



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

IMPORTANT NOTICE:

State Sales and Use Tax Rate Decrease Effective July 1, 2011

Effective July 1, 2011, the general State tax rate applicable to sales and purchases of tangible personal property, certain digital property, and certain services is 4.75%. As a result, the general State and local tax rate will be 6.75% in eighty-two counties, 7% in Alexander, Catawba, Cumberland, Duplin, Haywood, Hertford, Lee, Martin, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry and Wilkes Counties, and 7.25% in Mecklenburg County.

Effective July 1, 2011, the gross receipts derived from providing telecommunications service, ancillary service, and video programming in this State, and sales of spirituous liquor other than mixed beverages are subject to the “combined general rate” of 7% for all transactions sourced to North Carolina. The combined general rate is the State’s general rate plus the sum of the rates of local taxes authorized for every county in the State.

Taxpayers that file Form E-500, Sales and Use Tax Return, should report taxable purchases for use and taxable receipts at the 4.75% Gen. State Rate on the existing returns. The Department will not create and provide new returns for July, August, and September 2011. Taxpayers that file electronically should not encounter problems due to the decrease.

Taxpayers that file Form E-500E, Utility and Liquor Sales and Use Tax Return, should report the tax liability on the existing returns. Prior to August 1, 2011, a worksheet will be created and posted by the Department on its website for use by taxpayers in completing Form E-500E returns for July, August, and September 2011. The Department will not create and provide new returns for these months.

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