

# Remote Sales

## Frequently Asked Questions

All remote sellers having either gross sales in excess of one hundred thousand dollars (\$100,000) [sourced](#) to North Carolina or two hundred (200) or more separate transactions sourced to North Carolina in the previous or current calendar year (collectively “Threshold”), including sales as a marketplace seller and marketplace-facilitated sales, are engaged in business in North Carolina for sales and use tax purposes.

Note: The exception for small remote sellers does not apply to sellers with a physical presence in North Carolina or any other legal requirement to collect and remit sales and use tax in North Carolina. Marketplace facilitators and marketplace sellers should [refer to the Marketplace Facilitator and Marketplace Seller webpage](#) for additional details regarding their sales and use tax registration, collection, and remittance obligations for North Carolina.

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## General Remote Sales FAQs

### What is a remote sale?

A “remote sale” is defined as “[a] sale of an item ordered by mail, telephone, Internet, mobile phone application, or another method by a retailer who receives the order in another state and delivers the item or makes it accessible to a person in this State or causes the item to be delivered or made accessible to a person in this State or performs a service sourced to this State. It is presumed that a resident of this State who makes an order was in this State at the time the order was made.” [N.C. Gen. Stat. § 105-164.3](#).

### Who is a remote seller?

A seller that does not have a physical presence in North Carolina and does not have any other legal requirement to register in North Carolina for sales and use tax purposes, but sells items sourced to North Carolina, is a remote seller subject to the requirements of [N.C. Gen. Stat. § 105-164.8\(b\)](#).

### Is this a new tax?

No. [N.C. Gen. Stat. § 105-164.8\(b\)](#) requires a seller making remote sales sourced to North Carolina that meets the Threshold to register, collect, and remit sales and use tax on the remote sales. This consumer use tax was enacted in 1939.

### Are remote sellers required to collect sales tax on sales made via the Internet?

A remote seller that has met the Threshold is generally required to collect and remit tax on all taxable remote sales sourced to North Carolina, including sales made online. Marketplace facilitators and marketplace sellers should [refer to the Marketplace Facilitator and Marketplace Seller webpage](#) for details regarding their sales and use tax registration, collection, and remittance obligations for North Carolina.

### What if no tax is charged on my purchases from a remote seller?

If North Carolina sales and use tax is not collected by a seller, [N.C. Gen. Stat. § 105-164.6](#) requires the purchaser to report

and remit [use tax](#) on its taxable purchases for storage, use, or consumption in North Carolina. A business must report and remit use tax on its taxable purchases on its Sales and Use Tax Return. An individual is required to annually report and remit use tax on the consumer use tax line of the individual's income tax return or, if the individual is not required to file an individual income tax return, on [Form E-554, Consumer Use Tax Return](#). A remote seller that meets the Threshold remains liable for collecting and remitting sales and use tax on sales sourced to North Carolina.

## Remote Seller FAQs

### What is a remote sale?

A "remote sale" is defined as "[a] sale of an item ordered by mail, telephone, Internet, mobile phone application, or another method by a retailer who receives the order in another state and delivers the item or makes it accessible to a person in this State or causes the item to be delivered or made accessible to a person in this State or performs a service sourced to this State. It is presumed that a resident of this State who makes an order was in this State at the time the order was made." [N.C. Gen. Stat. § 105-164.3](#).

### Who is a remote seller?

A seller that does not have a physical presence in North Carolina and does not have any other legal requirement to register in North Carolina for sales and use tax purposes, but sells items sourced to North Carolina, is a remote seller subject to the requirements of [N.C. Gen. Stat. § 105-164.8\(b\)](#).

### Are there protections for small remote sellers?

Remote sellers that do not meet the Threshold are not engaged in business in North Carolina for sales and use tax purposes. The exception for small remote sellers does not apply to sellers with a physical presence in North Carolina or to sellers with any other legal requirement to collect and remit sales and use tax in North Carolina.

