



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

**IMPORTANT NOTICE:
RATE CHANGE FOR PIPED NATURAL GAS SOLD OR CONSUMED BY A GAS CITY**

This notice addresses the change in the sales and use tax rate applicable to the gross receipts derived from sales of piped natural gas billed on or after July 1, 2015 for piped natural gas (i) received by a gas city for consumption by that city and (ii) delivered by a gas city to a sales customer or transportation customer of the gas city. The rate of tax is increased from 3.50% to the 7.00% combined general rate of sales and use tax for such sales and purchases billed on or after July 1, 2015.

For purposes of the sales and use tax imposed on piped natural gas, a "gas city" is defined as "[a] city in this State that operated a piped natural gas distribution system as of July 1, 1998. These cities are Bessemer City, Greenville, Kings Mountain, Lexington, Monroe, Rocky Mount, Shelby, and Wilson."

For purposes of the taxes imposed by N.C. Gen. Stat. § 105-164.4(a), the term "gross receipts" has the same meaning as the term "sales price" defined in N.C. Gen. Stat. § 105-164.3(37).

Use Tax Due

N.C. Gen. Stat. § 105-164.6(a) provides, in part, that "[a]n excise tax is imposed on tangible personal property purchased inside or outside this State for storage, use, or consumption in this State." A gas city that stores, uses, or consumes piped natural gas is liable for accruing and remitting use tax to the Department at the 7.00% combined general rate of sales and use tax on the gross receipts derived from purchases of piped natural gas billed on or after July 1, 2015 unless such purchases are purchased for resale by a gas city.

Reporting of the Tax

Effective July 1, 2015, a gas city should report its taxable gross receipts derived from retail sales of piped natural gas sourced to this State pursuant to N.C. Gen. Stat. § 105-164.4B(a) and its purchases of piped natural gas received for storage, use, or consumption in the State at the 7.00% combined general rate of tax on Line 4 of [Form E-500E, Utility and Liquor Sales and Use Tax Return](#), available on the Department's website, www.ncdor.gov.

Other Resources and Exemptions

The application of sales and use tax to the gross receipts derived from sales of piped natural gas was addressed in the [Important Notice: Gross Receipts Derived from Sales of Piped Natural Gas](#) published on June 27, 2014 and revised on July 2, 2014. The same exemptions from sales and use tax for the gross receipts derived from sales of piped natural gas for a qualifying farmer, conditional farmer, manufacturing facility, and commercial laundry and pressing or dry cleaning establishments discussed in that notice may also apply to sales of piped natural gas by gas cities.

Assistance

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in 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 regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.