

**SECTION 3 - MANUFACTURING AND PROCESSING MACHINERY, ACCESSORIES AND MATERIALS****3-1 REPEAL OF SALES TAX ON MANUFACTURING AND PROCESSING MACHINERY**

**Effective January 1, 2006**, the 1% State rate of sales and use tax with a maximum tax of \$80.00 per article (if applicable) was repealed and replaced with a privilege tax at the same rate under Article 5F, Manufacturing Fuel and Certain Machinery and Equipment. The privilege tax is imposed on and paid by the purchaser directly to the Department of Revenue. The information previously contained in this section of the Technical Bulletins has been revised to reflect the imposition of the privilege tax and can now be found in Section 58.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-187.50; 105-187.51; 105-187.51A; 105-187.51B; 105-187.52; 105-264;  
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