



**IMPORTANT NOTICE: LIMITED-SERVICE VEHICLE WASH AND
SELF-SERVICE VEHICLE WASH OR VACUUM**

The following important information is addressed in this notice:

- **Effective for sales made on or after October 1, 2019**, the sales price of or the gross receipts derived from a limited-service vehicle wash or self-service vehicle wash or vacuum are exempt from sales tax.
- The terms “limited-service vehicle wash” and “self-service vehicle wash or vacuum” are defined.

Definitions

N.C. Gen. Stat. § 105-164.13(61a)(k) defines the following:

Limited-service vehicle wash - The cleaning of a vehicle by mechanical means, where the only activities performed by an employee include one or more of the following:

- (i) receiving payment for the transaction,
- (ii) guiding the vehicle into the entrance or exit of the conveyor,
- (iii) applying low-pressure spray of chemicals to the vehicle prior to the cleaning of the vehicle, or
- (iv) placing protective tape or covers on the vehicle prior to cleaning.

The term does not include any activity whereby an employee physically touches the vehicle for the purpose of cleaning or restoring the vehicle, enters or cleans any part of the interior of the vehicle, or performs an activity on the vehicle other than those listed above.

Self-service vehicle wash or vacuum - The cleaning of a vehicle by a customer without any cleaning or restoring activity performed by an employee.

Exemption

Effective for sales made on or after October 1, 2019, N.C. Gen. Stat. § 105-164.13(61a)(k) provides the following exemption from sales and use tax:

The sales price of or the gross receipts derived from repair, maintenance, and installation services . . . listed in [N.C. Gen. Stat. § 105-164.13(61a)] are exempt from [sales and use] tax. Except as otherwise provided in [N.C. Gen. Stat. § 105-164.13(61a)], property and services used to fulfill . . . a repair, maintenance, or installation service . . . exempt from [sales and use] tax under [N.C. Gen. Stat. § 105-164.13(61a) is] taxable. The list of repair, maintenance, and installation services . . . exempt from [sales and use] tax . . . [are] as follows:

. . .

Self-service vehicle wash or vacuum and limited-service vehicle wash.

The performance by an employee of any activity whereby an employee physically touches the vehicle for the purpose of cleaning or restoring the vehicle, enters or cleans any part of the interior of the vehicle, or performs an activity on the vehicle other than those listed in the definitions, would subject the sales price of or gross receipts derived from the transaction to the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax.

Use Tax Due on Items Consumed

A person operating a limited-service vehicle wash or self-service vehicle wash or vacuum is liable for the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax on items used or consumed during the limited-service vehicle wash or self-service vehicle wash or vacuum.

Assistance

If you have questions about this notice, you may call the Department at 1-877-252-3052 (8:00 am until 5:00 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 notice, the provisions in this important notice 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 notice and issued prior to the date of this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.