



## Sales and Use Tax Division

This form includes an overview of many changes to the taxes administered by the Sales and Use Tax Division that were enacted by the 2024 Session of the General Assembly. The Department has published, or plans to publish, notices on many of the topics addressed within this document on the Department's website, [ncdor.gov](https://ncdor.gov). The Department recommends that you subscribe to the Department's Tax Updates Email List ("E-Alerts") at [ncdor.gov/file-pay/eservices/e-alerts](https://ncdor.gov/file-pay/eservices/e-alerts) to receive emails regarding information published by the Department.

The Department plans to publish its annual *Tax Law Changes* publication by the end of the calendar year on the Department's website, [ncdor.gov](https://ncdor.gov), which will contain detailed explanations of the legislative changes. Legislative changes may supersede any information previously set forth in the Sales and Use Tax Administrative Rules, Bulletins, Notices, Directives, Private Letter Rulings, or other information published by the Department relating to any subject matter of the legislation.

As of October 1, 2024, sales and use tax imposed on the sales price of or the gross receipts derived from the retail sale of most tangible personal property, certain digital property, and certain services is 6.75% in fifty (50) counties; 7.00% in forty-six (46) counties; 7.25% in two (2) counties; and 7.50% in two (2) counties.

General State Rate	Local Rate	Transit Rate	Combined General State, Local and Transit Rate	County
4.75%	2.00%	-	6.75%	All counties not listed in this chart.
4.75%	2.25%	-	7.00%	Alexander, Alleghany, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, Washington, and Wilkes
4.75%	2.00%	.50%	7.25%	Mecklenburg and Wake
4.75%	2.25%	.50%	7.50%	Durham and Orange

The combined general rate of sales and use tax continues to be 7.00% in all one hundred (100) counties. The combined general rate is imposed on the sales price of or the gross receipts derived from telecommunications service and ancillary service, video programming, piped natural gas, electricity, antique spirituous liquor and spirituous liquor other than mixed beverages, and aviation gasoline and jet fuel. You can find detailed sales and use tax rate information on the Department's website, [ncdor.gov](https://ncdor.gov).

## **PART I: REMOTE SELLER CHANGES**

**Effective July 1, 2024**

**Retailer’s Obligation to Collect Tax; Remote Sales Subject to Tax** – N.C. Gen. Stat. § 105-164.8(b) was amended to repeal the transactions threshold for remote sellers. The statute provides, in part, that a retailer who makes a remote sale is engaged in business in this State and is subject to the tax if at least one of the following conditions is met:

“(9) The retailer makes gross sales in excess of one hundred thousand dollars (\$100,000) from remote sales sourced to this State, including sales as a marketplace seller, for the previous or the current calendar year.

(10) The retailer is a marketplace facilitator that makes gross sales in excess of one hundred thousand dollars (\$100,000), including all marketplace-facilitated sales for all marketplace sellers, from sales sourced to this State for the previous or the current calendar year.”

**Note:** A person who holds a certificate of registration with the Department as of June 30, 2024, and is solely engaged in business in the State because the person exceeds the transaction threshold established in N.C. Gen. Stat. § 105-164.8(b)(9)b. or N.C. Gen. Stat. § 105-164.8(b)(10)b. may close the person's certificate of registration in accordance with procedures established by [SD-24-1 Remote Sales – Repeal of Transactions Thresholds](#). The person must collect tax, file returns, and remit tax for periods ending prior to the later of (i) July 1, 2024, or (ii) the date the person cancels the certificate of registration.

For more detailed information review: [SD-24-1 Remote Sales – Repeal of Transactions Thresholds](#)

## **PART II: OTHER CHANGES**

**Effective July 1, 2024**

**Substantiation of Real Property Contracts** – N.C. Gen. Stat. § 105-164.4H(a1) was amended to establish the time periods for a person to receive an affidavit of capital improvement. The statute provides the following:

