



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

IMPORTANT NOTICE: EXEMPTION FOR SERVICE CONTRACT SOLD TO A PROFESSIONAL MOTORSPORTS RACING TEAM OR RELATED MEMBER

With a retroactive effective date of January 1, 2014, Session Laws 2016-5 amends the sales and use tax exemption in N.C. Gen. Stat. § 105-164.41(b)(3). Pursuant to N.C. Gen. Stat. § 105-164.41(b)(3), as amended, sales and use tax does not apply to the sales price of or the gross receipts derived from a “service contract,” as the term is defined in N.C. Gen. Stat. § 105-164.3(38b), for “[a] transmission, an engine, rear-end gears, and any other item purchased, leased, or rented by a professional motorsports racing team or a related member of a team for which the team or related member may receive a sales tax exemption under [N.C. Gen. Stat. §] 105-164.13(65) or [N.C. Gen. Stat. §] 105-164.13(65a) or a sales tax refund under [N.C. Gen. Stat. §] 105-164.14A(a)(5).” The exemption expires January 1, 2020.

N.C. Gen. Stat. § 105-164.3(38b), as amended March 1, 2016, defines the term “service contract” as “[a] contract where the obligor under the contract agrees to maintain or repair tangible personal property, regardless of whether the property becomes a part of or is affixed to real property, or a motor vehicle. Examples of a service contract include a warranty agreement other than a manufacturer’s warranty or dealer’s warranty provided at no charge to the purchaser, an extended warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract.”

Purchase a Qualifying Service Contract Exempt from Sales and Use Tax

The purchaser of a qualifying service contract should provide the seller with a properly completed Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, or the required data elements pursuant to N.C. Gen. Stat. § 105-164.28, as the seller’s authority to exempt the service contract from sales or use tax.

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 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or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided.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, technical bulletin, or published guidance issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.