

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

IMPORTANT NOTICE: Refund of Sales and Use Tax Paid on Analytical Services Supplies

The 2007 General Assembly amended G. S. 105-164.14 to include subsection (n) which reads as follows:

Analytical Services Supplies. – A taxpayer engaged in analytical services in this State is allowed a refund of sales and use tax paid by it in this State. The amount of the refund is the greater of the following:

- (1) Fifty percent (50%) of the eligible amount of sales and use tax paid by it on tangible personal property that is consumed or transformed in analytical service activities. The eligible amount of sales and use tax paid by the taxpayer in this State is the amount by which sales and use taxes paid by the taxpayer in this State in the fiscal year exceed the amount paid by the taxpayer in this State in the 2006-2007 State fiscal year.
- (2) Fifty percent (50%) of the amount of sales and use tax paid by it in the fiscal year on medical reagents.

A request for a refund must be in writing and must include any information and documentation that the Secretary requires. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred.

G. S. 105-164.3(1) defines “analytical services” as “Testing laboratories that are included in national industry 541380 of NAICS or medical laboratories that are included in national industry 621511 of NAICS.”

Tangible personal property is considered consumed or transformed in analytical services after its first use in analytical service activities and the purchaser cannot reuse it. If a purchaser is able to clean, sterilize, or perform another activity that would allow an item to be reused, the property does not constitute an item eligible for the refund. An example of tangible personal property that is consumed in analytical services is a pregnancy test strip. Once a small amount of urine is placed on a pregnancy test strip, the pregnancy strip has been consumed and is no longer valid for any other pregnancy tests. Other examples of items that can be transformed or consumed in the analytical services process include: pipette tips, cotton swabs, stir sticks, syringes, needles, and disposable gloves.

Medical reagents include any chemical or biological substance, compound or substrate used in vitro (for example, a test tube or other artificial setting) to produce medical test results in association with medical assessments or examinations that contribute to the diagnosis, treatment or prevention of human disease. Eligible medical reagents include reagents actively used in the production of medical test results, in the calibration of equipment in the medical test process, or as a control agent in the medical test process.

If a test kit or other bundle of products containing medical reagents and other tangible personal property is sold for a single charge, the value of the medical reagents must be compared to the value of the other items. If the sales price of the medical reagents is more than 90% of the sales price of a test kit or other bundle of products, the entire charge for the test kit or bundle of products is eligible for inclusion for the purposes of calculating the amount of refund due. If the sales price of the medical reagents is 90% or less than the sales price of a test kit or other bundle of products, the charge for the test kit or bundle of products is not eligible for inclusion on the claim for refund. Purchasers should compare the usual and customary sales price of medical reagents and other articles of tangible personal property when sold separately in determining the respective portions of a test kit or other bundle of products.

To claim a refund, a taxpayer must complete and submit Form E-588D, Incentive Claim for Refund for Analytical Services Supplies State and County Sales and Use Taxes. The form is available on the Department's website at www.dornc.com or can be obtained by calling the telephone number listed below for assistance. The annual refund period is the State's fiscal year, which is from July 1 to June 30. A claim for refund for a fiscal year is due by December 31 following the end of the fiscal year. The claim for refund for the fiscal year ending June 30, 2008 is due to be filed on or before December 31, 2008. A refund filed after the due date is barred by statute.

Questions about this notice can be directed to the Taxpayer Assistance Division 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, N. C. 27640-0001.