



**North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001**

Private Letter Rulings

In response to a request for specific advice under N.C. Gen. Stat. § 105-264(b), the Department may issue what it refers to as “private letter rulings.” A private letter ruling is binding on the Department and, if it is erroneous, relieves a taxpayer from tax otherwise due plus penalties and interest if the written advice is erroneous. For the purposes of the Department’s private letter ruling policy below, “taxpayer” includes any duly authorized representative of the taxpayer, including an attorney or tax professional.

In order to respond to requests for private letter rulings, the Department requires taxpayers to provide all information in writing. The following policy and procedures apply to private letter rulings:

1. The Department will not issue a private letter ruling to an unidentified taxpayer. A taxpayer must identify itself. In doing so, a taxpayer must provide its full legal name, address, phone number, and the social security number and/or taxpayer identification number. Whenever possible, the taxpayer should also identify any other parties interested in the transaction the taxpayer is inquiring about and provide their addresses, phone numbers, and social security numbers or taxpayer identification numbers. Additionally, a duly authorized representative of the taxpayer should provide a copy of its power of attorney.
2. A taxpayer must inquire about its own tax liability, not that of third parties. For example, a taxpayer should not inquire about the obligation of anybody other than the taxpayer itself to pay, collect or remit tax.
3. All businesses, whether represented or not, and other taxpayers who are represented by an attorney or tax professional must specify in writing their own interpretation of the applicable law and any supporting authority. Taxpayers that are not businesses and that are unrepresented are also encouraged to specify in writing their own interpretation of the applicable law and any supporting authority.
4. A taxpayer must identify all material facts relevant to its inquiry and provide copies of all documents relevant to the inquiry. For example, the Department will be unable to issue a private letter ruling if the taxpayer fails to provide a copy of a relevant contract underlying the taxpayer’s

inquiry or if the facts in the taxpayer's inquiry are too vague or speculative.

5. A taxpayer should be aware that, in requesting a private letter ruling, the Department may use information the taxpayer provides the Department for any purpose permitted by law.
6. In a request for a private letter ruling, to the fullest extent possible, a taxpayer should inquire about the application of only a single tax schedule. If a taxpayer has questions about the application of multiple tax schedules, it should submit separate written requests for each schedule.
7. In a request for a private letter ruling, a taxpayer should inquire about only single transactions. If a taxpayer has questions about multiple transactions, it should pose such questions in separate requests.
8. The Department cannot issue a private letter ruling about matters currently under audit, under review, in litigation, or otherwise involved in a disputed denial of deduction or claim for refund. A taxpayer must state in writing whether the taxpayer is currently under audit by or in litigation with the Department and specify the subject matter of that audit or litigation. Additionally, a taxpayer must identify any deduction or claim for refund the Department has denied the taxpayer which relates to the taxpayer's inquiry.
9. A private letter ruling has no binding effect on the Department with regard to any person other than the taxpayer who requested and received the ruling. No person other than the taxpayer who requested and received a private letter ruling can rely on it.
10. The Department may change a private letter ruling prospectively at any time. Further, a private letter ruling may be voided if the facts underlying the ruling change significantly, if the taxpayer failed to accurately describe or disclose all facts, if a final court decision changes the outcome, or if any applicable statute is amended or repealed.

If a taxpayer requests a private letter ruling but does not meet all of these requirements, the Department should inform the taxpayer of the requirements and not issue the ruling until the requirements are met.

Written Responses Offering General Information About Tax Issues of General Applicability

If a taxpayer, an association of taxpayers, or a tax professional asks for general information about a tax issue of general applicability, the Department may respond in writing.

The Department's responses to these requests are not binding on the Department and will not relieve a taxpayer from tax otherwise due.

A tax issue of general applicability includes: (1) questions about applicable tax rates; and (2) questions about tax matters *specifically* addressed in a statute, regulation, technical bulletin or Departmental or IRS publication.

If a written response would require the Department to interpret the law in a manner not specifically addressed in a statute, regulation, or Departmental or IRS publication, then the Department should advise the person requesting the written response to follow the procedure for requesting a private letter ruling.

Requests for Private Letter Rulings should be mailed to:

*Name of Taxing Division
(i.e. Corporate, Excise, and Insurance; Personal Taxes; Sales and Use Tax, etc.)
North Carolina Department of Revenue
PO Box 871
Raleigh, N.C. 27602-0871*