

DIRECTIVE

Subject: Remote Sales – Repeal of Transaction Thresholds
Tax: Sales and Use Tax
Law: [Session Law 2024-28, Section 2.1](#)
Issued By: Sales and Use Tax Division
Date: July 1, 2024
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This directive provides the interpretation of the Secretary of Revenue regarding the repeal of the transaction threshold for remote sellers.

The following important information is addressed in this directive:

- Overview of Remote Seller Thresholds
- Repeal of Transaction Thresholds
- Information for Remote Sellers Who Exceeded the Transaction Thresholds
- Examples

Background

North Carolina requires a retailer that makes a remote sale¹ (“Remote Seller”) to collect and remit sales and use tax when it is engaged in business in the State. A Remote Seller is engaged in business if it meets any of the conditions found in N.C. Gen. Stat. §§ [105-164.3\(83\)](#) and [105-164.8\(b\)](#).

Since 2018, the conditions have included thresholds for determining whether a remote seller is engaged in business in the State (“Remote Seller Thresholds”). The Remote Seller Thresholds included thresholds based on the number of transactions sourced to the State (“Transaction Thresholds”) and thresholds based on the gross sales sourced to the State (“Sales Thresholds”).

Repeal of Transaction Thresholds

Effective July 1, 2024, [Session Law 2024-28](#) repeals the Transaction Thresholds. After the repeal, the Remote Seller Thresholds only include Sales Thresholds. After the change, the Remote Seller Thresholds are as follows:

¹ A remote sale is 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.

- The retailer makes gross sales in excess of \$100,000 from remote sales sourced to this State, including sales as a marketplace seller, for the previous or the current calendar year.
- The retailer is a marketplace facilitator that makes gross sales in excess of \$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.

Remote Sellers Exceeding the Transaction Thresholds

Prior to July 1, 2024, Remote Sellers may have registered with the Department and obtained a certificate of registration (“Registration”) solely because they exceeded the Transaction Thresholds. A Remote Seller may cancel its Registration if it meets the following requirements:

- (1) Did **not** make gross sales² sourced to North Carolina of more than \$100,000 during 2023.
- (2) Did **not** make gross sales² sourced to North Carolina of more than \$100,000 from January 1, 2024, through the date it cancels its Registration in 2024.
- (3) Is not otherwise engaged in business in the State.

If a Remote Seller meets all the above criteria, it may elect to cancel its Registration or remain registered with the Department. However, the Remote Seller **must** continue to collect sales and use tax, file returns, and remit sales and use tax until it cancels its Registration.

To cancel a Registration, the Remote Seller must³ file Form NC-BN, Out-of-Business Notification. The form can be completed and filed online at ncdor.gov. The Remote Seller must list the date it wishes to end its Registration in the space provided for “Date of Permanent Closure.” The date must be on or after the date the form is filed.

A Remote Seller that cancels its Registration and later becomes engaged in business in the State, must re-register with the Department and resume filing returns and collecting and remitting sales and use tax.

Examples

Example 1. Pencil Shop is based in California. Pencil Shop’s only North Carolina activity is making remote sales of pencils. During 2023, Pencil Shop had 350 transactions sourced to North Carolina and its gross sales sourced to North Carolina were \$10,000. During 2023, Pencil Shop registered and began collecting North Carolina sales and use tax. As of July 1, 2024, Pencil Shop has \$5,000 in gross sales sourced to North Carolina for the year.

² This includes all sales as a marketplace seller. If the retailer is a marketplace facilitator this includes marketplace-facilitated sales for all marketplace sellers.

³ If you registered via the Streamlined Sales Tax Registration System, do not use this form. Any updates must be made at sstregister.org.

As of July 1, 2024, Pencil Shop is no longer engaged in business in the State because its gross sales during 2023 and 2024 do not exceed \$100,000 and it is not otherwise engaged in business in North Carolina. Pencil Shop may cancel its Registration. However, Pencil Shop must continue to collect and remit North Carolina sales and use tax until it cancels its Registration.

Example 2. Book Seller is based in Iowa. Book Seller's only North Carolina activity is making remote sales of books. During 2023, Book Seller did not make any sales sourced to North Carolina. In January and February 2024, Book Seller had 200 transactions sourced to North Carolina. As a result, Book Seller registered and began collecting North Carolina sales and use tax. As of July 1, 2024, Book Seller has \$5,000 in gross sales sourced to North Carolina for the year.

As of July 1, 2024, Book Seller is no longer engaged in business in the State because its gross sales during 2023 and 2024 do not exceed \$100,000 and it is not otherwise engaged in business in North Carolina. Book Seller may cancel its Registration. However, Book Seller must continue to collect and remit North Carolina sales and use tax until it cancels its Registration.

Example 3. Movie Group is based in Michigan. Movie Group's only North Carolina activity is making remote sales of digital videos. During 2023, Movie Group had 1,000 transactions and gross sales of \$105,000 sourced North Carolina. As a result, Movie Group registered and began collecting North Carolina sales and use tax. As of July 1, 2024, Movie Group has \$75,000 in gross sales sourced to North Carolina for the year.

Movie Group is still engaged in business in North Carolina because its gross sales exceeded \$100,000 during 2023. Movie Group must continue to collect and remit North Carolina sale and use tax.

Example 4. Computer Corp is based in Georgia. Computer Corp's only North Carolina activity is making remote sales of computer software. During 2023, Computer Corp. had 205 transactions and had gross sales of \$79,000 sourced North Carolina. As a result, Computer Corp. registered and began collecting North Carolina sales and use tax. As of July 31, 2024, Computer Corp. has \$75,000 in gross sales sourced to North Carolina. Computer Corp. cancelled its Registration effective July 31, 2024. After it cancelled its Registration, Computer Corp's gross sales sourced to North Carolina during 2024 exceeded \$100,000.

Computer Corp was not required to collect North Carolina sales and use tax from July 31, 2024, until its gross sales exceeded \$100,000. Once its gross sales exceed \$100,000, Computer Corp must re-register with the Department and collect and remit sales and use tax because it had gross sales of over \$100,000 during the current year.

Assistance

If you have questions about this directive, you may call the Department at 1-877-252-3052 (8:00 am until 4:30 pm EST, Monday through Friday).

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this directive, the provisions in this directive may be superseded or voided. To the extent that any provisions in any other notice, directive, bulletin, or published guidance regarding the subject of this directive and issued prior to the date of this directive conflict with this directive, the provisions contained in this directive supersede the previous guidance.