

**North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001**

This document lists additional changes made by the 2002 General Assembly to taxes administered by the Sales and Use Tax Division following the issuance of Form E-505. These changes supersede any information previously set forth. The changes are cited by topic (in order of effective date).

Effective October 1, 2002

Due Date for Quarterly Returns

The due date for quarterly sales and use tax returns is changed from the 15th to the last day of the month following the end of the quarter. The change applies to taxes levied on or after October 1, 2002; therefore, a return for the last quarter of 2002 will be due January 31, 2003 rather than January 15, 2003.

Change in Underpayment Penalties for Semimonthly Taxpayers

A semimonthly taxpayer is not subject to penalties or interest for underpayment of a semimonthly payment period if the taxpayer pays at least 95% of the lesser of either the amount due for each semimonthly payment period or the average semimonthly payment for the prior calendar year. The taxpayer must include the underpayment with the monthly return for those semimonthly payment periods.

Effective October 31, 2002

Change Regarding Animals or Plants Held or Produced for Commercial Purposes

G.S. 105-164.13(2a), which exempts substances such as vaccines, medications, feeds, insecticides, pesticides, and defoliant, was amended to specify that the exemption does not apply to equipment or devices used to administer, release, apply, or otherwise dispense such substances.

Exemption Certificates

New section G.S. 105-164.28A is added to give the Secretary of Revenue statutory authority to require a purchaser of property that is exempt or subject to a preferential rate of tax to obtain an exemption certificate in order to receive the exemption or preferential rate. Examples of exemption certificates affected by this change include Manufacturers' Certificate, Agricultural Certificate, etc.

Frequently asked questions with responses can be found on the Department's website at www.dor.state.nc.us. If you have questions about the information in this document or about sales and use taxes, you may call (919) 733-3661 or write to: Taxpayer Assistance Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001. In addition, N.C. Tax Talk provides information on many frequently asked questions about sales and use taxes. It is available 24 hours a day, seven days a week by calling (919) 733-4829 using a touch-tone telephone.