

North Carolina Department of Revenue  
Post Office Box 25000  
Raleigh, North Carolina 27640-00

**IMPORTANT NOTICE: SIMULTANEOUS CHANGE IN STATE AND LOCAL RATES**

**Effective October 1, 2009**, the general State rate of tax increases from 5.5% to 5.75%. The local rate decreases from 2.25% to 2% in all counties except Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry where the county rate decreases from 2.5% to 2.25%. Mecklenburg County continues to impose an additional 0.5% Transit rate. The third one-half cent local tax previously reduced to a quarter cent (0.25%) under Article 44 will decrease to zero. The combined State and local rate will continue to be 7.75% in ninety-one counties, 8% in Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry Counties and 8.25% in Mecklenburg County. These changes occur as the State continues assuming Medicaid responsibilities for the counties.

G.S. 105-164.16(e) provides that, when the State and local sales and use tax rates change on the same date because one increases and the other decreases but the “combined ~~general~~ rate” does not change, sales and use taxes payable on the gross receipts from the following periodic payments are reportable in accordance with the changed or “new” State and local rates:

- (1) Lease or rental payments billed after the effective date of the changes.
- (2) Installment sale payments received after the effective date of the changes by a taxpayer who reports the installment sale on a cash basis.

The “combined general rate” as defined in G.S. 105-164.3(4a) that applies to sales of telecommunications and ancillary services, video programming, and spirituous liquor other than mixed beverages does not change as a result of the simultaneous changes in the State and local rates and remains at 8%.

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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.