





## Information for New Sales and Use Taxpayers and Certain Other Taxpayers

You have registered as a retailer, wholesaler, facilitator, or other person liable for sales and use tax. This document provides general information about your responsibilities as a registered taxpayer.

- **File On Time** - File your tax returns on or before the due date of the return. You **must** file a return even if you do not owe tax unless you have registered solely as a wholesale merchant.
- **File Form E-500 Online** - File and pay [Form E-500, Sales and Use Tax Return](#) online. The file and pay system is FREE, convenient, easy to use, and secure. If you registered to file monthly with prepayment, you **must** file [Form E-500, Sales and Use Tax Return](#) and make payments electronically. Visit [ncdor.gov](http://ncdor.gov) or scan the QR code to file and pay online.
- **Request Forms** - If you file monthly or quarterly sales and use tax returns, you have the option to file [Form E-500, Sales and Use Tax Return](#) by mail. Call the Department at 1-877-252-3052 to request a coupon booklet.
- **File Other Forms by Mail** - If you registered to file [Form E-500E, Combined General Rate Sales and Use Tax Return \(Utility, Liquor, Gas, and Other\)](#) or other tax types listed in Section G, we will send you a coupon booklet with preprinted returns. We have also enclosed a blank form to use until you receive the coupon booklet.
- **Stay Informed** - Sign up to receive emails when the Department publishes notices about law changes and important tax matters. Visit [ncdor.gov](http://ncdor.gov) or scan the following QR code, click “subscribe” and follow the instructions to subscribe.
- **Attend a Webinar** - The Department offers FREE informative webinars to help you understand your tax obligations. Sign up to attend a webinar by visiting [ncdor.gov](http://ncdor.gov) and selecting “Taxpayer/Customer Education.”
- **Find Additional Information** - Find additional information about sales and use tax and other taxes at [ncdor.gov](http://ncdor.gov). The Sales and Use Tax Bulletins and other tax bulletins on the website provide detailed information about the tax law. If you have additional questions, you may call the Department at 1-877-252-3052.

**A. Common Items Subject to Sales and Use Tax**

Generally, the sales price of or the gross receipts derived from the following items sold at retail are subject to the 4.75% general State rate and applicable local and transit rates of sales and use tax:

- Tangible personal property
- Certain digital property
- Lease or rental of tangible personal property
- Service contract or renewal of a service contract
- Prepaid meal plan
- Alcoholic beverages, tobacco products, prepared food, candy, dietary supplements, soft drinks, and food sold through vending machines
- Rental of an accommodation
- Prepaid telephone calling service
- Satellite digital audio radio service
- Repair, maintenance, and installation services
- Admission charges to an entertainment activity
- Laundries, dry cleaning plants, and similar businesses

**B. Sales and Use Tax Rates**

**General State, Local, and Transit Rate Items**

The items above that are subject to the general State rate are also subject to either a 2.00% or 2.25% local rate of tax. In addition, four counties impose an additional .50% transit rate of tax. The following chart lists the rates that apply by county.

General State Rate	Local Rate	Transit Rate	Combined General State, Local, and Transit Rate	County
4.75%	2.00%	-	<b>6.75%</b>	All counties not listed in this chart.
4.75%	2.25%	-	<b>7.00%</b>	Alexander, Alleghany, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, Washington, and Wilkes
4.75%	2.00%	.50%	<b>7.25%</b>	Mecklenburg and Wake
4.75%	2.25%	.50%	<b>7.50%</b>	Durham and Orange

**Items Subject to a Specific Rate and Reported on Form E-500**

The following chart shows items that are subject to a specific rate of tax and reported on [Form E-500, Sales and Use Tax Return](#).

