



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

IMPORTANT NOTICE: PROHIBITED USES FOR GENERAL DIRECT PAY PERMIT

Effective June 12, 2018, N.C. Gen. Stat. § 105-164.27A(a), as amended, clarifies that a general direct pay permit “does not apply to taxes imposed under [N.C. Gen. Stat. §] 105-164.4 on sales of electricity, piped natural gas, video programming, spirituous liquor, or the gross receipts derived from rentals of accommodations.” A direct pay permit can be issued to a taxpayer that purchases tangible personal property, digital property, and services whose tax status cannot be determined at the time of purchase for one of the following reasons:

- (1) The place of business where the item will be stored, used, or consumed in the State* is not known at the time of the purchase and a different tax consequence applies depending on where the item is used in the State*.
- (2) The manner in which the item will be stored, used, or consumed in the State is not known at the time of the purchase and one or more of the potential uses is taxable but others are not taxable in the State*.

As a reminder, a general direct pay permit holder must pay the taxes or fee listed below directly to retailers.

- (1) State and local sales taxes levied on sales of prepared meals and beverages.
- (2) State and local sales taxes levied on gross receipts derived from the rental of an accommodation.
- (3) Sales taxes levied on electricity, piped natural gas, video programming, spirituous liquor, qualified jet engine, telecommunications services or ancillary services and direct mail.
- (4) Highway use taxes or alternate highway use taxes paid on the purchase, lease, or rental of motor vehicles.
- (5) Scrap tire disposal tax levied on new tires.
- (6) Occupancy taxes levied and administered by local governments in the State.
- (7) Prepared food and beverage taxes levied by local governments in the State.
- (8) White goods disposal tax levied on new white goods.
- (9) Dry-cleaning solvent tax levied on dry-cleaning solvent purchased by a dry-cleaning facility.
- (10) 911 service charge for prepaid wireless telecommunications service.

* This change is consistent with the removal of the statutory exclusions from the definition of “storage” effective January 1, 2017.

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.