

SECTION 50 – INCENTIVE REFUNDS**50-1 REFUNDS TO MAJOR RECYCLING FACILITIES****A. Refund Authorized by G.S. 105-164.14(g)**

G.S. 105-164.14(g) provides that the owner of a major recycling facility, as defined in G.S. 105-164.3(19), is allowed an annual refund of sales and use taxes paid by it under Article 5 of the Revenue Laws on building materials, building supplies, fixtures, and equipment that become a part of the real property of the recycling facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner.

B. Due Date of Refund Claim

A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the major recycling facility's fiscal year. Refunds applied for after the due date are barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund.

C. Exemptions and Rate of Tax

For information on exemptions and the privilege tax for major recycling facilities, refer to Sales and Use Tax Technical Bulletin 59-16.

History Note: Authority G.S. 105-164.3; 105-164.14; 105-264;
Issued: July 1, 2005;
Revised: September 1, 2007.

50-2 REFUNDS TO LOW ENTERPRISE OR DEVELOPMENT TIER BUSINESSES**A. Refund Authorized by G.S. 105-164.14(h)**

G.S. 105-164.14(h) authorizes an annual refund to low enterprise tier businesses for certain State and local sales and use tax paid on machinery and equipment. These refunds are effective January 1, 2000 and apply to taxes paid on or after that date. **Effective January 1, 2007**, the refund provisions also apply to eligible businesses in a development tier one area.

B. Refund Amount and Period

The tax for which a refund can be claimed is State sales and use tax paid at the general rate of State tax plus any applicable local sales and use tax paid. Tax paid at the rate of 1%, with or without an \$80.00 cap, or at any other rate that is not the general rate of State tax is not eligible for a refund. Tax paid on machinery and equipment used in an enterprise tier one or an enterprise tier two area or, **effective January 1, 2007**, in a development tier one area qualifies for a refund. Tax liability incurred indirectly for tax paid on this machinery and equipment also qualifies for a refund.

The annual refund period is the State's fiscal year, which is from July 1st through June 30th. A claim for refund for a fiscal year is due by December 31st following the close of the fiscal year. A refund claim filed after the December 31st due date cannot be accepted; G.S. 105-164.14(h) prohibits the Department from accepting a late claim for refund.

C. Eligible Businesses

1. A taxpayer is eligible for a refund if the taxpayer is engaged primarily in one of the businesses listed in G.S. 105-129.4(a) and the business is located in an enterprise tier one or an enterprise tier two area. The businesses listed are defined in the North American Industry Classification System (NAICS) and are the same businesses that qualify for the Article 3A tax credits. Subject to criteria set out in G.S. 105-129.4, they are:
 - a. air courier services;
 - b. aircraft facilities that create at least 40 new jobs;
 - c. central offices that create at least 40 new jobs;
 - d. computer services;
 - e. customer service centers whose primary business is telecommunications or financial services and that is located in an enterprise tier one or two area;
 - f. data processing;
 - g. electronic mail order houses that create at least 250 new jobs and are located in an enterprise tier one or two area;
 - h. manufacturing;
 - i. research and development;
 - j. warehousing; and
 - k. wholesale trade.

2. A taxpayer is eligible for a refund if the taxpayer is engaged primarily in one of the businesses listed in G.S. 105-129.83(a) and the business is located in an a development tier one area. The businesses listed are defined in the North American Industry Classification System (NAICS) and are the same businesses that qualify the Article 3J tax credits. Subject to criteria set out in G.S. 105-129.83(a), they are:
 - a. air courier services hub;
 - b. aircraft maintenance and repair;
 - c. company headquarters subject to eligibility requirements set out in G.S. 105-129.83(b);
 - d. customer service call centers;
 - e. electronic shopping and mail order houses;
 - f. information technology and services;
 - g. manufacturing;
 - h. motorsports facility;
 - i. motorsports racing team;
 - j. research and development;
 - k. warehousing; and
 - l. wholesale trade.

D. Tier Designation

1. Enterprise Tier Designation

An enterprise tier one or tier two area consists of any county that is designated as a tier one or tier two area by the Secretary of Commerce in accordance with G.S. 105-129.3. There are five enterprise tiers. Each year, before December 31st, the Secretary of Commerce assigns each county in the State to one of the five enterprise tiers based on a formula. Enterprise tier designations are listed on the Department of Commerce's website.