“(a1) Generally, services to real property are retail sales of or the gross receipts derived from repair, maintenance, and installation services and subject to tax in accordance with G.S. 105-164.4(a)(16), unless a person substantiates that a transaction is subject to tax as a real property contract in accordance with subsection (a) of this section, subject to tax as a mixed transaction in accordance with subsection (d) of this section, or the transaction is not subject to tax. A person may substantiate that a transaction is a real property contract or a mixed transaction by records that establish the transaction is a real property contract or by receipt of an affidavit of capital improvement. The receipt of an affidavit of capital improvement, absent fraud or other egregious activities, establishes that the subcontractor or other person receiving the affidavit should treat the transaction as a capital improvement, and the transaction is subject to tax in accordance with subsection (a) of this section. A person that issues an affidavit of capital improvement is liable for any additional tax due on the transaction, in excess of tax paid on related purchases under subsection (a) of this section, if it is determined that the transaction is not a capital improvement but rather the transaction is subject to tax as a retail sale. A person who receives an affidavit of capital improvement from another person within 90 days of the sale or within 120 days of a substantiation request by the Secretary, absent fraud or other egregious activities, is not liable for any additional tax on the gross receipts from the transaction if it is determined that the transaction is not a capital improvement.

The Secretary may establish guidelines for transactions where an affidavit of capital improvement is not required, but rather a person may establish by records that such transactions are subject to tax in accordance with subsection (a) of this section.”

**Note:** Use [Form E-589CI, Affidavit of Capital Improvement](#), to substantiate a transaction is a real property contract.

**Misuse of Affidavit of Capital Improvement** – N.C. Gen. Stat. § 105-236(a)(5a) was amended to clarify that the misuse of exemption certificate penalty applies to the misuse of an affidavit of capital improvement. The statute provides the following:

“(5a) Misuse of Exemption Certificate or Affidavit of Capital Improvement. - For misuse of an exemption certificate or affidavit of capital improvement by a purchaser, the Secretary shall assess a penalty equal to two hundred fifty dollars (\$250.00). An exemption certificate is a certificate issued by the Secretary that authorizes a retailer to sell an item to the holder of the certificate and either collect tax at a preferential rate or not collect tax on the sale. Examples of an exemption certificate include a certificate of exemption, a direct pay certificate, and a conditional exemption certificate. An affidavit of capital improvement substantiates that a contract, or a portion of work to be performed to fulfill a contract, is to be taxed for sales and use tax purposes as a real property contract.”

**Exception to the General Statute of Limitations** – N.C. Gen. Stat. § 105-241.8(b)(5) was added to provide an exception to the general statute of limitations when a customer is providing a refund by a seller. The statute provides the following:

“(5) Sales and use tax customer refund. - If a purchaser receives a refund from a seller of sales and use tax paid to the seller, the period for proposing an assessment against the customer of any tax refunded is three years after the date of the refund.”

### **PART III: FUTURE CHANGES**

**Effective January 1, 2025, and applies to purchases occurring on or after that date.**

**Qualifying Spirituous Liquor Direct Pay Permit** – N.C. Gen. Stat. § 105-164.27A(a4) was added to allow a person who purchases qualifying spirituous liquor to obtain a direct pay permit. The statute provides the following:

“(a4) Qualifying Spirituous Liquor. - A person who purchases qualifying spirituous liquor may apply to the Secretary for a direct pay permit for the purchase of qualifying spirituous liquor. A direct pay permit issued under this subsection authorizes its holder to purchase qualifying spirituous liquor without paying tax to the seller and authorizes the seller to not collect any tax on the qualifying spirituous liquor from the permit holder. A person who purchases qualifying spirituous liquor under a direct pay permit must file a return and pay the tax due to the Secretary in accordance with G.S. 105-164.16. A direct pay permit issued for qualifying spirituous liquor does not apply to any purchase other than the purchase of qualifying spirituous liquor. The maximum use tax on qualifying spirituous liquor is one thousand dollars (\$1,000). For purposes of this subsection, ‘qualifying spirituous liquor’ is a single container of spirituous liquor, as defined in G.S. 18B-101, the purchase price of which is equal to or greater than fifty thousand dollars (\$50,000).

In lieu of selling under a direct pay permit pursuant to this subsection, a seller may voluntarily elect to collect and remit the maximum tax on qualifying spirituous liquor on behalf of the purchaser. Where the seller elects to collect and remit the maximum tax, an invoice given to the purchaser bearing the proper amount of tax on a retail transaction extinguishes the purchaser's liability for the tax on the transaction.”