

September 2008

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

IMPORTANT NOTICE: New Sales Tax Holiday for Energy Star Qualified Products

The 2008 Session of the General Assembly enacted Session Law 2008-107 that authorizes a new sales tax holiday for certain Energy Star qualified products. G.S. 105-164.13D provides that qualifying products will be exempt from sales and use tax when purchased between 12:01 A.M. the first Friday in November and 11:59 P.M. the following Sunday. For 2008, the dates are November 7th through November 9th.

An "Energy Star qualified product" is "a product that meets the energy efficient guidelines set by the United States Environmental Protection Agency and the United States Department of Energy and is authorized to carry the Energy Star label." Clothes washers, freezers, refrigerators, central air conditioners, room air conditioners, air-source heat pumps, geothermal heat pumps, ceiling fans, dehumidifiers, and programmable thermostats will be exempt from State and local sales and use tax when purchased during the sale tax holiday period provided the specific product being purchased carries the Energy Star label. There is no threshold as is the case with items sold during the August sales tax holiday for clothing, school supplies, computers, etc.

Items purchased for use in a trade or business and rentals are not covered by the exemption and will be subject to the applicable tax. Purchases of qualifying Energy Star products by contractors who will affix or install the products in structures for customers are considered to be purchases of products for use in a trade or business and will be subject to tax even when purchased during the holiday.

For the purpose of the sales tax holiday for Energy Star qualified products, an item is eligible for the exemption if the customer pays for the item and the retailer accepts the order and takes an action to fill the order for immediate delivery. The delivery can occur after the holiday period. An order is for immediate delivery notwithstanding that the shipment may be delayed because of a backlog or order or because stock is currently unavailable to, or on back order by, the seller. An order is not for immediate delivery if the customer requests delayed shipment. Sales and Use Tax Technical Bulletin 34-24 H. contains additional information on other administrative provisions pertaining to the holiday, such as rebates, use of coupons, or returns or exchanges. The Sales and Use Tax Technical Bulletins are available on the Department's website at www.dornc.com.

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, P.O. Box 25000, Raleigh, N.C. 27640-0001.