The enterprise tier designation of a county can change each calendar year. Consequently, a business can be in an enterprise tier one or two area for all, part, or none of the July 1st through June 30th refund period. If a business is in an enterprise tier one or two area for only part of the refund period, the business is eligible for a refund of

taxes paid while it was designated as a tier one or two area. For example, if a business is in an enterprise tier two area for calendar year 2003 and is in an enterprise tier three area for calendar year 2004, the refund claim of the business for the period from July 1, 2003 through June 30, 2004 can include only tax paid from July 1, 2003 through December 31, 2003. Conversely, if a business is in an enterprise tier three area for calendar year 2003 and is in an enterprise tier two area for calendar year 2004, the refund claim of the business for the period from July 1, 2003 through June 30, 2004 can include only tax paid from January 1, 2004 through June 30, 2004.

For purposes of the sales and use tax refund for tier one and tier two businesses, a development zone has the same tier designation as the county in which the zone is located. A development zone is not automatically considered an enterprise tier one or tier two area for purposes of the sales and use tax refund.

2. Development Tier Designation

A development tier one area is a county designated as such by the Secretary of Commerce in accordance with G.S. 143B-437.08. There are three development tiers. Each year, on or before November 30, the Secretary of Commerce assigns each county in the State to one of the three development tiers based on certain development factors. Development tier designations are in effect only for the calendar year following the designation; the designations are listed on the Department of Commerce's website.

The development tier designation of a county can change each calendar year. Consequently, a business can be in a development tier one area for all, part, or none of the July 1st through June 30th refund period. If a business is in a development tier one area for only part of the refund period, the business is eligible for a refund of taxes paid while it was designated as a tier one area. For example, if a business is in a development tier one area for calendar year 2007 and is in a development tier two area for calendar year 2008, the refund claim of the business for the period from July 1, 2007 through June 30, 2008 can include only tax paid from July 1, 2007 through December 31, 2007. Conversely, if a business is in a development tier two area for calendar year 2007 and is in a development tier one area for calendar year 2008, the refund claim of the business for the period from July 1, 2007 through June 30, 2008 can include only tax paid from January 1, 2008 through June 30, 2008.

E. Machinery and Equipment

The term “**machinery and equipment**” means engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. 105-129.4(a) or, **effective January 1, 2007**, G.S. 105-129.83(a). Tax paid on this machinery and equipment is eligible for the refund if the taxpayer places the machinery and equipment into service in an enterprise tier one or tier two area or, **effective January 1, 2007**, a development tier one area, capitalizes the machinery and equipment for income tax purposes, and does not lease the machinery and equipment to another party.

F. Procedure for Requesting Refund

To claim a refund, a taxpayer must complete **Form E-585S, Incentive Claim for Refund, State and County Sales and Use Taxes**, and submit it to the North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001. Form E-585S is available on the Department's website by calling the Department of Revenue's Forms Line at 1-877-252-3052.

History Note: Authority: G.S. 105-129; 105-164.4; 105-164.6; 105-164.14; 105-264;
Issued: July 1, 2005;
Revised: January 15, 2009; September 1, 2007.

50-3 REFUNDS TO NONPROFIT INSURANCE COMPANIES**A. Refund Authorized by G.S. 105-164.14(i)**

Eligible nonprofit insurance companies may file for an annual refund of sales and use taxes paid on building materials, building supplies, fixtures, and equipment that become part of its real property. Liability incurred indirectly on these items is considered tax paid by the company.

B. Due Date of Refund Claim

The refund claim is due within six months after the end of the insurance company's fiscal year. Refunds applied for after the due date are barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund.

C. Eligibility

An insurance company is eligible for the refund provided it meets the following conditions:

1. It is a nonprofit corporation.
2. It is operated for the exclusive purpose of providing insurance and annuity contracts to or for the benefit of organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and their employees or public institutions and their employees.
3. The company must invest at least \$20 million in constructing a facility in the State for the conduct of its operations.