### Is the Threshold computed on the previous calendar year's sales, current calendar year's sales, or both?

Both.

### How is the Threshold computed?

The sales price of all sales of tangible personal property, digital property, and services sourced to North Carolina are added together to determine whether the remote seller meets or exceeds the Threshold, including taxable sales, sales for resale, exempt sales, nontaxable sales, and marketplace-facilitated sales.

Example –

Company A has gross sales of \$400,000 (400 transactions) sourced to North Carolina for the calendar year that consist of the following:

- \$220,000 (220 transactions) in sales to wholesalers providing certificates of exemption for sales for resale.
- \$75,000 (75 transactions) in sales to purchasers providing certificates of exemption for purposes other than resale (use in manufacturing, sales to exempt entities).
- \$10,000 (10 transactions) in sales that qualify for an exemption from sales and use tax.
- \$95,000 (95 transactions) in taxable sales to purchasers.

Company A is engaged in business in North Carolina since it has \$400,000 (400 transactions) in gross sales sourced to North Carolina.

When computing the Threshold for multi-channel sellers (e.g., sellers that sell on marketplaces, on their own websites, and ship from their physical locations), do you combine the number of transactions/dollar amount of sales for all the channels or treat each sales channel separately?

The number of transactions/dollar amount of sales for all the channels are combined in determining if the seller is engaged in business in North Carolina.

Example –

- Seller ABC offers its items for sale on Marketplace XYZ, on Seller ABC's website, and at Seller ABC's brick and mortar store.
- Seller ABC's sales on Marketplace XYZ are \$120,000 sourced to North Carolina, \$95,000 sourced to State B, and \$25,000 sourced to State C.
- Seller ABC's sales from its own website are \$75,000 sourced to North Carolina, \$20,000 sourced to State B, and \$80,000 sourced to State C.
- Seller ABC's sales from its brick and mortar location in State D are \$30,000.

In the example above, seller ABC had \$120,000 in sales sourced to North Carolina on Marketplace XYZ and \$75,000 in sales sourced to North Carolina from its website for purposes of determining whether the seller has met or exceeded the Threshold. Similarly, Marketplace XYZ would include the \$120,000 in sales sourced to North Carolina in its own computation to determine if it has met or exceeded the Threshold.

Marketplace facilitators and marketplace sellers should [refer to the Marketplace Facilitator and Marketplace Seller webpage](#) for details regarding their sales and use tax registration, collection, and remittance obligations for North Carolina.

If a seller is below the Threshold, but attends a single event or function in this State for the purpose of making sales at retail, is the seller required to collect and remit North Carolina sales and use tax?

Yes. "Engaged in business" is defined, in part, as "occupying or using permanently or temporarily . . . any . . . place of business in this State, or permanently or temporarily . . . having any representative, agent, sales representative . . . or solicitor operating or transacting business by mobile phone application or other application in this State." [N.C. Gen. Stat. § 105-164.3](#). Attendance by a seller at a single event or function in North Carolina establishes physical presence for the seller. The exception for small remote sellers does not apply to sellers with a physical presence in North Carolina or another legal requirement to collect and remit sales and use tax in North Carolina.

Are remote sellers required to collect sales tax on sales made via the Internet?

A remote seller is required to collect and remit tax on all taxable remote sales sourced to North Carolina, including sales made online, pursuant to [N.C. Gen. Stat. § 105-164.8\(b\)](#).

Marketplace facilitators and marketplace sellers should [refer to the Marketplace Facilitator and Marketplace Seller webpage](#) for details regarding their sales and use tax registration, collection, and remittance obligations for North Carolina.

Is a non-U.S. company that makes remote sales sourced to North Carolina required to collect North Carolina sales and use tax?

