



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.ncdor.gov**

**IMPORTANT NOTICE: SPIRITUOUS LIQUOR SOLD BY A DISTILLERY
SUBJECT TO 7.00% RATE OF TAX**

The sales price of spirituous liquor sold at retail by a distillery permit holder ("distillery") is subject to the 7.00% combined general rate of sales and use tax. A distillery, as authorized by legislation enacted during the 2015 General Assembly session, is permitted to sell spirituous liquor distilled on the premises to visitors of the distillery with certain restrictions for consumption off the premises. Spirituous liquor sold by a distillery shall be sold at the price set by the ABC Commission for the code item pursuant to N.C. Gen. Stat. § 18B-804(b).

Registration and Reporting for Spirituous Liquor

A distillery that is not registered with the Department to file Form E-500E, Combined General Rate Sales and Use Tax Return, must complete [Form NC-SPLR, Registration Application for Spirituous Liquor Tax](#) and submit to the Department. A distillery currently registered to file Form E-500, Sales and Use Tax Return, for sales and use tax purposes should complete Form NC-SPLR with the same filing frequency the distillery files Form E-500. The 7.00% combined general rate of sales and use tax due on spirituous liquor sold at retail should not be reported on Form E-500, Sales and Use Tax Return.

Use Tax Due on Ingredients of Spirituous Liquor Given Free of Charge

A distillery is liable for use tax on the purchase price at the 2% rate of tax for ingredients that meet the definition of "food" in N.C. Gen. Stat. § 105-164.3 or at the general 4.75% State and applicable local and transit rates of tax for other ingredients used to manufacture the spirituous liquor given free of charge to customers, visitors, and employees on the distillery's licensed premises, provided the distillery is not engaged in the business of selling prepared food and drink for immediate or on-premises consumption. The use tax due on the purchase price of such tangible personal property is to be reported on Form E-500, Sales and Use Tax Return.

Assistance

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

To the extent that there is any change in 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, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.