



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

David W. Hoyle
Secretary

August 16, 2012

[REDACTED]
[REDACTED]
[REDACTED]

Dear Ms. [REDACTED]:

Your letter dated July 2, 2012 addressed to [REDACTED] has been forwarded to this Division for a reply. You have inquired regarding your church's semiannual sales and use tax refund claims.

G.S. 105-164.14(b) provides that qualifying nonprofit entities, including churches, are allowed a semiannual refund of sales and use taxes they pay on direct purchases of tangible personal property and services, other than electricity, telecommunications service, and ancillary service, for use in carrying on the work of the church. You have inquired as to whether certain transactions a church may make are considered direct purchases within the meaning of G.S. 105-164.14(b).

You have advised that your question relates to items such as a common example of where the church's "custodian purchases with his own funds cleaning supplies, light bulbs, etc. at the local [REDACTED] and then subsequently presents the treasurer with the receipt asking for reimbursement of his purchase. All items are used at the church and for the church."

The sales or use tax paid by the custodian in the above scenario is refundable to the church pursuant to G.S. 105-164.14(b), provided that the items purchased become the property of the church and provided the reimbursement is in addition to payment for custodial services. Sales or use taxes associated with purchases of meals or lodging paid by a church member or employee and later reimbursed by the church are not be refundable. Sales and use taxes paid on purchases of items specifically excluded from refund eligibility, such as electricity, telecommunications service, or ancillary service, are not refundable.

This ruling is based solely on the facts submitted to the Department of Revenue for consideration of the transactions described. If the facts and circumstances given are not accurate, or if they change, then the taxpayer requesting this ruling may not rely on it. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material aspect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that this document is not to be cited as precedent and that a change in statute, a regulation, or case law could void this ruling.

If you have any questions, you may reach me at the number listed below.

Very truly yours,

[REDACTED]
Administration Officer
Sales and Use Tax Division

cc: [REDACTED], Director of Sales and Use Tax Division