



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

**IMPORTANT NOTICE: RETAILER MAY RECOVER
CERTAIN SALES AND USE TAX PAID**

Effective June 12, 2018, N.C. Gen. Stat. § 105-164.11B provides a retailer may recover the North Carolina sales and use tax paid on property or services if the retailer subsequently resells the property or services at retail, without the property or services being used by the retailer. A retailer entitled to recover North Carolina sales and use tax may reduce taxable receipts for the period in which the retail sale occurs by the taxable amount of the purchase price of the property or services resold. The recovery of tax allowed is not an overpayment of tax and, where such recovery is taken, a refund or credit for the tax originally paid shall not be requested pursuant to the authority under N.C. Gen. Stat. § 105-164.11. Any amount of sales and use tax recovered under N.C. Gen. Stat. § 105-164.11B in excess of tax due for a reporting period is not subject to refund. The excess sales and use tax recovered for a reporting period may be carried forward to a subsequent reporting period and taken as an adjustment to taxable receipts on the sales and use tax return for the subsequent reporting period.

The records of a retailer who reduces taxable receipts pursuant to N.C. Gen. Stat. § 105-164.11B must clearly reflect and support the adjustment to taxable receipts for the period in which the adjustment is made. The retailer's records must include the sales invoice or similar billing document given to its customer at the time of the sale or other such records that identifies the item(s) sold. Additionally, the retailer must maintain in its records the corresponding purchase invoice or other statement reflecting the purchase price and North Carolina sales or use tax paid on the item(s) resold. Failure of a retailer to keep records that establish a retailer qualifies for a recovery of sales and use tax originally paid to a seller disqualifies the retailer from recovering the sales and use tax originally paid. A retailer is liable for any additional tax, applicable penalties, and applicable interest for any adjustments made to taxable receipts that are not substantiated by adequate books and records.

Assistance

Questions about this notice can 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.