# DRY-CLEANING SOLVENT TAX BULLETIN

**Reflecting Changes Made in the 2025 Regular Session of the North Carolina General Assembly**

**Issued by:**

**Sales and Use Tax Division**
**Tax Administration**
**North Carolina Department of Revenue**
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**Raleigh, North Carolina 27604**

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# PREFACE

The Dry-Cleaning Solvent Tax Bulletin presents the Secretary of Revenue's interpretation of the North Carolina dry-cleaning solvent tax laws. This bulletin does not cover all interpretations and applications of the dry-cleaning solvent tax laws.

The Dry-Cleaning Solvent Tax Bulletin is based on the laws in effect as of January 1, 2026 and supersedes any Dry-Cleaning Solvent Tax Bulletins published prior to January 1, 2026.

You must consider all facts and circumstances when applying the information contained in these bulletins to particular transactions or situations. Additional changes may result from legislative action, court decisions, and rules amended or adopted under Chapter 150B of the North Carolina General Statutes after these bulletins are published. To the extent there is any change to a statute, administrative rule, or new case law subsequent to the date of this publication, the provisions in these bulletins may be superseded or voided.

To obtain specific binding tax advice refer to the Department's Written Determination Policy.

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# DCSTB 1 DRY-CLEANING SOLVENT TAX

## 1-1 GENERAL PROVISIONS

The dry-cleaning solvent tax is imposed pursuant to Article 5D of Chapter 105 of the North Carolina General Statutes. The definitions contained in G.S. § 105-164.3 apply to Article 5D. “Dry-cleaning facility” and “dry-cleaning solvent” are defined in G.S. § 143-215.104B.

## 1-2 IMPOSITION AND LIABILITY FOR COLLECTING AND REMITTING TAX

### A. Tax Imposed

A privilege tax is imposed on a dry-cleaning solvent retailer at a flat rate for each gallon of dry-cleaning solvent sold by the retailer to a dry-cleaning facility. An excise tax is imposed on dry-cleaning solvent purchased for storage, use, or consumption by a dry-cleaning facility in this State.

The rate of the privilege tax and the excise tax is ten dollars ($10.00) for each gallon of halogenated hydrocarbon-based dry-cleaning solvent and one dollar and thirty-five cents ($1.35) for each gallon of hydrocarbon-based dry-cleaning solvent. These taxes are in addition to all other taxes.

The dry-cleaning solvent tax is set to expire on January 1, 2030.

### B. Liability for Collecting and Remitting the Tax

The privilege tax imposed on a dry-cleaning solvent retailer is an additional State sales tax and the excise tax imposed on the storage, use, or consumption of dry-cleaning solvent by a dry-cleaning facility in this State is an additional use tax. Except as provided in Article 5D of Chapter 105 of the North Carolina General Statutes, these taxes shall be collected and administered in the same manner as the State sales and use tax imposed by Article 5 of Chapter 105 of the North Carolina General Statutes. The additional State sales tax paid when dry-cleaning solvent is sold at retail is a credit against the additional State use tax imposed on the storage, use, or consumption of the same dry-cleaning solvent. The dry-cleaning solvent tax is to be shown separately on the invoice or similar billing document given to the customer at the time of sale and separately accounted for in the retailer's records. A retailer must keep records that establish its dry-cleaning solvent tax liability. The dry-cleaning solvent tax is not a part of the sales price on which the sales and use tax is computed nor should the dry-cleaning solvent tax be computed on any sales or use tax due.

A person that is not registered with the Department and that is required to collect and/or remit the dry-cleaning solvent tax must register using Form NC-DCSR, Registration Application for Dry-Cleaning Solvent Tax. The dry-cleaning solvent tax is to be paid and reported separately to the Department on Form E-500S, Dry-Cleaning Solvent Tax Return.

## 1-3 EXEMPTIONS RELATED TO DRY-CLEANING SOLVENT TAX

Sales a state cannot constitutionally tax, such as sales to the U.S. Government, are exempt from the dry-cleaning solvent tax.

No other exemptions apply to the dry-cleaning solvent tax.

## 1-4 REFUNDS OF DRY-CLEANING SOLVENT TAX

Refunds authorized in G.S. § 105-164.14 do not apply to the dry-cleaning solvent tax.

## 1-5 PURCHASES FROM SELLERS NOT CHARGING TAX

Dry-cleaning facilities that make purchases of dry-cleaning solvent from sellers who do not charge the North Carolina dry-cleaning solvent tax must register with the Department for a dry-cleaning solvent tax account and remit the dry-cleaning solvent tax due.