



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

**IMPORTANT NOTICE: SALES AND USE TAX
REFUND FOR INTERSTATE CARRIERS**

Effective June 12, 2018, N.C. Gen. Stat. § 105-164.14(a)(2) is amended by Session Law 2018-5 to provide an applicant for refund shall furnish information regarding “[t]he purchase price of the *taxable* [emphasis added] items listed in [N.C. Gen. Stat. § 105-164.14(a)(1)].” Additionally, “*the term ‘taxable’ is based on the imposition of tax on the items and services in the State.*” [emphasis added] The amendment clarifies that qualifying items and services purchased by an interstate carrier must be taxable in North Carolina to be eligible for a refund pursuant to N.C. Gen. Stat. § 105-164.14(a). Qualifying purchases include purchases of railway cars; locomotives; fuel; lubricants; repair parts; accessories; service contracts; and repair, maintenance, and installation services for a motor vehicle, railroad car, locomotive, or airplane the carrier operates.

Example: An interstate carrier purchases a motor vehicle service contract and pays the applicable sales tax to another state on the purchase. If purchased in North Carolina, the motor vehicle service contract would not be subject to North Carolina sales and use tax. Qualifying purchases reflected by the interstate carrier on Line 4 of Form E-581, Interstate Carrier Claim for Refund State, County, and Transit Sales and Use Taxes, can only include items and services that are taxable in North Carolina. The interstate carrier cannot include the purchase price of the motor vehicle service contract in its claim for refund because such is not taxable in North Carolina and is not a qualifying purchase eligible for refund.

Assistance

General questions regarding this notice should be directed to the Department at telephone number 1-877-252-3052 (toll-free).

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or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided.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.