Item	Local Rate	Transit Rate	State Rate	Combined State, Local and Transit Rate	Maximum Tax or Other Notes
<b>Qualifying food items</b>	2.00%	-	-	<b>2.00%</b>	Qualifying food does not include: alcoholic beverages, tobacco products, prepared food, candy, dietary supplements, soft drinks, and food sold through a vending machine. <i>The General State, Local, and Transit Rates of tax apply to food that is not qualifying food.</i>
<b>Aircraft</b>	-	-	4.75%	<b>4.75%</b>	Maximum tax of \$2,500.00 per article
<b>Qualified jet engines</b>	-	-	4.75%	<b>4.75%</b>	
<b>Boats</b>	-	-	3.00%	<b>3.00%</b>	Maximum tax of \$1,500.00 per article
<b>Modular and manufactured homes</b>	-	-	4.75%	<b>4.75%</b>	An exemption applies to 50% of the sales price of a modular or manufactured home, including all accessories attached when delivered to the purchaser.

### Items Subject to the 7% Combined General Rate

The following items are subject to the 7% combined general rate of tax. You must report the tax due from the sale or purchase of these items on [Form E-500E, Combined General Rate Sales and Use Tax Return \(Utility, Liquor, Gas, and Other\)](#).

- Piped Natural Gas
- Electricity
- Telecommunications Service and Ancillary Service
- Aviation Gasoline and Jet Fuel
- Direct-To-Home Satellite Service
- Video Programming
- Spirituous Liquor and Antique Spirituous Liquor (other than mixed beverages)

### C. [Due Dates](#)

You must file your returns and pay the tax according to your filing frequency. A return and payment due on a Saturday, Sunday, or legal holiday is timely if you file and pay on or before the next business day after the Saturday, Sunday, or legal holiday.

- **Monthly** – If your filing frequency is monthly, you must file a return and pay every month. Your return and payment are due on the 20<sup>th</sup> day of the following month. *Example: Your return for January, 2025 is due on February 20<sup>th</sup>, 2025.*
- **Monthly with Prepayment** - If your filing frequency is monthly with prepayment, you must **electronically** file a return and make two separate **electronic** payments every month. Your return and payments are due on the 20<sup>th</sup> day of the following month.
- **Quarterly** – If your filing frequency is quarterly, you must file a return for every calendar quarter. Your return is due on the last day of the month following the close of the calendar quarter. The following chart shows the due dates in 2024:

Filing Frequency	Filing Period	Due Date
Quarterly	1st Quarter 2024	Apr-30-2024
Quarterly	2nd Quarter 2024	Jul-31-2024
Quarterly	3rd Quarter 2024	Oct-31-2024
Quarterly	4th Quarter 2024	Jan-31-2025

### D. [Wholesale Sales and Exemption Certificates](#)

**Filing Returns** - If you only make wholesale sales, you are not required to file sales and use tax returns reflecting such sales.

**Purchasing Items for Resale** - To purchase items for resale exempt from tax, you must provide the seller (1) a completed [Form E-595E, Streamlined Sales and Use Tax Certificate of Exemption](#), or (2) electronically provide your name, address, certificate of registration number, reason for exemption, and type of business. If you do not resell an item, you are liable for any use tax due on the purchase.

### E. [Recordkeeping Requirements](#)

You must keep adequate and complete records to determine your sales and use tax liability. The Secretary of Revenue, or agents duly authorized by the Secretary, may inspect these records at all reasonable hours of the day.

If you do not keep records that establish a sale is exempt from tax, you are liable for tax on the sale. If you purchase taxable items not for resale, you must keep records that show you paid the correct tax on the purchase or you will be liable for use tax on the purchase.

### F. [Penalties and Interest](#)

You will owe interest and penalties if you do not follow the sales and use tax laws. This section lists common penalties and interest. Additional penalties may apply.

- **Interest** – Interest accrues from the due date. The rate is set every six months and can be found at [ncdor.gov/interest](#).
- **Late Filing** - If you file a return late, a penalty of 5% per month, or fraction thereof, with a maximum of 25% is due.
- **Late Payment** - If you do not pay tax by the due date, a penalty of 5% is due and you will owe interest until it is paid.
- **Misuse of Exemption Certificate** - If you misuse an exemption certificate, you will be subject to a \$250 penalty for each misuse.
- **Unintentional Errors** – You may be subject to a penalty of 10% or 25% of the deficiency.

