



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornrc.com**

IMPORTANT NOTICE: PARK MODEL RV IS EXEMPT FROM SALES AND USE TAX

This important notice is not intended to address the application of sales and use tax to the sale, lease or rental of a park model home that does not meet the definition of a "park model RV" as provided herein.

Effective July 1, 2016, the Revenue Laws of North Carolina are amended and provide the sale of a park model RV is not subject to sales and use tax. Rather, a park model RV is classified as a motor vehicle, the sale of which is exempt from sales and use tax pursuant to N.C. Gen. Stat. § 105-164.13(32).

Effective July 1, 2016, a "park model RV" is defined in N.C. Gen. Stat. § 105-187.1(4) as "[a] vehicle that meets all of the following conditions:

- a. Is designed and marketed as temporary living quarters for recreational, camping, travel, or seasonal use.
- b. Is certified by the manufacturer as complying with ANSI A119.5.
- c. Is built on a single chassis mounted on wheels with a gross trailer area not exceeding 400 square feet in the setup mode."

The retail sale of a park model RV is subject to the highway use tax at the rate of three percent (3.00%) with a maximum tax of two thousand dollars (\$2,000) and is payable to the North Carolina Division of Motor Vehicles. Any highway use tax collected on a retail sale of a park model RV for which a certificate of title is issued should not be remitted to the North Carolina Department of Revenue.

N.C. Gen. Stat. § 105-187.5(a) provides a retailer who purchases a park model RV for lease or rental may elect not to pay the highway use tax when applying for a certificate of title. However, a retailer, who makes this election, shall pay a tax on the gross receipts of the lease or rental of the park model RV to the North Carolina Department of Revenue. The tax rate on the gross receipts from the short-term lease or rental of a park model RV is eight percent (8.00%) and the tax rate on the gross receipts from the long-term lease or rental of a park model RV is three percent (3.00%). Gross receipts do not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the lease or rental price. The maximum tax of two thousand dollars (\$2,000) applies to a continuous lease or rental of a park model RV to the same person. For purposes of the highway use tax due on the lease or rental of a park model RV, the following definitions in N.C. Gen. Stat. § 105-187.1 apply:

- a. Long-term lease or rental -- "A lease or rental made under a written agreement to lease or rent property to the same person for a period of at least 365 continuous days."
- b. Short-term lease or rental -- "A lease or rental that is not a long-term lease or rental."

Assistance

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.