Generally, yes. Remote sellers having either gross sales in excess of one hundred thousand dollars (\$100,000) sourced to

North Carolina or two hundred (200) or more separate transactions sourced to North Carolina in the previous or current calendar year (collectively “Threshold”), including sales as a marketplace seller, are engaged in business in North Carolina for sales and use tax purposes.

Marketplace facilitators and marketplace sellers should [refer to the Marketplace Facilitator and Marketplace Seller webpage](#) for details regarding their sales and use tax registration, collection, and remittance obligations for North Carolina.

### How do remote sellers register for North Carolina sales and use tax?

North Carolina is a member of the Streamlined Sales and Use Tax Governing Board, Inc. (“SSTGB”). Remote sellers can register with all 24 Streamlined member states (AR, GA, IN, IA, KS, KY, MI, MN, NE, NV, NJ, NC, ND, OH, OK, RI, SD, TN, UT, VT, WA, WV, WI, and WY) by completing one online application through the Streamlined Sales Tax Registration System. There is no fee to complete and submit this online registration form, available at [www.sstregister.org](http://www.sstregister.org).

Remote sellers can also register directly with North Carolina by using the Department’s [online business registration portal](#) or by submitting a completed [Form NC-BR](#), Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Other Tax and Service Charge. There is no fee to apply for a certificate of registration in North Carolina. General questions about business registrations may be directed to 1-877-252-3052.

### Can sellers register without meeting the Threshold?

Yes.

### How often are remote sellers required to file sales and use tax returns?

Retailers are required to file a Sales and Use Tax Return on a [quarterly, monthly, or monthly with prepayment](#) basis depending on the retailer’s total monthly sales and use tax liability. More detailed information regarding the Department’s file and pay options are available at [www.ncdor.gov/taxes-forms/sales-and-use-tax/filing-requirements](http://www.ncdor.gov/taxes-forms/sales-and-use-tax/filing-requirements).

If a remote seller registers through the [Streamlined Sales Tax Registration System](#) and contracts with a Certified Service Provider (CSP) to perform its sales and use tax functions, the CSP may file monthly sales and use tax returns on behalf of the remote seller.

### How are remote sellers that are already registered to collect and remit North Carolina sales and use tax affected by the U.S. Supreme Court case decision in *South Dakota v. Wayfair, Inc.*?

Retailers and remote sellers that are collecting and remitting North Carolina sales and use tax should continue to do so.

## North Carolina Business and Individual FAQs

### I am a business located in North Carolina currently collecting and remitting North Carolina sales and use tax. How does the *Wayfair* decision affect my requirements to collect and remit sales and use tax in North Carolina?

The ruling does not have an effect on the North Carolina obligations of retailers with a physical presence in North Carolina or any other legal requirement to collect and remit sales and use tax in North Carolina. Retailers that are already collecting and remitting North Carolina sales and use tax should continue to do so.

## I am a business located in North Carolina that sells items for delivery into other states. Am I required to collect and remit sales and use tax for other states?

Each state's tax laws are different. A North Carolina retailer that sells items for delivery into another state may be required to collect and remit that state's sales tax to that state. You should contact each state to determine that state's requirements for registering, collecting, and remitting sales tax in that state. To obtain state website and contact information for other states, visit [www.streamlinedsalestax.org/index.php?page=State-Websites](http://www.streamlinedsalestax.org/index.php?page=State-Websites).

## Are remote sellers required to collect sales tax on sales made via the Internet?

Generally, a remote seller is required to collect and remit tax on all taxable remote sales sourced to North Carolina, including sales made online. The Internet Tax Freedom Act prohibits states from imposing a sales tax on Internet access services, but does not prohibit states from taxing sales made via the Internet.

## What is the effect of the *Wayfair* decision on North Carolina purchasers?

North Carolina purchasers are required to pay North Carolina [use tax](#) on tangible personal property purchased, leased, or rented inside or outside this State for storage, use, or consumption in North Carolina, as well as digital property and services sourced to North Carolina, if North Carolina sales and use tax was not collected by the seller.