



North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

David W. Hoyle  
Secretary

March 26, 2012

Account ID: [REDACTED]  
Federal ID: [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

Attention: [REDACTED]

Re: Private Letter Ruling

Dear Ms. [REDACTED]

We have your letter dated July 8, 2010, in which you have requested a private letter ruling as to whether marine gas oil sold to [REDACTED] [REDACTED] [REDACTED] is subject to North Carolina sales and use tax.

In your letter you state that "[REDACTED] [REDACTED] owns fuel products [REDACTED] in [REDACTED] [REDACTED] [REDACTED]. Sales are regularly made to customers within the state as well as tax exempt sales to ocean-going vessels. On December 4, 2009, [REDACTED] [REDACTED] sold MGO (marine gas oil) to [REDACTED] MGO is dyed high sulfur diesel used in marine vessels. The MGO was loaded onto [REDACTED] #16 and taken to the [REDACTED] [REDACTED], which they also own. The [REDACTED] [REDACTED] consumed the fuel while dredging beyond the COLEG line."

It is your understanding ". . . that if dredging beyond the COLREG line is considered interstate or foreign commerce, the sale is exempt from the North Carolina Sales and Use Tax."

N.C. Gen. Stat. § 105-164.13(24) provides an exemption from sales and use tax for "[s]ales of fuel and other items of tangible personal property for use or consumption by or on ocean-going vessels which ply the high seas in interstate or foreign commerce in the transport of freight and/or passengers for hire exclusively, when delivered to an officer or agent of such vessel for the use of such vessel; provided, however, that sales of fuel and other items of tangible personal property made to officers, agents, members of the crew or passengers of such vessels for their personal use shall not be exempted from payment of the sales tax."

The exemption per N.C.G.S. 105-164.13(24) is specific to ocean-going vessels which transport freight and/or passengers for hire in interstate or foreign commerce. The dredging activity conducted by your customer does not come within the exemption; therefore, the sale of MGO (marine gas oil) to [REDACTED] delivered in this State is subject to sales tax.

This ruling is based solely on the facts submitted to the Department of Revenue for consideration of the transactions described. If the facts and circumstances given are not accurate, or if they change, then the taxpayer requesting this ruling may not rely on it. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material aspect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that this document is not to be cited as precedent and that a change in statute, a regulation, or case law could void this ruling.

Very truly yours,

[REDACTED]  
Administration Officer  
Sales and Use Tax Division

[REDACTED]  
cc: [REDACTED], Director of Sales and Use Tax Division  
[REDACTED], Assistant Director of Sales and Use Tax Division