D. Forfeiture

If an insurance company does not make the required minimum investment within five years after its first refund, it loses its eligibility and forfeits all refunds already received. It becomes liable for tax equal to the amount of all past taxes refunded plus interest and, in some cases, penalty.

E. Expiration

The refund expires January 1, 2008 for tax paid on or after that date.

History Note: Authority G.S. 105-164.14; 105-264;
Issued: July 1, 2005;
Revised: September 1, 2007.

50-4 REFUNDS TO CERTAIN INDUSTRIAL FACILITIES**A. Refund Authorized by G.S. 105-164.14(j)**

G.S. 105-164.14(j) allows an annual refund to the owner of an eligible facility of sales and use taxes paid by it on building materials, building supplies, fixtures, and equipment that become a part of the real property of the eligible facility. The building materials, building supplies, fixtures, and equipment must be installed in the construction of the facility; taxes paid on purchases for subsequent repair, renovation, or equipment replacement are not eligible for refund. Liability indirectly incurred by the owner for sales and use taxes on these items is considered tax paid by the owner.

B. Due Date of Refund

A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund.

C. Eligibility

1. Investment

The Secretary of Commerce must certify that the owner of the facility will invest the required amount of private funds to construct the facility in North Carolina. The required amount is fifty million dollars (\$50,000,000) if the facility is located in an enterprise tier one, two, or three area and one hundred million dollars (\$100,000,000) for all other facilities. (**Effective January 1, 2007**, "an enterprise tier one, two, or three area" is replaced with "a development tier one area" as defined in G.S. 143B-437.08.) Costs of construction may include costs of acquiring and improving land for the facility and cost of equipment for the facility. **Effective January 1, 2005**, in the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61; the term "facility" has the same meaning as under G.S. 105-129.61.

If the facility is primarily engaged in solar electricity generating materials manufacturing, the business satisfies a wage standard at the facility. The wage standard is equal to one hundred five percent (105%) of the lesser of the average weekly wage for all insured private employers in the State and the average weekly wage for all insured private employers in the county. A business satisfies the wage standard if it pays an average weekly wage that is at least equal to the amount received by this subdivision. In making the wage calculation, the business must include any jobs that were filled for at least 1,600 hours during the calendar year.

2. Qualifying Industries

The refund provisions apply to the following industries:

- a. **Air Courier Services (Effective August 1, 2005).** Air courier services has the same meaning as in G.S. 105-129.2.
- b. **Aircraft Manufacturing.** Aircraft manufacturing means manufacturing or assembling complete aircraft.

Effective July 1, 2007, aircraft manufacturing means the manufacturing or assembling of complete aircraft or of aircraft engines, blisks, fuselage sections, flight decks, flight deck systems or components, wings, fuselage fairings, fins, moving leading and trailing wing edges, wing boxes, nose sections, tailplanes, passenger doors, nacelles, thrust reversers, landing gear, braking systems, or any combination thereof.
- c. **Bioprocessing.** Bioprocessing means biomanufacturing or processing that includes the culture of cells to make commercial products, the purification of biomolecules from cells, or the use of these molecules in manufacturing.
- d. **Computer Manufacturing.** Computer manufacturing means manufacturing or assembling electronic computers, such as personal computers, workstations, laptops, and computer servers. The term includes the assembly or integration of processors, coprocessors, memory, storage, and input/output devices into a user-programmable final product. The term does not include manufacturing or assembling computer peripheral equipment, such as storage devices, printers, monitors, input/output devices, and terminals.

Effective January 1, 2005, “computer manufacturing” means manufacturing or assembling electronic computers, such as personal computers, workstations, laptops, and computer servers. The term includes the assembly or integration of processors, coprocessors, memory, storage, and input/output devices into a user-programmable final products. The term includes manufacturing or assembling computer peripheral equipment, such as storage devices, printers, monitors, input/output devices, and terminals only if the manufacture or assembly of this peripheral equipment occurs at a facility or campus at which the taxpayer also manufactures or assembles electronic computers.

