



Sales and Use Tax Division
North Carolina Department of Revenue
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**IMPORTANT NOTICE: SALES AND USE TAX EXEMPTION
FOR LARGE FULFILLMENT FACILITIES**

Effective July 1, 2017 and applicable to sales or purchases made on or after that date, N.C. Gen. Stat. § 105-164.13(5o) provides an exemption from sales and use tax for “[s]ales of equipment, or an accessory, an attachment, or a repair part for equipment, that meets all of the following requirements:

- a. Is sold to a large fulfillment facility.
- b. Is used at the facility in the distribution process, which includes receiving, inventorying, sorting, repackaging, or distributing finished retail products.
- c. Is not electricity.”

A “**large fulfillment facility**” is defined in N.C. Gen. Stat. § 105-164.3(16f) as “[a] facility that satisfies *both* [emphasis added] of the following conditions:

- a. The facility is used primarily for receiving, inventorying, sorting, repackaging, and distributing finished retail products for the purpose of fulfilling customer orders.
- b. The Secretary of Commerce has certified that an investment of private funds of at least one hundred million dollars (\$100,000,000) has been or will be made in real and tangible personal property for the facility within five years after the date on which the first property investment is made and that the facility will achieve an employment level of at least 400 within five years after the date the facility is placed into service and maintain that minimum level of employment throughout its operation.”

If the level of investment or employment required by G.S. 105-164.3(16f)b. is not timely made, achieved, or maintained, then the exemption provided under this subdivision is forfeited. If the exemption is forfeited due to a failure to timely make the required investment or to timely achieve the minimum required employment level, then the exemption provided under this subdivision is forfeited on all purchases. If the exemption is forfeited due to a failure to maintain the minimum required employment level once that level has been achieved, then the exemption provided under this subdivision is forfeited for those purchases occurring on or after the date the taxpayer fails to maintain the minimum required employment level. A taxpayer that forfeits an exemption under this subdivision is liable for all past sales and use taxes avoided as a result of the forfeiture, computed at the applicable State and local rates from the date the taxes would otherwise have been due, plus interest at the rate established under G.S. 105-241.21. Interest is computed from the date the sales or use tax would otherwise have been due. The past taxes and interest are due 30 days after the date of forfeiture. A taxpayer that fails to pay the past taxes and interest by the due date is subject to the provisions of G.S. 105-236.

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 issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.