

SECTION 48 - LOCAL GOVERNMENT SALES AND USE TAX**48-1 LOCAL SALES TAX IMPOSED**

All retailers “**engaged in business**” in North Carolina must collect and remit the applicable local sales tax on all retail sales subject to the general rate of State sales tax and on sales of food under G.S. 105-467 (a)(5), G.S. 105-467 (a)(5a), or G.S. 105-467 (a)(5b). For additional information regarding tax on food, refer to Section 19 of the Sales and Use Tax Technical Bulletins. The tax is due in the county where the purchaser or its delivery agent takes delivery of items purchased. For local sales tax purposes, when a purchaser or its delivery agent receives a product at the place of business of the retailer, the local sales tax is due in the county where the retailer’s business is located. When a retailer has places of business in more than one county, for local sales tax purposes, the county tax is collected for the county where the purchaser takes delivery of the items purchased, notwithstanding that the purchaser’s original order might have been submitted to or accepted by the retailer at a business location in another county. For property shipped to the purchaser at a location other than the retailer’s place of business, the county tax is collected for the county to which the property is shipped (destination county).

History Note: Authority G.S. 105-467; 105-264;
Issued: June 1, 1996;
Revised: December 1, 2008; March 1, 2007; February 1, 2004;
June 1, 2002.

48-2 LOCAL USE TAX IMPOSED**A. Use Tax on Items For Storage, Use, or Consumption**

1. A local use tax is levied on the purchase price of each item or article of tangible personal property or taxable service which is used, consumed, or stored for use or consumption in a taxing county and the use tax may be imposed only on those items of tangible personal property or taxable services upon which the State levies the general rate of use tax under G.S. 105-164.6 and on food under G.S. 105-467 (a)(5), G.S. 105-467 (a)(5a), or G.S. 105-467 (a)(5b). For additional information regarding tax on food, refer to Section 19 of the Sales and Use Tax Technical Bulletins. Every retailer engaged in business in this State and in the taxing county and required to collect the use tax levied by G.S. 105-164.6 shall also collect the applicable local use tax and remit same to the North Carolina Secretary of Revenue when such property is to be used, consumed, or stored in the taxing county. The use tax shall be levied against the purchaser and his liability for such tax shall be extinguished only upon his payment of the tax to the retailer, where the retailer has charged the tax, or to the Secretary of Revenue where the retailer has not charged the tax. Every person who purchases any taxable tangible personal property for use or consumption in a taxing county from vendors located outside North Carolina or outside the purchaser's county on which the local tax was not required to be collected by the vendors must report and remit the applicable use tax to the Secretary of Revenue.
2. Out-of-state retailers who are engaged in business in North Carolina and who collect use tax on sales to North Carolina residents shall ascertain the county of residence of each buyer and provide that information to the Department of Revenue along with any other information necessary for the purpose of properly allocating use tax proceeds to the correct taxing county.
3. Every retailer engaged in business in this State is required to collect the local use tax from its customers and remit the tax due to the Secretary of Revenue on sales delivered in a taxing county. For local use tax purposes, when a retailer delivers a product to a

purchaser in a location that is not the business location of the retailer, the county tax is collected for the county where the purchaser receives the product. The purchaser is also liable for the local use tax on the purchase if the tax is not collected by a retailer who is not engaged in business in North Carolina. If a retailer who is engaged in business in this State does not know the address where a product is received, the use tax is due in the county where the first address listed below is known to the seller:

- a. The business or home address of the purchaser;
 - b. The billing address of the purchaser, or for prepaid wireless calling service, the location associated with the mobile telephone number;
 - c. The address from which the tangible personal property was shipped or from which the service was provided.
- B. Where a local sales or use tax has been paid on tangible personal property or taxable service by the purchaser, either in another taxing county in North Carolina or in a taxing jurisdiction outside this State where the purpose of the tax is similar in purpose and intent to the local sales or use tax imposed in this State, the tax paid may be credited against the local use tax due. If the amount of local sales or use tax paid in another county or jurisdiction is less than the amount of tax due the county of storage, use or consumption, the purchaser shall pay to the Secretary of Revenue an amount equal to the difference between the amount of tax paid in the other taxing county or jurisdiction and the amount of use tax due. No credit shall be allowed for sales and use taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction does not allow a credit for local sales taxes paid in this State. The local use tax will not be subject to credit for payment of any state sales or use tax not imposed for the benefit and use of counties and municipalities.

