



Excise Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.ncdor.gov

IMPORTANT NOTICE: EXCISE TAX ON INTERACTIVE SPORTS WAGERING OPERATORS¹

On June 14, 2023, the North Carolina General Assembly enacted [Session Law 2023-42](#).² This law imposed an excise tax on gross wagering revenue collected by interactive sports wagering operators. The tax is effective January 8, 2024, and applies to gross wagering revenue received on or after that date.

Background and Imposition of Excise Tax

Sports wagering was previously illegal in North Carolina.³ However, with the enactment of Session Law 2023-42, sports wagering became lawful when conducted in compliance with Article 9 of Chapter 18C of the North Carolina General Statutes.

The North Carolina State Lottery Commission will license and regulate interactive sports wagering operators. An interactive sports wagering operator license allows the person to offer and accept sports wagers on sporting events. A tribal gaming enterprise shall be deemed a licensed interactive sports wagering operator in accordance with N.C. Gen. Stat. § 18C-928(c).

Session Law 2023-42 created Article 2E of Chapter 105 of the North Carolina General Statutes. Specifically, it imposed an excise tax at the rate of eighteen percent (18%) on gross wagering revenue. Gross wagering revenue is the “[t]he total of amounts received by an interactive sports wagering operator from sports wagers as authorized under this Article less the amounts paid as winnings before any deductions for expenses, fees, or taxes.”⁴

¹ This Notice has been amended and supersedes the Notice that was previously made available.

² This law as subsequently amended by [Session Law 2023-134](#). It amended, in part, the requirements to become a licensed interactive sports wagering operator.

³ Exceptions applied to, for example, wagering conducted on tribal lands operating in accordance with required compacts.

⁴ N.C. Gen. Stat. § 18C-901(7).

The North Carolina Department of Revenue will administer and ensure compliance with the following:

1. Registering interactive sports wagering operators;
2. Bonding (or the obtaining of an irrevocable letter of credit) interactive sports wagering operators;
3. Reporting and payment of the excise tax;
4. Distributing the excise tax proceeds; and
5. Auditing any interactive sports wagering operator or its service providers as related to sports wagering activities.

Duties of Interactive Sports Wagering Operators under Article 2E

An interactive sports wagering operator must register with the Secretary.⁵ The Secretary must notify the North Carolina Lottery Commission if the interactive sports wagering operator fails to register. The interactive sports wagering operator must also notify the Secretary in writing if the operator changes ownership or stops engaging in the licensed activities authorized under Article 9 of Chapter 18C of the North Carolina General Statutes.

The Secretary requires an interactive sports wagering operator to furnish a bond in an amount that adequately protects the State from an interactive sports wagering operator's failure to pay taxes due under Article 2E.⁶ A bond must be conditioned on compliance with this Article, payable to the State, and in the form required by the Secretary. The amount of the bond is two times the interactive sports wagering operator's expected monthly tax liability, provided the amount of the bond may not be less than fifty thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). An interactive sports wagering operator may substitute an irrevocable letter of credit for the required bond.

Each interactive sports wagering operator is required to file a monthly return. A monthly return requires filing Form S-W-101 Interactive Sports Wagering Operator Return, and if applicable, Form S-W-101CF, Carryforward Amount. The return is due the 20th day of the month following the calendar month covered by the return. The return must be filed even if no activity occurs in the month covered by the return. The return must be filed electronically.

Gross wagering revenue is taxed at the rate of eighteen percent (18%). The tax due must be paid by check or money order and accompanied with a voucher (S-W-101V). The voucher and payment must be mailed to the following address:

North Carolina Department of Revenue
Excise Tax Division – ATTN: Financial Unit
3301 Terminal Drive
Suite 125
Raleigh, North Carolina 27604

⁵ N.C. Gen. Stat. § 105-113.126A(a).

⁶ N.C. Gen. Stat. § 105-113.127.

If the amount of gross wagering revenue is a negative number for any month, the interactive sports wagering operator may carry forward the negative amount to the return filed for the subsequent month. No amount shall be carried forward for more than 12 months after the month in which the amount carried forward was originally due.

A person who is required to file a return must keep a record of all documents used to determine information the person provides in a return. These records shall be open at all times for inspection by the Secretary or an authorized representative of the Secretary and shall be kept for the applicable period of statute of limitations as set forth under Article 9 of this Chapter.⁷ Note that this record retention period may be longer than the record retention requirement established under N.C. Gen. Stat. § 18C-910(b).

Non-Compliance with Article 2E

If an interactive sports wagering operator fails to comply with Article 2E, the Department may refer the operator's non-compliance to the North Carolina Lottery Commission. The North Carolina Lottery Commission may revoke the license or deny a license renewal.⁸

Assistance and Advisement

Questions regarding this notice may be directed to the Excise Tax Division at telephone number (919) 707-7500 or toll free (877) 308-9092.

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law after the date of this notice, the provisions in this notice may be superseded or voided. If a written response would require the Department to interpret the law in a manner not specifically addressed in a statute, regulation, or Departmental or IRS publication, the person requesting the written response must follow the procedure (and pay the required fee) for requesting a private letter ruling available on the Department's website at the following address: <https://www.ncdor.gov/documents/nc-481-request-written-determination>.

⁷ N.C. Gen. Stat. § 105-113.126(d).

⁸ N.C. Gen. Stat. § 18C-908(c)(3).