic basis, the rate increase applies to amounts received for services provided on or after September 1, 2009, except amounts received for services provided under a lump-sum or unit-price contract entered into or awarded before the effective date or entered into or awarded pursuant to a bid made before the effective date. For sales of spirituous liquor, the effective date of the rate increase is September 1, 2009.

The Department will be altering its processing system to reflect the increased combined general rate. Monthly and monthly with prepayment filers should compute tax on the “Receipts and Purchases” amount at the 8% State rate and enter that amount under the column “Tax.” Monthly, monthly with prepayment, and quarterly filers should use worksheets on our website at [www.dorncc.com](http://www.dorncc.com) in order to correctly report tax.

Questions about this notice can be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free) or in writing to the Taxpayer Assistance Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001.