

## Additional Instructions for Form E-585S

Form E-585S, Incentive Claim for Refund of State, County, and Transit Sales and Use Taxes, is used for the following types of refunds:

- **Major Recycling Facility** – Annual refunds are allowed for sales and use taxes paid on building materials, building supplies, fixtures, and equipment that become a part of the real property of the major recycling facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. A request for a refund is due within six months after the end of the State's fiscal year.
- **Eligible Railroad Intermodal Facility** – Annual refunds are allowed for the owner or lessee of an eligible railroad intermodal facility, as defined in G.S. 105-129.95, for sales and use taxes paid on building materials, building supplies, fixtures, and equipment that become a part of the real property of the facility. Liability incurred indirectly by the owner or lessee of the facility for sales and use taxes on these items is considered tax paid by the owner or lessee. A request for a refund is due within six months after the end of the State's fiscal year. **This refund provision is repealed for purchases made on or after January 1, 2038.**
- **Professional Motorsports Team** – A professional motorsports racing team or a related member of the team as defined in G.S. 105-130.7A is allowed an annual refund of 50% of the sales and use taxes paid in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motor sports vehicle. "Accessories" includes instrumentation, telemetry, consumables, and paint. A request for a refund is due within six months after the end of the State's fiscal year. **This refund provision is repealed for purchases made on or after January 1, 2020.**

For a claim for refund filed within the statute of limitations, the Department must take one of the following actions within six months after the date the claim for refund is filed: (1) send the taxpayer a refund of the amount shown due on the claim for refund; (2) adjust the amount of the refund shown due and send the taxpayer a refund of the adjusted amount; (3) deny the refund and send the taxpayer a notice of proposed denial; or (4) request additional information from the taxpayer. If the Department does not take one of the actions within six months, the inaction is considered a proposed denial of the requested refund. A taxpayer who objects to a proposed denial of a refund may request a Departmental review of the proposed action by filing a request for review within the time provided in N.C. Gen. Stat. § 105-241.11. If the Department selects a claim for refund for examination, the taxpayer has the same rights that the taxpayer would have during an examination of a return by the Department.

If the Department determines that a claim for refund was not filed within the statute of limitations, the refund request will be denied and the Department will issue a notice of denied refund. If the taxpayer disagrees with the Department's determination, the taxpayer may file a petition for a contested tax case at the Office of Administrative Hearings ("OAH"). If the taxpayer elects to file a petition with OAH and the court ultimately finds that the Department's determination that the statute of limitations for requesting a refund had expired is incorrect, the case will be returned to the Department for further consideration. The Department's notice of denied refund will provide the appeal procedures a taxpayer must follow to contest the Department's determination. If a taxpayer elects not to file a petition with OAH, the Department's determination will be final.

Line by line instructions are included on page 2 of the additional instructions.

## Line by Line Instructions

### Part 1 - Lines 1 through 6 are to be completed for all refunds except Professional Motorsports Team or Related Member Refunds.

- Line 1 - If county and transit taxes included on this form were paid for only one county, enter the name of that county. If county and transit taxes were paid for more than one county, do not enter a county name on Line 1.
- Line 2 - Enter in the State column the total amount of refundable purchases of tangible personal property for use on which North Carolina State sales or use tax was paid to retailers. Enter in the County & Transit column the total amount of refundable purchases of tangible personal property for use on which county and transit sales or use tax was paid to retailers. Do not include the amount of tax paid on such purchases or purchases of items for resale.
- Line 3 - Enter in the State column the total amount of North Carolina State sales and use tax paid directly to retailers on refundable purchases for use, as shown on sales receipts or invoices. Enter in the County & Transit column the total amount of total county and transit sales and use tax paid directly to retailers on refundable purchases for use as shown on sales receipts or invoices.
- Line 4 - Enter in the State column the total amount of North Carolina State sales and use tax paid indirectly as shown on contractors' statements on qualifying purchases. Enter in the County & Transit column the total amount of county and transit sales and use tax paid indirectly as shown on contractors' statements on qualifying purchases.
- Line 5 - Enter in the State column the total amount of North Carolina State use tax paid on refundable purchases by your business to the Department on your sales and use tax returns. Enter in the County & Transit column the total amount of county and transit use tax paid on refundable purchases by your business to the Department on your sales and use tax returns.
- Line 6 - Add the State tax amounts on Lines 3, 4, and 5 and enter the total in the State column. Add the county and transit tax amounts on Lines 3, 4, and 5 and enter the total in the County & Transit Column. **If you paid county or transit tax in more than one county complete Form E-536R, Schedule of County Sales and Use Taxes for Claims for Refund, to identify the applicable rates and the individual counties to which tax was paid for the period.** Complete Lines 11 and 12 in Part 3.

### Part 2 - Lines 7 through 10 are for Professional Motorsports Team or Related Member Refunds only.

- Line 7 - If county and transit taxes included on this form were paid for only one county, enter the name of that county. If county and transit taxes were paid for more than one county, do not enter a county name on Line 1.
- Line 8 - Enter in the State column the total amount of refundable purchases of tangible personal property for use on which North Carolina State sales or use tax was paid. Enter in the County & Transit column the total amount of refundable purchases of tangible personal property for use on which county and transit sales or use tax was paid. Do not include the amount of tax paid on such purchases in the total amounts entered on Line 8.
- Line 9 - Enter in the State column the total amount of North Carolina State sales and use tax paid on refundable purchases. Enter in the County & Transit column the total amount of county and transit sales and use tax paid on refundable purchases.
- Line 10 - Multiply the amount in the State column on Line 9 by **50%** and enter the result. Multiply the amount in the County & Transit column on Line 9 by **50%** and enter the result. **If you paid county or transit tax in more than one county complete Form E-536R, Schedule of County Sales and Use Taxes for Claims for Refund, to identify the applicable rates and the individual counties to which tax was paid for the period.** Complete Lines 11 and 12 in Part 3.

### Part 3 - Lines 11 and 12 must be completed for all refunds.

- Line 11 - Add the State, County, and Transit taxes on Lines 6 and/or 10 and enter the total. This is the total amount of refund being requested.
- Line 12 - Allocate the amount of county and transit tax included on Lines 6 and/or 10 in the County & Transit column to the applicable rate. If county and transit tax was paid for more than one county, complete Form E-536R, Schedule of County Sales and Use Taxes for Claims for Refund, to identify the applicable rates and individual counties to which tax was paid for the period. The total amount of all entries on Form E-536R should equal the county and transit tax shown on Line 6 and/or 10.

***If you have questions about how to complete the form, you may call the Taxpayer Assistance and Collection Center toll-free at 1-877-252-3052.***