

Form E-500S Dry-Cleaning Solvent Tax Return **General Instructions**

1. Use Form E-500S to file and report your North Carolina dry-cleaning solvent taxes. For more information on the dry-cleaning solvent tax, click [here](#).
2. You must file a tax return for each filing period on or before the file by date. If you do not file on time, you will receive a delinquent notice and may owe penalty and interest. **If you do not owe any tax for a filing period, you must file a return and enter zero (0.00) on Line 6. Do not write "No Tax Due" or any similar text on the return.**

If your business is seasonal and you registered as a seasonal business, only file returns for the seasonal filing periods indicated for dry-cleaning solvent tax on the business registration form unless you have business activity during other filing periods. If you have business activity in other filing periods, you must file returns for those periods.

3. Complete the Dry-Cleaning Solvent Tax Return in its entirety.

You must pay the tax due when your return is due. If you do not pay the tax due on or before the file by date, you will owe penalty and interest.

You must pay in U.S. dollars. Pay by check or money order drawn on a U.S. (domestic) bank. Make any check or money order payable to the North Carolina Department of Revenue and write your account number and tax period in the memo section. **Do not** mail cash, stamps, or postdated checks.

4. **If the ownership of your business changes**, the new owner must submit a new registration application to obtain a new dry-cleaning solvent tax account number.

If you discontinue business operations or sell your business, you must complete [Form NC-BN, Out-of-Business Notification](#). You can now complete and submit the Form NC-BN online at ncdor.gov, or you can mail the paper Form NC-BN separate from any return to the address shown on the form.

5. Sign the return and payment and mail to the address on the return.

How to Prepare Return: Specific Line Instructions

Line 1 – Halogenated Hydrocarbon-Based Solvent: Under the column “Gallons,” enter the total number of gallons of halogenated hydrocarbon-based solvent sold by a retailer to a dry-cleaning facility or purchased by a dry-cleaning facility from outside North Carolina for storage, use, or consumption within North Carolina. Compute the tax due on the total “Gallons” at the \$10.00 per gallon rate and enter that amount under the column “Tax.”

Line 2 – Hydrocarbon-Based Solvent: Under the column “Gallons,” enter the total number of gallons of hydrocarbon-based solvent sold by a retailer to a dry-cleaning facility or purchased by a dry-cleaning facility from outside North Carolina for storage, use, or consumption within North

Carolina. Compute the tax due on the total "Gallons" at the \$1.35 per gallon rate and enter that amount under the column "Tax."

Line 3 - Total Tax: Add the tax amounts on Lines 1 and 2, and enter the sum.

Line 4 - Penalty: Enter the sum of the penalties that apply to you.

If you file a return after the due date, multiply the tax amount shown on Line 3 by 5% (.05) for each month, or part of a month, that the return is filed late. The maximum Failure to File Return penalty is 25% of the total tax.

If you do not pay the tax when due, multiply the tax amount shown on Line 3 by 5% (.05). The Department will publish a notice if this penalty changes.

Line 5 – Interest: If you do not pay the tax when due, compute interest on the tax amount shown on Line 3. The current interest rate is 7% per year or .583% per month through December 31, 2023. The interest rate for the period July 1, 2019 through December 31, 2022 was 5% per year or .417% per month. Check the Department's the current and past interest rates at ncdor.gov/taxes-forms/interest-rate.

Line 6 - Total Due: Enter the total amount due by adding Lines 3, 4, and 5. This amount is due on the due date of your return.

Signature and Verification: You must sign and date your return. You should also include your title and phone number in the spaces provided.

Do not fold your payment.

Additional information about dry-cleaning solvent tax may be obtained from the Department's website, ncdor.gov.