



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

**IMPORTANT NOTICE:
SALES TAX RATE PHASED IN FOR SALES OF ELECTRICITY BY
CAPE HATTERAS ELECTRIC MEMBERSHIP CORPORATION**

Effective for gross receipts derived from sales of electricity by Cape Hatteras Electric Membership Corporation ("CHEMC") billed on or after July 1, 2014, and before July 1, 2015, N.C. Gen. Stat. § 105-164.4(a)(14a) imposes a privilege tax at a rate of three and one-half percent (3.50%). Sales of electricity by CHEMC billed on or after July 1, 2015 are subject to the 7.00% combined general rate of sales and use tax.

Form E-500E, Utility and Liquor Sales and Use Tax Return

The 3.50% rate of sales and use tax applicable to the gross receipts derived from sales of electricity by CHEMC billed on or after July 1, 2014, and before July 1, 2015 is to be reported on Form E-500E, Line 9, Other Electricity Service. The Department will create and publish a worksheet on its website to assist CHEMC to convert the tax due at 3.50% to 7.00% for reporting purposes only to the Department. Instructions will be included in the coupon booklets for Form E-500E for filing periods beginning October 2014 for purposes of reporting the gross receipts derived from and tax at the rate of 3.50% due on sales of electricity by CHEMC.

Other Resources and Exemptions

The application of sales and use tax to the gross receipts derived from sales of electricity billed on or after July 1, 2014 was addressed in the Important Notice: Rate Change for Gross Receipts Derived from Sales of Electricity issued on June 2, 2014. The same exemptions from sales and use tax for the gross receipts derived from sales of electricity for a qualifying farmer, conditional farmer, and a manufacturing facility discussed in that Important Notice may apply to sales of electricity by CHEMC billed on or after July 1, 2014 to qualifying persons.

Assistance

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