

February 2008

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

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

Effective April 1, 2008:

The “combined general rate” of sales and use tax increases from 6.75% to 7% effective April 1, 2008. The “combined general rate” applies to the gross receipts derived from providing telecommunications service, ancillary service, and video programming and to sales of spirituous liquor other than mixed beverages. It 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.”

The increase in the “combined general rate” is the result of legislation enacted by the 2007 North Carolina General Assembly. Section 31.17(b) of Chapter 323 of the 2007 Session Laws provides all counties with authority to levy an additional 0.25% local sales and use tax upon the favorable vote by the residents of a county. In accordance with the provisions of the legislation, six counties (Alexander, Catawba, Martin, Pitt, Sampson, and Surry) have adopted resolutions to levy the additional 0.25% sales and use tax effective April 1, 2008 following affirmative votes to approve the new levy.

G.S. 105-164.15A, as amended by the 2007 General Assembly, provides that, for an increase in the authorization for local sales and use taxes, the effective date of a rate change for an item taxed at the “combined general rate” is the date on which local sales and use taxes authorized for every county become effective in the first county or group of counties to levy the authorized taxes. Therefore, as a result of the levy of the additional 0.25% local tax in six counties effective April 1, 2008, the “combined general rate” increases from 6.75% to 7% on that date. The increased rate applies to sales of telecommunications service, ancillary service, video programming, and spirituous liquor to purchasers in all North Carolina counties and is not limited to sales in those counties that adopted the additional 0.25% local tax.

Questions about this notice can be directed to the Taxpayer Assistance Call 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.