

When did North Carolina require marketplace facilitators engaged in business to begin collecting and reporting sales and use tax on behalf of their marketplace sellers?

February 1, 2020. North Carolina required marketplace facilitators engaged in business in North Carolina to begin collecting and reporting sales and use tax on behalf of their marketplace sellers on February 1, 2020. The marketplace facilitator provisions apply to sales occurring on or after February 1, 2020.

How does a marketplace facilitator or marketplace seller determine whether they are engaged in business in North Carolina?

The most common examples of a person engaged in business in North Carolina are a person with a physical presence in North Carolina or a remote seller whose gross sales exceed the remote seller threshold of \$100,000 or two hundred transactions sourced to North Carolina.

Under North Carolina law, a marketplace facilitator or marketplace seller is considered engaged in business by doing any of the following:

- Maintaining, occupying, or using permanently or temporarily, directly or indirectly, or through a subsidiary or agent, by whatever name called, any office, place of distribution, sales or sample room, warehouse or storage place, or other place of business in this State, or permanently or temporarily, directly or through a subsidiary, having any representative, agent, sales representative, marketplace facilitator subject to the requirements of G.S. § 105-164.4J, or solicitor operating or transacting business by mobile phone application or other applications in this State. The fact that any corporate retailer, agent, or subsidiary engaged in business in this State may not be legally domesticated or qualified to do business in this State is immaterial.
- Maintaining in this State, either permanently or temporarily, directly or through a subsidiary, tangible personal property or certain digital property for the purpose of lease or rental.
- Making a remote sale, if one of the conditions listed in G.S. § 105-164.8(b) is met. Refer to the [Remote Sales webpage](#) for additional details.
- Shipping wine directly to a purchaser in this State as authorized by G.S. § 18B-1001.1.
- Making marketplace-facilitated sales subject to the requirements of G.S. § 105-164.4J.

Is a marketplace facilitator that is engaged in business in North Carolina required to collect and remit tax on behalf of all its marketplace sellers?

Yes. A marketplace facilitator engaged in business in North Carolina is required to collect and remit sales tax on behalf of all its marketplace sellers. A marketplace facilitator must collect and remit the tax even if the marketplace seller:

- has a physical presence in North Carolina;
- does not have a physical presence in North Carolina;
- is registered as a retailer in North Carolina;

- is not registered as a retailer in North Carolina;
- would have been required to collect and remit sales and use tax had the sales not been made through a marketplace; or
- would not have been required to collect and remit sales and use tax had the sales not been made through a marketplace.

Is the marketplace seller required to collect and remit tax on its sales through a marketplace facilitator?

Generally, no. However, if the marketplace seller is engaged in business in this State and sells through a marketplace facilitator that is not engaged in business in this State, the marketplace seller would be responsible for collecting and remitting sales and use tax on such sales. Refer to the [Remote Sales webpage](#) for additional details.

Is a marketplace facilitator that is engaged in business in North Carolina required to collect and remit sales tax on sales made via the Internet?

Yes. A marketplace facilitator that is engaged in business in North Carolina is required to collect and remit tax on all taxable sales sourced to North Carolina, including marketplace-facilitated sales or other direct sales made online.

Is a marketplace seller that is engaged in business in North Carolina required to collect and remit sales tax on sales made via the Internet?

It depends.

For sales made through a marketplace facilitator engaged in business in North Carolina, the marketplace seller is not required to collect and remit the tax. In this scenario, the Marketplace Facilitator is responsible for collecting and remitting the sales tax.

For sales not made through a marketplace facilitator engaged in business in North Carolina, the marketplace seller is required to collect and remit tax on all taxable sales sourced to North Carolina

Is a non-U.S. marketplace facilitator that makes remote sales sourced to North Carolina and is engaged in business required to collect and remit North Carolina sales and use tax?

Yes. A marketplace facilitator that is engaged in business in North Carolina is considered the retailer of each marketplace-facilitated sale it makes and is liable for collecting and remitting the sales and use tax due on all such sales. Refer to the [Remote Sales webpage](#) for additional details.

Is a marketplace facilitator that is engaged in business in North Carolina required to provide certification that it will collect and remit tax on behalf of the marketplace seller?

No. A marketplace facilitator engaged in business in North Carolina is the retailer required to collect and remit tax on marketplace-facilitated sales sourced to North Carolina.

Is a marketplace facilitator required to collect any other types of taxes?

Yes. For example, a marketplace facilitator that is engaged in business in North Carolina is required to collect and remit [motor vehicle lease and subscription tax](#), [scrap tire disposal tax](#), [white goods disposal tax](#), [dry-cleaning solvent tax](#), and the [911 service charge for prepaid wireless telecommunications service](#), as applicable. Consult your tax professional regarding other types of taxes that may be due in North Carolina.

Is a marketplace seller who only sells through a marketplace facilitator and does not have a physical presence in North Carolina required to register and file a return if the marketplace facilitator is required to collect and remit on all the marketplace seller's transactions?

