



# E-554 Instructions

## Consumer Use Tax Return

### General Information and Instructions

#### General Information

You must pay consumer use tax if you purchased, leased, or rented taxable items inside or outside this State for storage, use, or consumption in North Carolina and did not pay the applicable sales or use tax at the time of purchase. Items subject to North Carolina use tax include tangible personal property, certain digital property, and taxable services. **You must pay use tax to the Department when retailers, remote sellers, or facilitators do not collect sales or use tax on taxable transactions.**

#### Consumer Use Tax Forms

- **Form E-554, Consumer Use Tax Return** –
  - If you **do not file a North Carolina Individual Income Tax Return**, you must report the use tax due on your purchases on a Consumer Use Tax Return except for use tax due on a boat or aircraft.
  - If you **owe use tax on purchases of food**, you must report the use tax due on your purchases of food on a Form E-554, Consumer Use Tax Return.
  - You must file this form and pay the amount due by April 15<sup>th</sup> of the year following the purchase. Forms filed after the due date are subject to penalty and interest.
- **North Carolina Individual Income Tax Return** – If you file a North Carolina Individual Income Tax Return, you must include the use tax due on your individual income tax return except for use tax due on a boat, aircraft, or food.
- **Form E-555, Boat and Aircraft Use Tax Return** – If you purchased a boat or aircraft, you must report the tax on Form E-555, Boat and Aircraft Use Tax Return, available on the Department’s website at [ncdor.gov](http://ncdor.gov).

#### Common Examples:

Taxable items on which you may owe consumer use tax include, but are not limited to:

- Tangible personal property including:
  - Computers and other electronic equipment
  - Home furnishings
  - Clothing
  - Jewelry
  - Sporting goods
  - CDs (Compact Discs) and DVDs
  - ATVs (All Terrain Vehicles)
  - Prewritten software (including downloads)
- Certain digital property, including the following when delivered or accessed electronically:
  - Digital music
  - Podcasts and digital readings of books
  - Digital movies, TV shows, and music videos
  - Digital books, magazines, and newspapers
  - Digital photographs and greeting cards
- Taxable services and other items including:
  - Prepaid telephone calling cards and services
  - Certain service contracts
  - Admission to an entertainment activity in the State
  - Repair, maintenance, and installation services performed outside the State where the item is returned to the owner or the owner’s designee inside the State

**Use Tax Rates:**

The following table lists the current sales and use tax rates and the rates in effect during 2023.

**Table 1 (Applicable from 1/1/2023 to 12/31/23)**

<b>General State Rate</b>	<b>Local Rate</b>	<b>Transit Rate</b>	<b>Combined General State, Local and Transit Rate</b>	<b>County</b>
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, and Wilkes
4.75%	2.00%	0.50%	7.25%	Mecklenburg and Wake
4.75%	2.25%	0.50%	7.50%	Durham and Orange

Use blue or black ink to complete your return.

**How to Prepare Return: Specific Line and Column Instructions**

**Important: Only use blue or black ink to complete your return**

**Name, Address, Social Security Number, and Period** – Enter your name, address, social security number (SSN), address. In the blocks provided, indicate the period covered by the return, your name, Social Security Number (SSN), address including county, telephone number, and the beginning and ending dates of the period covered by your return. If you are married, include your spouse's name and SSN. Use capital letters when entering your name, address, and, if applicable, your spouse's name. If your return is filed for calendar year 2023, you should enter 01-01-23 for the period beginning and 12-31-23 for the period ending.

**Line 1 - 4.75% General State Rate:** In the Purchases column, you should enter the total amount of purchases subject to the 4.75% general State tax rate. To compute the general State tax amount, multiply the amount in the purchases column due by 4.75% (0.0475). Enter the general State tax amount in the Tax column.

**Line 2 - 2.00% Food Rate:** In the Purchases column, you should enter the total amount of purchases subject to the 2% food tax rate. To compute the food tax amount, multiply the amount in the purchases column by 2% (0.02). Enter the food tax amount in the Tax column.

**Line 3 - 2.00% County Rate:** In the Purchases column, you should enter the total amount of purchases subject to the 2% local rate of tax. For purchases made from January 1, 2023 through December 31, 2023, refer to Table 1 for a list of counties subject to the 2% local rate of tax. To compute the 2% local rate tax amount, multiply the amount in the purchases column by 2% (.02). Enter the 2% local rate tax amount in the tax column.

**Line 4 - 2.25% County Rate:** In the Purchases column, you should enter the total amount of purchases subject to the 2.25% local rate of tax. For purchases made from January 1, 2023 through December 31, 2023, refer to Table 1 for a list of counties subject to the 2.25% local rate of tax. To compute the 2.25% local rate tax amount, multiply the amount in the purchases column by 2.25% (.0225). Enter the 2.25% local rate tax amount in the tax column.

**Line 5 - 0.5% Transit Rate:** In the Purchases column, you should enter the total amount of purchases subject to the 0.50% local rate of tax. For purchases made from January 1, 2023 through December 31, 2023, refer to Table 1 for a list of counties subject to the 0.50% local rate of tax. To compute the 0.50% local rate tax amount, multiply the amount in the purchases column by 0.50% (0.005). Enter the 0.50% local rate tax amount in the tax column.

**Line 6 - Total Tax:** Add the amounts in the tax column on Lines 1, 2, 3, 4, and 5 and enter the sum in the Tax column.

**Line 7 - Credit for Sales and Use Tax Paid to Another State:** Calculate the amount of sales or use tax legally due and properly paid to another state on the purchase amounts reflected on Lines 1 through 5 and enter the sum in the Tax column. If you paid a sales tax on products in the other state, you are entitled to a tax credit for the state tax legally due and properly paid against your State use tax liability in North Carolina and any local tax legally due and properly paid against your local use tax liability in North Carolina.

**Line 8 - Tax Due:** Subtract Line 7 from Line 6 and enter the result in the tax column.

**Line 9 - Penalty:** Enter the sum of the penalties that apply to you in the tax column.

**If you file a return after the due date,** multiply the amount shown on Line 8 by 5% (.05) for each month, or part of a month, that the return is filed late. The maximum Failure to File Return penalty is 25% of the total tax.

**If you do not pay the tax when due**, multiply the tax amount shown on Line 8 by 5% (.05). The Failure to Pay Tax When Due penalty is 5% of the total tax.

**Line 10 - Interest:** If you do not pay the tax when due, compute interest on the tax amount shown on Line 8. The current interest rate is 8% per year or .667% per month through June 30, 2024. Check the Department's [interest rate webpage](#) or contact the Department for the interest rate in effect on or after June 30, 2024.

**Line 11 -Total Due:** Enter the total amount due by adding Lines 8, 9, and 10 in the tax column.

**Signature and Verification:** You must sign and date your return. You should also include your title and phone number in the spaces provided.

**Payment:** Payment must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to N.C. Department of Revenue. **Do not staple, tape, or paper clip your payment to the return. Do not fold your payment.**

**Mailing:** Mail this return with your payment to the address on the return.

Additional information about consumer use tax may be obtained from the Department's website at [ncdor.gov/](http://ncdor.gov/) contact the Department at 1-877-252-3052 (toll-free).