- e. **Motor Vehicle Manufacturing.** Motor vehicle manufacturing means any of the following:
- (1) Manufacturing complete automobiles and light-duty motor vehicles.
 - (2) Manufacturing heavy-duty truck chassis and assembling complete heavy-duty trucks, buses, heavy-duty motor homes, and other special purpose heavy-duty motor vehicles for highway use.
 - (3) Manufacturing complete military armored vehicles, nonarmored military universal carriers, combat tanks, and specialized components for combat tanks.
- f. **Pharmaceutical and Medicine Manufacturing and Distribution of Pharmaceuticals and Medicines.** Pharmaceutical and medicine manufacturing means any of the following:
- (1) Manufacturing biological and medicinal products. (A biological product is a preparation that is synthesized from living organisms or their products and used medically as a diagnostic, preventive, or therapeutic agent. Bacteria, viruses, and their parts are considered living organisms.)
 - (2) Processing botanical drugs and herbs by grading, grinding, and milling.
 - (3) Isolating active medicinal principals from botanical drugs and herbs.
 - (4) Manufacturing pharmaceutical products intended for internal and external consumption in forms such as ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions.
- g. **Semiconductor Manufacturing.** Semiconductor manufacturing means development and production of semiconductor material, devices, or components.
- h. **Financial Services, Securities Operation, and Related Systems Development (Effective July 1, 2006).** Financial services, securities operations, and related systems development means one or both of the following:
- (1) Performing analysis, operations, trading, or sales functions for investment banking, securities dealing and brokering, securities trading and underwriting, investment portfolio/mutual fund management, retirement services, or employee benefit administration.
 - (2) Developing information technology systems and applications, managing and enhancing operating applications and databases, or providing, operating, and maintaining telecommunications networks and distributed and mainframe computing resources for investment banking, securities dealing and brokering, securities trading and underwriting, investment portfolio/mutual fund management, retirement services, or employee benefit administration.

- i. **Solar Energy Generating Materials Manufacturing. Effective July 1, 2008,** solar energy generating materials manufacturing means one or more of the following:
 - (1) Photovoltaic materials or modules used in producing electricity,
 - (2) Polymers or polymer films primarily intended for incorporation into photovoltaic materials or modules used in producing electricity.

D. Forfeiture

The facility loses its eligibility and the owner forfeits all refunds already received if the owner does not make the required minimum investment within five years after the first refund with respect to the facility. The owner will be required to pay to the Department within 30 days after the date of the forfeiture an amount equal to the total tax previously refunded plus interest computed from the date each refund was issued. Failure to pay the tax and interest will subject the owner to penalties.

E. Expiration

The refund provision is repealed for sales made on or after January 1, 2013.

History Note: Authority G.S. 105-129; 105-164.14; 105-264;
Issued: July 1, 2005;
Revised: January 15, 2009; September 1, 2007.

50-5 REFUNDS TO PROFESSIONAL MOTORSPORTS RACING TEAMS AND MOTORSPORTS SANCTIONING BODIES

A. Aviation Fuel (Effective For Purchases Made on or After January 1, 2005)

1. **Definition of “Professional Motorsports Racing Team” (Effective July 1, 2007)**
G.S. 105-164.3(30a) provides that a “**professional motorsports racing team**” is a racing team that meets all of the following conditions:
 - a. The team is operated for profit.
 - b. A majority of the team’s revenues is derived from sponsorship of the racing team and prize money.
 - c. The team competes in at least 66% of the races sponsored in a single season by a motorsports sanctioning body.
2. **Refund Authorized by G.S. 105-164.14(l)**
G.S. 105-164.14(l) allows a professional motorsports racing team or a motorsports sanctioning body an annual refund of sales and use tax paid by it in North Carolina on aviation fuel that is used to travel to or from a motorsports event in North Carolina, to travel to a motorsports event in another state from a North Carolina location, or to travel to North Carolina from a motorsports event in another state. A “**motorsports event**” includes a motorsports race, a motorsports sponsor event, and motorsports testing.
3. **Due Date of Refund Claim**
A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due by December 31 for the prior fiscal year ending June 30. Refunds applied for after the due date are barred. **Form E-588A, Incentive Claim for Refund for Aviation Fuel for Motorsports State and County Sales and Use Taxes**, is the form to be used in claiming this refund.
4. **Expiration**

The refund provision is repealed effective for purchases made on or after January 1, 2011.

