

Form E-554 Consumer Use Tax Return

General Information and Instructions

North Carolina use tax is due by individuals on tangible personal property and certain digital property purchased, leased, or rented inside or outside this State for storage, use, or consumption in North Carolina. Use tax is due on taxable services sourced to North Carolina. **Individuals must pay use tax to the Department when retailers or facilitators do not collect tax on taxable transactions.** An individual who purchases a boat or an aircraft must report the tax on Form E-555, Boat and Aircraft Use Tax Return, available on the Department's website at http://www.dornc.com/downloads/forms_trad.php?url=E555.pdf.

If you make taxable purchases on which you owe use tax during a year, you must include the use tax on your North Carolina Individual Income Tax Return. If you are not required to file a North Carolina Individual Income Tax Return, you must file this form and pay the amount due by April 15 of the following year. Forms filed after the due date are subject to penalty and interest.

Retailers or facilitators that are not "engaged in business" in this State are not required to collect North Carolina sales and use tax. Some out-of-state retailers or facilitators voluntarily collect North Carolina use tax as a convenience to their customers. Retailers or facilitators that are not "engaged in business" may include mail-order companies, television shopping networks, and firms selling over the internet.

Common items on which sales and use tax may not have been collected and where use tax may be due by the purchaser include, but are not limited to:

- Tangible personal property including, but not limited to:
 - Computers and other electronic equipment;
 - Home furnishings;
 - Clothing;
 - Jewelry;
 - Sporting goods;
 - Audio compact discs (CDs), tapes, and records;
 - ATVs (All Terrain Vehicles).
- Digital property, which includes the following when delivered or accessed electronically:
 - An audio work. Examples include, but are not limited to, ringtones, digital music, readings of books or other written materials, speeches, and other sound recordings.
 - An audio visual work. Examples include, but are not limited to, movies, motion pictures, musical videos, news and entertainment programs, and live events.
 - A book, magazine, newspaper, newsletter, report, or another publication.
 - A photograph or a greeting card.
- Prewritten software including electronic downloads of software.
- Purchases of or recharges of prepaid telephone calling cards and phones.
- Certain service contracts.
- Admission tickets to an entertainment activity purchased outside the State where admission to the activity may be gained in the State.

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Use blue or black ink to complete your return.

In the blocks provided, indicate the period covered by the return, your name, Social Security Number (SSN), address, county location, and telephone number. Use capital letters when entering your name and address.

- Line 1 - Enter amount of purchases subject to the 4.75% general State tax rate and compute the general State tax due by multiplying by 0.0475.
- Line 2 - Enter amount of purchases subject to the 2% food tax rate and compute the food tax due by multiplying by 0.02.
- Line 3 - Enter amount of purchases subject to the 2.00% county tax rate and compute the county tax due by multiplying by 0.02. The 2.00% county rate for purchases is effective January 1, 2016 through September 30, 2016 in all counties (except Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Durham, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes). The 2.00% county rate for purchases is effective October 1, 2016 through December 31, 2016 in all counties (except Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Cumberland, Davidson, Duplin, Durham, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Lee, Martin, Montgomery, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes).
- Line 4 - Enter amount of purchases subject to the 2.25% county tax rate and compute the county tax due by multiplying by 0.0225. The 2.25% county rate for purchases is effective January 1, 2016 through September 30, 2016 in only these counties: Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Durham, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes. The 2.25% county rate for purchases is effective October 1, 2016 through December 31, 2016 in only these counties: Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cherokee, Cumberland, Davidson, Duplin, Durham, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Jackson, Lee, Martin, Montgomery, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, and Wilkes.
- Line 5 - Enter amount of purchases subject to the 0.50% Transit sales and use tax rate and compute the transit tax due by multiplying by 0.005. The 0.50% Transit rate for purchases is effective January 1, 2016 through December 31, 2016 in only these counties: Durham, Mecklenburg, and Orange.
- Line 6 - Enter amount of State, county, and transit tax due by adding Lines 1 through 5.
- Line 7 - Enter amount of tax legally due and properly paid to another state on the purchase amounts reflected on Lines 1 through 5 above. If you paid a sales tax on products in the other state, you are entitled to a tax credit for the state tax legally due and properly paid against your State use tax liability in North Carolina and any local tax legally due and properly paid against your local use tax liability in North Carolina.
- Line 8 - Subtract Line 7 from Line 6 and enter the result.
- Line 9 - If the return is filed after the due date, compute penalty of 5% per month of the Tax Due shown on Line 8 for each month the return is late. The maximum penalty for late filing is 25% of the State, county, and transit tax due. If the tax is not paid when due, an additional penalty of 10% of the Tax Due shown on Line 8 will be added for failure to pay.
- Line 10 - If the return is filed after the due date, compute the applicable interest. Contact the Department of Revenue for the current interest rate.
- Line 11 - Add Lines 8, 9, and 10 and enter the sum.

Please do not staple, tape, or paper clip your payment to the return. Make check payable in U.S. currency to N.C. Department of Revenue. Mail this return with your payment to the address on the return.

Additional information may be obtained from the Department's website at www.dornrc.com or from the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).