



Sales and Use Tax Division
North Carolina Department of Revenue
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www.ncdor.gov

IMPORTANT NOTICE: PURCHASERS MAY ELECT TO HAVE SELLER COLLECT AND REMIT SALES AND USE TAX ON CERTAIN BOAT, AIRCRAFT, AND QUALIFIED JET ENGINE CHARGES AND SERVICES IN LIEU OF OBTAINING A DIRECT PAY PERMIT CERTIFICATE

A purchaser is allowed a use tax exemption on one or more of the following:

- (i) The installation charges that are a part of the sales price of tangible personal property or digital property purchased by the permit holder for a boat, an aircraft, or a qualified jet engine **that exceed twenty-five thousand dollars (\$25,000)** provided the installation charges are separately stated and identified as such on the invoice or other documentation given to the permit holder at the time of the sale, and
- (ii) The sales price of or gross receipts derived from repair, maintenance, and installation services provided for a boat, an aircraft, or a qualified jet engine **that exceed twenty-five thousand dollars (\$25,000)**.

Example:

A North Carolina aircraft owner hires a repair company in Guilford County to sell and install a replacement jet engine in his private aircraft. The cost of the engine is \$45,000 and the cost to install it is \$80,000. The purchaser elects to have the seller collect and remit the sales and use tax due on its behalf. The taxable amount of the transaction is \$70,000 (\$45,000 + \$25,000) in this example. *Provided the repair company separately states the installation charges on the purchaser's invoice or other documentation given to the purchaser at the time of the sale*, this amount is subject to the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax; **otherwise, tax is due on the total purchase price of \$125,000 (\$45,000 + \$80,000)**.

For application of the use tax exemption for installation charges and repair, maintenance, and installation services for boats, airplanes, and qualified jet engines for sales or purchases prior to August 11, 2017, see [Important Notice: Direct Pay Permit and Use Tax Exemption for Certain Boat, Aircraft, and Qualified Jet Engine Charges and Services](#) published on the Department's website on July 15, 2016 for additional details.

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.