



E-554 Instructions

Consumer Use Tax Return

General Information and Instructions

North Carolina use tax is due if you purchased, leased or rented items inside or outside this State for storage, use, or consumption in North Carolina and did not pay the applicable sales and use tax at the time of purchase. Items subject to North Carolina use tax include tangible personal property, certain digital property and taxable services. **You must pay use tax to the Department when retailers, remote sellers, or facilitators fail to collect sales or use tax on taxable transactions.** An individual who purchases a boat or an aircraft must report the tax on Form E-555, Boat and Aircraft Use Tax Return, available on the Department's website at www.ncdor.gov.

If you make taxable purchases on which you owe use tax during a year, you must include the use tax on your North Carolina Individual Income Tax Return. If you are not required to file a North Carolina Individual Income Tax Return, you must file this form and pay the amount due by April 15 of the following year. Forms filed after the due date are subject to penalty and interest.

Common items on which sales and use tax may not have been collected and where use tax may be due by the purchaser include, but are not limited to:

- Tangible personal property including, but not limited to:
 - Computers and other electronic equipment;
 - Home furnishings;
 - Clothing;
 - Jewelry;
 - Sporting goods;
 - Audio compact discs (CDs) and DVDs;
 - ATVs (All Terrain Vehicles).
- Certain digital property, which includes the following when delivered or accessed electronically:
 - Digital audio work. Examples include, but are not limited to, ringtones, digital music, readings of books or other written materials, speeches, and other sound recordings.
 - Digital audiovisual work. Examples include, but are not limited to, movies, motion pictures, musical videos, news and entertainment programs, and live events.
 - Digital book, magazine, newspaper, newsletter, report, or another publication.
 - A photograph or a greeting card.
- Prewritten software including electronic downloads of software.
- Purchases of or recharges of prepaid telephone calling cards and phones.
- Certain service contracts.
- Admission tickets to an entertainment activity purchased outside the State where admission to the activity may be gained in the State.
- Repair, maintenance, and installation services performed outside the State where the item is returned to the owner or the owner's designee inside the State.

Use blue or black ink to complete your return.

How to Prepare Return: Specific Line and Column Instructions

In the blocks provided, indicate the period covered by the return, your name, Social Security Number (SSN), address, county location, and telephone number. Use capital letters when entering your name and address.

Line 1 - In the Purchases column, enter your total amount of purchases subject to the 4.75% general State tax rate and compute the general State tax due by multiplying by 4.75% (0.0475). Enter the tax amount in the Tax column.

Line 2 - In the Purchases column, enter your total amount of purchases subject to the 2% food tax rate and compute the food tax due by multiplying by 2% (0.02). Enter the tax amount in the Tax column.

Line 3 - In the Purchases column, enter your total amount of purchases subject to the 2.00% county tax rate and compute the county tax due by multiplying by 2% (0.02). Enter the tax amount in the Tax column. The 2.00% county rate for purchases is effective January 1, 2021 through December 31, 2021 in all counties (except Alexander, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Durham, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Orange, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, and Wilkes).

Line 4 - In the Purchases column, enter your total amount of purchases subject to the 2.25% county tax rate and compute the county tax due by multiplying by 2.25% (0.0225). Enter the tax amount in the Tax column. The 2.25% county rate for purchases is effective January 1, 2021 through December 31, 2021 in only these counties: Alexander, Anson, Ashe, Bertie, Buncombe, Cabarrus, Catawba, Chatham, Cherokee, Clay, Cumberland, Davidson, Duplin, Durham, Edgecombe, Forsyth, Gaston, Graham, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Jones, Lee, Lincoln, Madison, Martin, Montgomery, Moore, New Hanover, Onslow, Orange, Pasquotank, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Stanly, Surry, Swain, and Wilkes.

Line 5 - In the Purchases column, enter your total amount of purchases subject to the 0.50% Transit sales and use tax rate and compute the transit tax due by multiplying by 0.50% (0.005). The 0.50% Transit rate for purchases is effective January 1, 2021 through December 31, 2021 in only these counties: Durham, Mecklenburg, Orange, and Wake.

Line 6 - Add Lines 1, 2, 3, 4, and 5 and enter the sum in the Tax column.

Line 7 - Enter amount of tax legally due and properly paid to another state on the purchase amounts reflected on Lines 1 through 5 above in the Tax column. If you paid a sales tax on products in the other state, you are entitled to a tax credit for the state tax legally due and properly paid against your State use tax liability in North Carolina and any local tax legally due and properly paid against your local use tax liability in North Carolina.

Line 8 - Subtract Line 7 from Line 6 and enter the result in the Tax column.

Line 9 - 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 8 by 5% (.05) for each month, or part of a month, that the return is filed late. The maximum penalty is 25% of the total tax.

If you do not pay the tax when due, multiply the tax amount shown on Line 8 by 10% (.10).

The Department will publish a notification if these penalties change.

Line 10 -If you do not pay the tax when due, compute interest on the tax amount shown on Line 8. The current interest rate is 5% per year or .417% per month through December 31, 2021. Check the Department's [interest rate webpage](#) or contact the Department for the interest rate in effect on or after January 1, 2022.

Line 11 -Add Lines 8, 9, and 10 and enter the sum

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 staple, tape, or paper clip your payment to the return. Payment must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to N.C. Department of Revenue. Mail this return with your payment to the address on the return.

Do not fold your payment.

Additional information may be obtained from the Department's website at www.ncdor.gov or contact the Department at 1-877-252-3052 (toll-free).