No.

Is a marketplace seller who only sells through a marketplace facilitator but has a physical presence in North Carolina required to register and file a return if the marketplace facilitator is required to collect and remit tax on all the marketplace seller's transactions?

No. However, a marketplace seller who has a physical presence in North Carolina is required to register and remit [use tax](#), as applicable.

Is a marketplace seller that sells through a marketplace and also has direct sales sourced to North Carolina required to register and file a return with North Carolina?

If the marketplace seller has met the threshold for remote sellers through its multiple channels or is otherwise engaged in business in North Carolina, the marketplace seller is required to collect and remit sales and use tax on its direct sales sourced to North Carolina. A marketplace facilitator engaged in business in this State is responsible for collecting and remitting sales and use tax on marketplace-facilitated sales. [Refer to the Remote Sales webpage](#) for additional details.

Can marketplace facilitators or marketplace sellers register without being engaged in business in the State?

Yes.

How do marketplace facilitators and marketplace sellers register for North Carolina sales and use tax?

North Carolina is a member of the Streamlined Sales and Use Tax Governing Board, Inc. (“SSTGB”). Facilitators and sellers can register with all 24 Streamlined member states (AR, GA, IN, IA, KS, KY, MI, MN, NE, NV, NJ, NC, ND, OH, OK, RI, SD, TN, UT, VT, WA, WV, WI, and WY) by completing one online application through the Streamlined Sales Tax Registration System. There is no fee to complete and submit this online registration form, available at www.sstregister.org.

Facilitators and sellers can also register directly with North Carolina by using the Department’s [online business registration](#) portal or by submitting a completed Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Other Tax and Service Charge. There is no fee to apply for a certificate of registration in North Carolina. General questions about business registrations may be directed to 1-877-252-3052.

How should a marketplace seller report sales through a marketplace and direct sales sourced to North Carolina on its sales and use tax return?

A marketplace seller making direct sales and marketplace-facilitated sales should report its sales on the Sales and Use Tax Return, Form E-500, as follows:

Line 1, “North Carolina Gross Receipts” – The seller should report all sales sourced to North Carolina on this line. This includes marketplace-facilitated sales and direct sales.

Line 2, “Sales for Resale” – The seller should report all sales sourced to North Carolina that were made through a marketplace facilitator engaged in business in the State and direct sales for resale on this line.

Lines 4-12 – The seller should report all sales for which it is responsible for collecting and remitting North Carolina sales and use tax in the taxable “Receipts” column at the applicable rates of sales and use tax. These sales include all taxable direct sales and all taxable marketplace-facilitated sales made through a marketplace facilitator not engaged in business in the State. Marketplace-facilitated sales properly reported on line 2 are not reported on lines 4 through 12.

Is a marketplace facilitator required to identify sales made on behalf of marketplace sellers separately from its own direct sales sourced to North Carolina on its return?

No. Sales made on behalf of marketplace sellers and direct sales made by a marketplace facilitator are added together and reported on line 1, “North Carolina Gross Receipts,” and in the taxable “Receipts” column at the applicable rates of sales and use tax on the marketplace facilitator’s return.

Does North Carolina allow the marketplace facilitator to file a separate return for marketplace-facilitated sales?

Yes. Taxpayers seeking to file a separate return for its marketplace-facilitated sales should register for a second sales and use tax account identification number using the Department’s [online business](#)

[registration portal](#) or by submitting a completed [Form NC-BR](#), Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Other Taxes and Service Charge.

Who is responsible for obtaining and maintaining a certificate of exemption for a marketplace-facilitated sale?

A marketplace facilitator that is engaged in business in the State is the retailer responsible for maintaining records that establish a marketplace-facilitated sale subject to G.S. § 105-164.4J is exempt from sales and use tax. A marketplace seller is responsible for maintaining records that establish whether a sale the marketplace seller is liable for, such as a marketplace-facilitated sale not subject to G.S. § 105-164.4J, is exempt from sales and use tax.

Does a marketplace seller need to receive a certificate of exemption from a marketplace facilitator for the marketplace seller's marketplace-facilitated sales?

A marketplace seller is not required to obtain a certificate of exemption for a marketplace-facilitated sale by a marketplace facilitator that is engaged in business in the State. The marketplace seller and marketplace facilitator should maintain any contract or agreement between the parties, the required monthly marketplace facilitator reports, and any other records that establish their sales and use tax liability.

A marketplace seller is responsible for maintaining records that establish whether a sale the marketplace seller is liable for, such as a direct sale or a marketplace-facilitated sale not subject to G.S. § 105-164.4J, is exempt from sales and use tax.

Is liability relief available for the marketplace facilitator?

Liability relief is available to a marketplace facilitator only in a specific situation as provided in N.C. Gen. Stat. 105-164.4J(d). Refer to the [Marketplace Facilitators and Marketplace Sellers](#) Bulletin for additional details.