



Sales and Use Tax Division
North Carolina Department of Revenue
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**IMPORTANT NOTICE: FUEL OR PIPED NATURAL GAS
USED SOLELY FOR COMFORT HEATING BY CERTAIN MANUFACTURERS**

Effective January 1, 2017, N.C. Gen. Stat. § 105-164.13(57) as amended provides the exemption from sales and use tax **no longer applies** to purchases by a manufacturer of fuel or piped natural gas **“that is used solely for comfort heating at a manufacturing facility where there is no use of fuel or piped natural gas in a manufacturing process.”** The sales price of or the gross receipts derived from the retail sale or the purchase for storage, use, or consumption of such fuel or piped natural gas in the State by a manufacturer are subject to the following rates of sales and use tax:

- Fuel, such as bottled gas, coal, coke, fuel oil, oxygen, acetylene, hydrogen, liquefied petroleum gas, and other combustibles, is subject to the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax.
- Piped natural gas is subject to the 7% combined general rate of sales and use tax.

Fuel or piped natural gas sold to a manufacturer for use in connection with the operation of a manufacturing facility continues to be exempt from sales and use tax provided the fuel or piped natural gas is used by the manufacturer in a manufacturing process at the manufacturing facility.

Application of the Effective Date

Pursuant to N.C. Gen. Stat. § 105-164.15A, the effective date of the change in the exemption in N.C. Gen. Stat. § 105-164.13(57) is administered as follows:

- For fuel or piped natural gas provided and **not billed** on a monthly or other periodic basis, the change applies to amounts received for fuel or piped natural gas provided on or after January 1, 2017.
- For fuel or piped natural gas provided and **billed** on a monthly or other periodic basis, the change applies to the first billing period that starts on or after January 1, 2017.

Provide Notice to Retailer that Exemption from Sales and Use Tax No Longer Valid

A manufacturer, who has issued Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, or other exemption information that satisfies the requirements of N.C. Gen. Stat. § 105-164.28 to a retailer in order to purchase fuel or piped natural gas exempt from sales and use tax where the fuel or piped natural gas is used *solely* for comfort heating at a manufacturing facility and where there is no use of fuel or piped natural gas in a manufacturing process at the manufacturing facility, must give notice to the retailer that Form E-595E or other exemption information previously provided to the retailer is not applicable to sales of fuel or piped natural gas sold by the retailer to the manufacturer on or after January 1, 2017, as administered and discussed herein. A retailer who does not receive such notice and who continues to rely on the exemption information obtained from the manufacturer is not liable for any tax due on a sale of fuel or piped natural gas to the manufacturer on or after January 1, 2017, as administered and discussed herein. If the manufacturer fails to give proper notice to the retailer that the exemption information should no longer be relied upon or where a manufacturer claims an invalid exemption, the manufacturer is liable for any tax, penalty, and interest due on such purchase, unless the retailer is involved in any of the fraud activities listed in N.C. Gen. Stat. § 105-164.28(c).

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 the rate of tax, 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.