

Form E-500E Utility and Liquor Sales and Use Tax Return

General Instructions

1. Use Form E-500E to file and report the State sales and use taxes due on the gross receipts derived from or the retail sales of piped natural gas, electricity, telecommunications and ancillary service, direct-to-home satellite service, video programming, and spirituous liquor. Other sales and use taxes should be reported on Form E-500.
2. A return must be filed for each filing period by the due date indicated or a delinquent notice for failure to file is mailed to you. The tax due must be paid with the return or penalty and interest will be assessed by the Department. If you do not owe any tax for a filing period, you must file a return showing zero (0.00) on Line 17. Please do not write "No Tax Due" or any similar text on the return.
3. Complete the utility and liquor sales and use tax return in its entirety on your computer and print the return.
4. If your trade name or address printed in this booklet is incorrect, enter corrections on Form NC-AC, Business Address Correction, provided in this booklet and return it to the Department so that the necessary corrections can be made. Any corrections will be reflected when the next booklet is prepared; therefore, you should continue to file the returns in the booklet. If ownership of the business changes, a new registration application is required to be submitted by the new owner. If you discontinue business operations or sell your business, complete Form NC-BN, Out-of-Business Notification, included in this booklet and mail it separate from any returns to the Department at the address shown on the form.
5. The gross receipts derived from sales of piped natural gas billed on or after July 1, 2014 are subject to the 7% combined general rate of sales and use tax, except as otherwise noted under N.C. Gen. Stat. § 105-164.4(a)(14).
6. The gross receipts derived from sales of electricity billed on or after July 1, 2014 are subject to the 7% combined general rate of sales and use tax, except as otherwise noted under N.C. Gen. Stat. § 105-164.4(a)(14a).
7. The gross receipts derived from providing telecommunications and ancillary service, direct-to-home satellite service, and video programming are subject to the 7% combined general rate of sales and use tax.
8. Sales of spirituous liquor other than mixed beverages are subject to the 7% combined general rate of sales and use tax.
9. A retailer who sells electricity or telecommunications and ancillary service is required to report sales on the accrual basis. The service is considered to accrue when the provider bills its customer for the sale.
10. Payment must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to the North Carolina Department of Revenue unless you have been previously instructed by the Department to make payments electronically. Do not mail cash, stamps, or post dated checks with your return.

How to Prepare Return: Specific Line Instructions

Piped natural gas retailers should complete Lines 1, 2, 3, 4, and 10 through 17.

Electricity providers should complete Lines 1, 2, 3, 5, and 10 through 17.

Telecommunications and ancillary service providers should complete Lines 1, 2, 3, 6, and 10 through 17.

Direct-to-home satellite service providers should complete Lines 1, 2, 3, 7, and 10 through 17.

Video programming providers other than direct-to-home satellite service providers should complete Lines 1, 2, 3, 8, and 10 through 17.

Spirituous liquor retailers should complete Lines 1, 2, 3, 9, and 10 through 17.

Line 1 - Gross Receipts or Sales: Enter the gross receipts or sales derived from retail sales of piped natural gas, electricity, telecommunications and ancillary services, direct-to-home satellite service, video programming, and spirituous liquor. Do not include any taxes collected in the amount you enter on Line 1.

Line 2 - Gross Receipts or Sales, for Resale: Enter the gross receipts or sales, for resale of electricity, piped natural gas, telecommunications and ancillary services, direct-to-home satellite service, video programming, and spirituous liquor.

Line 3 - Exempt Gross Receipts and Sales: Enter the total amount of exempt gross receipts and sales. Do not include gross receipts or sales, for resale reported on Line 2 in the amount entered for Line 3.

Line 4 - Piped Natural Gas: Enter under the column "Receipts and Purchases" the net taxable gross receipts and purchases of piped natural gas subject to sales and use tax. Compute the sales and use tax due at the 7% combined general rate of sales and use tax on the net taxable gross receipts and enter that amount under the column "Tax." Bessemer City, Greenville, Kings Mountain,

Lexington, Monroe, Rocky Mount, Shelby, and Wilson may use the worksheet published on the Department's website to convert the tax due at 3.50% to 7% for reporting purposes for filing periods October 2014 through June 2015.

