

June 1, 2005

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

IMPORTANT INFORMATION REGARDING THE SALES TAX HOLIDAY

G.S. 105-164.13C authorizes a sales tax holiday in North Carolina. For 2005, the sales tax holiday will begin at 12:01 a.m. on Friday, August 5th and end at 11:59 p.m. on Sunday, August 7th. There are several changes that will be effective for the 2005 holiday.

Form E-599H, North Carolina Sales Tax Holiday Exemption Certificate, is no longer required to document the sale of a computer with a sales price of \$1,000 or more. For purposes of the sales tax holiday, a computer includes a central processing unit, monitor, keyboard, mouse, and speakers since those items are deemed to be necessary in the operation of the computer. If a retailer sells a computer, monitor, keyboard, mouse, speakers, printer, or other peripherals as a package, the price of the printer and peripherals must be separately stated on the invoice and tax charged on the printer and peripherals. The monitor, keyboard, mouse, and speakers are exempt when sold with the computer provided the combined sales price does not exceed \$3,500.

There is now an all-inclusive list of items that qualify as "school supplies" for purposes of the holiday. This list, set out below, supersedes the list of school supplies in Technical Bulletin 34-25 revised July 1, 2004. Only the following items will be exempt from tax as school supplies during the holiday:

Binders	Paper (loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper)
Book bags	Paints (acrylic, tempora, and oil)
Calculators	Paintbrushes for artwork
Cellophane tape	Pencil boxes and other school supply boxes
Clay and glazes	Pencil sharpeners
Blackboard chalk	Pencils
Compasses	Pens
Composition books	Protractors
Crayons	Reference books
Erasers	Reference maps and globes
Folders (expandable, pocket, plastic, and manila)	Rulers
Glue, paste, and paste sticks	Scissors
Handheld electronic schedulers	Sketch and drawing pads
Highlighters	Textbooks
Index cards	Watercolors
Index card boxes	Workbooks
Legal pads	Writing tablets
Lunch boxes	
Markers	
Notebooks	