- **Fraud** - You will be subject to a penalty equal to 50% of the total deficiency.
- **Attempt to Evade or Defeat Tax** - If you willfully attempt, or aid or abet a person to attempt in any manner to evade or defeat a tax imposed by the Sales and Use Tax Laws, or the payment thereof, you may be found guilty of a Class H felony.

### **G. Other Taxes and Charges Administered by the Sales and Use Tax Division**

The Sales and Use Tax Division administers some additional taxes and charges. You may owe these taxes or charges if you sell tires, white goods, prepaid wireless telecommunications service or limited possession commitments<sup>1</sup> for motor vehicles. For a complete list of taxes and filing requirements visit [ncdor.gov](http://ncdor.gov).

#### **Scrap Tire Disposal Tax**

If you sell new tires for placement on a vehicle, you are required to collect the scrap tire disposal tax.

- The tax rate is 2% on tires with a bead diameter of less than 20 inches.
- The tax rate is 1% on tires with a bead diameter of 20 inches or more.
- The tax is in addition to all other taxes.
- You must report the tax on [Form E-500G, Scrap Tire Disposal Tax Return](#).
- Due dates for returns and payments follow the due dates for the Form E-500 and are listed above in Section C.

#### **Motor Vehicle Limited Possession Commitment Tax (Alternate Highway Use Tax)**

If you offer a limited possession commitment<sup>1</sup> of a motor vehicle and you elected to pay tax on the gross receipts derived from the limited possession commitment when you applied for a certificate of title for the vehicle, you must pay tax on the gross receipts.

- The tax rate on a long-term lease or rental of a motor vehicle is 3%.
- The tax rate on a short-term lease or rental of a motor vehicle is 8%.
- The tax rate on a vehicle subscription is 5%.
- A maximum tax may apply to a continuous limited possession commitment of a motor vehicle to the same person.
- You must report the tax on [Form E-500F, Motor Vehicle Lease and Subscription Tax Return](#).
- Due dates for returns and payments follow the due dates for the Form E-500 and are listed above in Section C.

#### **White Goods Disposal Tax**

If you sell white goods<sup>2</sup> in North Carolina, you must collect a disposal tax.

- The tax rate is \$3.00 for each new white good.
- The tax is in addition to all other taxes.
- You must report the tax on [Form E-500H, White Goods Disposal Tax Return](#).
- Due dates for returns and payments follow the due dates for the Form E-500 and are listed above in Section C

#### **911 Service Charge for Prepaid Wireless Telecommunications Service**

If you sell prepaid wireless telecommunications service, you must collect the 911 service charge for prepaid wireless telecommunications service at the rate of fifty-five cents (0.55¢) on each retail transaction occurring in this State.

- The service charge is in addition to the sales and use tax.
- You may deduct and retain from the service charges you collect from consumers an administrative allowance of 5%.
- You must report the service charge on [Form E-500L, 911 Service Charge Prepaid Wireless Telecommunications Return](#).
- You must file your returns and pay the service charge according to the following schedule:
  - Monthly – If your filing frequency is monthly, you must file a return and pay every month. Your return is due on the 20th day of the following month. *Example: Your return for July 2024 is due on August 20, 2024.*
  - Semiannually – If your filing frequency is semiannual, you must file a return and pay as follows:

Filing Frequency	Filing Period	Due Date
Semiannual	First six months of the calendar year	Jul-20-2024
Semiannual	Second six months of the calendar year	Jan-20-2025

<sup>1</sup> A limited possession commitment includes a long-term lease or rental, short-term lease or rental, and vehicle subscriptions.

<sup>2</sup> White goods include refrigerators, ranges, water heaters, freezers, unit air conditioners, washing machines, dishwashers, clothes dryers, and other similar domestic and commercial large appliances.