



**Sales and Use Tax Division
North Carolina Department of Revenue
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**IMPORTANT NOTICE: SALES OF BAKERY ITEMS WITH EATING UTENSILS
BY ARTISAN BAKERIES**

This notice provides clarification regarding sales of bakery items by an artisan bakery and what constitutes being “sold with eating utensils.”

For purposes of N.C. Gen. Stat § 105-164.13B(a)(4), eating utensils only need to be made available to purchasers by an artisan bakery in order for a sale of bakery items to be considered sold with eating utensils and, therefore, subject to the 4.75% general State and applicable local and transit rates of sales and use tax. Eating utensils include plates, knives, forks, spoons, glasses, cups, napkins, and straws.

An “artisan bakery” is a bakery that meets all of the following requirements:

- (1) It derives over eighty percent (80%) of its gross receipts from the sale of bakery items.
- (2) Its annual gross receipts, combined with the gross receipts of all related persons as defined in [Section 267(b) or 707(b) of the Internal Revenue Code], do not exceed one million eight hundred thousand dollars (\$1,800,000).

Sales of bakery items by an artisan bakery without eating utensils or without eating utensils being available to purchasers are only subject to the 2% local rate of tax.

If a bakery does not meet all of the above requirements for the artisan bakery exemption, the 4.75% general State and applicable local and transit rates of sales and use tax apply on sales of all bakery items by such bakery.

Additional Information

For additional information about sales of bakery items by artisan bakeries, refer to [Important Notice: Sales of Baked Goods by Artisan Bakeries](#) issued November 2008, as well as [Sales and Use Tax Technical Bulletin 19-2 B.5](#).

Assistance

Questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).