B. Professional Motor Racing Vehicle Components (Effective For Purchases Made on or After July 1, 2007)

1. Refund Authorized by G.S. 105-164.14(m)

G.S. 105-164.14(m) allows a professional motorsports racing team, as defined in Sales and Use Tax Technical Bulletin 50-5 A.1., an annual refund of 50% of the sales and use taxes paid in this State on certain tangible personal property that comprises any part of a professional motor racing vehicle. The refund provision does not apply to tires or to accessories such as instrumentation, telemetry, consumables, and paint.

2. Due Date of Refund Claim

A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due by December 31 for the prior fiscal year ending June 30. Refunds applied for after the due date are barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund. There is no expiration date for this refund provision.

3. Items Comprising a Part of a Professional Motor Racing Vehicle

The items listed are considered to be “**tangible personal property that comprise part of a professional motor racing vehicle,**” and 50% of the tax paid on these items are subject to refund. The list is for illustrative purposes and is not intended to be all-inclusive.

- a. automotive parts;
- b. axles;
- c. batteries;
- d. bumpers;
- e. chassis;
- f. engines;
- g. seats;
- h. sheet metal;
- i. steering wheels;
- j. transmissions; and
- k. wheels.

4. Items Not Comprising a Part of a Professional Motor Racing Vehicle

The items listed are considered “**accessories,**” and the tax paid on these items cannot be included in the claim for refund. The list is for illustrative purposes and is not intended to be all-inclusive.

- a. brake fluid;
- b. cameras;
- c. decals;
- d. driver comfort equipment (drink bottle holder, cooling unit, hans devices, heat-resistant pads, etc.);
- e. fuel;
- f. grease and other lubricants;
- g. instrumentation (gauges, etc.);
- h. Locktite;
- i. motor oil;
- j. paint;

- k. radios;
- l. shop supplies;
- m. tearoffs;
- n. telemetry;
- o. telemetry sensors;
- p. tools;
- q. track equipment; and
- r. welding gas.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-264;
Issued: September 1, 2007;
Revised: January 15, 2009.

50-6 REFUNDS FOR UTILITY COMPANIES (EFFECTIVE JULY 1, 2006)

A. Refund Authorized by G.S. 105-164.14(a2)

A utility company is entitled to a refund of part of the sales and use tax paid by it on the purchase in North Carolina of railway cars and locomotives and accessories for a railway car or locomotive the utility company operates.

B. Information to be Furnished by Utility Company

When applying for a refund, the utility must furnish the following information and any proof of the information that the Secretary requires:

1. A list identifying the railway cars, locomotives, and accessories purchased by the applicant inside or outside North Carolina during the refund period;
2. The purchase price of the railway cars, locomotives, and accessories;
3. The sales and use taxes paid in North Carolina on the listed items;
4. The number of miles the applicant's railway cars and locomotives were operated both inside and outside North Carolina during the refund period; and
5. Any other information the Secretary requires.

B. Computation of Refund

1. The Secretary shall determine the ratio of the number of miles the utility operated its railway cars and locomotives in this State during the refund period to the number of miles it operated them both inside and outside this State during the refund period.
2. The Secretary shall determine the utility's proportional liability for the refund period by multiplying this mileage ratio by the purchase price of the railway cars, locomotives, and accessories purchased during the refund period and then multiplying the resulting product by the tax rate that would have applied to the items if they had all been purchased in this State.
3. The Secretary shall refund to each applicant the excess of the amount of sales and use taxes the applicant paid in this State during the refund period on these items over the applicant's proportional liability for the refund period.

D. Due Date of Refund Claim

Claims for refund are due semiannually. A claim for refund of taxes paid during the first six months of a calendar year is due to be filed by October 15 of that year. A claim for refund of taxes paid during the last six months of a calendar year is due to be filed by April 15 of the

following year. A refund claim filed more than 3 years after the due date cannot be accepted. **Form E-588C, Utility Company Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund and can be found on the Department's website.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.14; 105-264;
Issued: January 15, 2009.

50-7 EXEMPTION AND REFUNDS FOR ELIGIBLE RAILROAD INTERMODAL FACILITY (EFFECTIVE JANUARY 1, 2007)

A. Definitions

“Costs of Construction”

The costs of acquiring and improving land, constructing buildings and other structures, and equipping the facility. In the case of property owned or leased by the taxpayer, cost is determined pursuant to regulation adopted under section 1012 of the Code.