Line 5 - Electricity: Enter under the column "Receipts and Purchases" the net taxable gross receipts and purchases of electricity subject to sales and use tax. Compute the sales and use tax due at the 7% combined general rate of sales and use tax and enter that amount under the column "Tax." Cape Hatteras Electric Membership Corporation (CHEMC) may use the worksheet published on the Department's website to convert the tax due at 3.50% to 7% for reporting purposes for the filing periods October 2014 through June 2015.

Line 6 - Telecommunications Service and Ancillary Service: Enter under the column "Receipts and Purchases" the net taxable gross receipts derived from telecommunications and ancillary services. Compute the sales and use tax due at the 7% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 7 - Direct-To-Home Satellite Service: Enter under the column "Receipts and Purchases" the net taxable gross receipts derived from direct-to-home satellite service. Compute the sales and use tax due at the 7% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 8 - Video Programming Other Than Direct-To-Home Satellite Service: Enter under the column "Receipts and Purchases" the net taxable gross receipts derived from video programming services other than direct-to-home satellite service. Compute the sales and use tax due at the 7% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 9 - Spirituous Liquor: Enter under the column "Receipts and Purchases" the total taxable sales of spirituous liquor. Compute the sales and use tax due at the 7% combined general rate of sales and use tax and enter that amount under the column "Tax."

Line 10 - Tax From Lines 4 - 9 Reverse: Add the amounts in the column "Tax" on Lines 4 through 9, and enter the sum.

Line 11 - Excess Collections: Enter any sales and use tax collected in excess of the total amount of sales and use tax calculated to be due on the taxable gross receipts and sales.

Line 12 - Tax Due: Add the sales and use tax on Lines 10 and 11 and enter the sum.

Line 13 - Penalty: If the return is filed after the due date, add the failure to file return penalty of 5% per month of the sales and use tax shown on Line 12 for each month, or fraction thereof, that the return is filed late. The maximum failure to file return penalty is 25% of the sales and use tax due.

If the sales and use tax was not paid when due, add the failure to pay tax when due penalty of 10% of the sales and use tax shown on Line 12.

Line 14 - Interest: If the return is filed after the due date, compute interest on the total sales and use tax on Line 12 from the time the sales and use tax was due until paid. The Secretary of Revenue establishes the interest rate on a semiannual basis. The interest rate is 5% per year or 0.417% per month through December 31, 2014. Check the Department's website or contact the Department for the interest rate in effect on or after January 1, 2015.

Line 15 - Less Prepayment for This Period: *(This line is for use by taxpayers remitting \$20,000 or more in tax per month on Form E-500E and therefore required to make prepayments for utility and liquor sales and use tax returns or who have made a prior prepayment for this period.)* Enter the total amount of any electronic payment made for this period prior to filing this return.

Line 16 - Prepayment for Next Period: Taxpayers who are consistently liable for at least \$20,000 a month in sales and use tax on Form E-500E must make a monthly prepayment of the next month's sales and use tax liability for utility and liquor sales and use tax returns. The prepayment is due when the monthly return is due. The prepayment must equal at least 65% of any of the following:

- (1) the amount of tax due for the current month,
- (2) the amount of tax due for the same month in the preceding year, or
- (3) the average monthly amount of tax due in the preceding calendar year.

Penalties or interest will not be due on an underpayment of a prepayment if one of these three calculation methods is used.

Enter the amount of payment to be applied to the next monthly period.

Line 17 - Total Due: Enter the total amount due by adding Lines 12, 13, 14, and 16, and subtracting any prepayment on Line 15; pay this amount. **Do not fold your return or payment.**

Additional information about utility and liquor sales and use tax may be obtained from the Department's website at www.dorn.com or by contacting the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).