History Note: Authority G.S. 105-264; 105-468; 105-469; 105-483; 105-498;
Issued: June 1, 1996;
Revised: December 1, 2008; March 1, 2007; February 1, 2004;
June 1, 2002; October 15, 1998; March 1, 1997.

48-3 APPLICATION OF LOCAL TAX

The following examples of transactions are intended to serve as guides in applying local sales or use tax to sales and purchases of tangible personal property in this State.

- A. Vendors Making Sales of Tangible Personal Property From a Place of Business in North Carolina**
1. A vendor making retail sales at its place of business must collect and remit the local sales tax on sales for the county where the place of business is located when the property is delivered to the customer at the vendor's place of business. A vendor making retail sales and shipping or delivering the property to the customer must charge tax for the county where the property is delivered.
 2. A vendor with a place of business in County A is liable for local sales tax in County A. If the vendor delivers the property to the purchaser's address in County B, the vendor should charge tax for County B.
 3. A vendor with places of business in Counties A and B receives an order at the location in County A. The order is forwarded to County B for approval and acceptance, is filled by

delivery from the location in County B, and delivered to the customer's address in County A. The vendor should charge tax for County A.

4. A vendor with a place of business in County A receives an order that is approved and accepted at the location in County A, but fills the order by delivery from a location in County B to the customer's address in County B. The vendor should charge tax for County B.
5. A vendor whose place of business is in County A receives an order from a customer in County B and the order is approved and accepted in County A, but delivery is made to the customer's address in County C. The County C address is the only address of the customer known to the vendor. The vendor should charge tax for County C.

B. Vendors Making Sales of Tangible Personal Property From a Place of Business Outside of North Carolina

1. An out-of-state vendor who is "**engaged in business**" in North Carolina, as the term is defined by G.S. 105-164.3(9), is required to collect the local tax on tangible personal property sold at retail for storage, use, or consumption by the purchaser. These transactions are considered as having occurred first at the delivery address of the purchaser. If the seller does not know the customer's delivery address, then the transactions are sourced in accordance with the principles set out in Section 51 of the Sales and Use Tax Technical Bulletins. The out-of-state vendor is required to collect the local sales or use tax, report the tax due, and furnish a breakdown by county of local tax collected so the Department can allocate the net distributable proceeds to the various counties.
2. An out-of-state vendor who is not "**engaged in business**" in North Carolina is not required to collect the North Carolina State or local sales or use tax.

C. Persons Leasing or Renting Tangible Personal Property

A lessor who leases or rents tangible personal property in North Carolina is "**engaged in business,**" as defined, and liable for the applicable State and local tax on the gross receipts derived from the lease or rental. The lessor is liable for collecting and remitting the local tax. For a lease or rental agreement that requires recurring periodic payments, the payments are sourced according to the principles set out in Sales and Use Tax Technical Bulletin 51-2 B.

D. Laundries, Dry Cleaning Plants, or Similar Businesses

1. A person who operates a laundry, dry cleaning plant, or similar business in a taxing county is liable for charging and remitting that county's sales tax only if the items being cleaned are picked up by or delivered to the customers in that county. Items that are cleaned in one county and delivered to customers in other counties in North Carolina are subject to the State and applicable county tax for the county where the serviced items are delivered. An "**independent operator**" who solicits business on his own account but engages a laundering, dry cleaning, or hat blocking firm or similar type business to perform the specified service is liable for collecting and remitting the applicable tax for the county where the serviced item is delivered to the customer.
2. A person who operates a laundry, dry cleaning plant, or similar business outside North Carolina and who picks up items from customers in a taxing county, cleans them at the cleaning plant outside this State and then returns them to the customers in the taxing

county, is liable for charging and remitting the taxing county's use tax on the receipts from such cleaning services.

History Note: Authority G.S. 105-164.3; 105-264; 105-467; 105-468; 105-483; 105-498;
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