“Eligible Railroad Intermodal Facility”

An “eligible railroad intermodal facility” is defined as a railroad intermodal facility whose costs of construction exceed thirty million dollars (\$30,000,000).

“Intermodal Facility”

A facility where freight is transferred from one mode of transportation to another.

“Railroad Intermodal Facility”

An intermodal facility whose primary purpose is to transfer freight between a railroad and another mode of transportation.

B. Exemption Authorized by G.S. 105-164.13(56)

Sales to the owner or lessee of an eligible railroad intermodal facility of intermodal cranes, intermodal hostler trucks, and railroad locomotives that reside on the premises of the facility and are used at the facility are exempt from sales and use tax.

C. Refunds Authorized by G.S. 105-164.14(o)

The owner or lessee of an eligible railroad intermodal facility is entitled to an annual refund of sales and use taxes paid by the owner or lessee (including liability incurred indirectly) on 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 tax on these items is considered tax paid by the owner or lessee.

D. Due Date of Refund Claim

A refund request is due by December 31 for the prior fiscal year ending June 30; a refund applied for after the due date is barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund. This form can be obtained from the North Carolina Department of Revenue website

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.14; 105-264;
Issued: January 15, 2009.

50-8 REFUND FOR ANALYTICAL SERVICE (EFFECTIVE JANUARY 1, 2007)

A. Definition

“Analytical Services”

Testing laboratories that are included in national industry 541380 of NAICS or medical laboratories that are included in national industry 621511 of NAICS.

B. Refund Authorized by G.S. 105-164.14 (n)

A taxpayer engaged in analytical services in this State is allowed a refund of sales and use tax paid by it in this State. The amount of the refund is the greater of the following:

1. Fifty percent (50%) of the eligible amount sales and use tax paid by it on tangible personal property that is consumed or transformed in analytical service activities. The eligible amount of sales and use tax paid by the taxpayer in this State is the amount by which sales and use taxes paid by the taxpayer in this State in the fiscal year exceed the amount paid by the taxpayer in this State in the 2006-2007 State fiscal year.
2. Fifty percent (50%) of the amount of sales and use tax paid by it in the fiscal year on medical reagents.

C. Due Date of Refund Claim

A refund request is due by December 31 for the State's fiscal year ending June 30; a refund applied for after the due date is barred. **Form E-585S, Incentive Claim for Refund State and County Sales and Use Taxes**, is the form to be used in claiming this refund and can be found on the Department's website.

D. Examples

Tangible personal property is considered consumed or transformed in analytical services after its first use in analytical service activities and the purchaser cannot reuse it. If a purchaser is able to clean, sterilize, or perform another activity that would allow an item to be reused, the property does not constitute an item eligible for the refund. An example of tangible personal property that is consumed in analytical services is a pregnancy test strip. Once a small amount of urine is placed on a pregnancy test strip, the pregnancy strip has been consumed and is no longer valid for any other pregnancy tests. Other examples of items that can be transformed or consumed in the analytical services process include: pipette tips, cotton swabs, stir sticks, syringes, needles, and disposable gloves.

Medical reagents include any chemical or biological substance, compound or substrate used in vitro (for example, a test tube or other artificial setting) to produce medical test results in association with medical assessments or examinations that contribute to the diagnosis, treatment or prevention of human disease. Eligible medical reagents include reagents actively used in the production of medical test results, in the calibration of equipment in the medical test process, or as a control agent in the medical test process.

If a test kit or other bundle of products containing medical reagents and other tangible personal property is sold for a single charge, the value of the medical reagents must be compared to the value of the other items. If the sales price of the medical reagents is more than 90% of the sales price of a test kit or other bundle of products, the entire charge for the test kit or bundle of products is eligible for inclusion for the purposes of calculating the amount of refund due. If the sales price of the medical reagents is 90% or less than the sales price of a test kit or other bundle of products, the charge for the test kit or bundle of products is not eligible for inclusion on the claim for refund. Purchasers should compare the usual and customary sales price of medical reagents and other articles of tangible personal property when sold separately in determining the respective portions of a test kit or other bundle of products.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.14; 105-264;
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