

North Carolina Information For Streamlined Sales Tax Participants

1. Introduction

- North Carolina joined the Streamlined Sales Tax (SST) Agreement on October 1, 2005
- Description of State's Program

North Carolina is one of forty-four states and the District of Columbia involved in the Streamlined Sales Tax Project (Project), an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. The Project's proposals include tax law simplifications, more efficient administrative procedures, and emerging technologies to substantially reduce the burden of tax collection for both Main Street and remote sellers for all types of commerce.

The Project, organized in March 2000, has conducted its work through a steering committee and several work groups consisting of state revenue department administrators and representatives of state legislatures, local governments, and business. Staff members of the North Carolina Department of Revenue have been active participants since its inception as authorized by the Governor and the General Assembly. The General Assembly has enacted a series of legislation since 2001 that brings North Carolina laws into compliance with provisions of the Streamlined Sales and Use Tax Agreement (Agreement).

On July 1, 2005, thirteen states, including North Carolina, were found to be in substantial compliance as full members with the Agreement. Five states were found to qualify as associate members. As a result of this action, the Agreement became effective October 1, 2005.

This document contains information needed by taxpayers and developers who will be remitting returns, payments, reports, and other information as defined by the Streamlined Sales Tax Governing Board, Inc. (Governing Board).

2. Contact Personnel

- Questions regarding the Rates & Boundaries Databases, Simplified Electronic Return, and Initial Approvals can be sent to:

Willie Hucks
North Carolina Department of Revenue
Sales and Use Tax Division
PO Box 871
Raleigh, NC 27602-0871

Phone: (919) 733-2151 Fax: (919) 733-1821
willie.hucks@dornnc.com

- Questions about Electronic Funds Transfer (EFT) can be sent to:

Lei Satterfield
North Carolina Department of Revenue
Data Capture/EFT Manager
PO Box 25000
Raleigh, NC 27640

Phone: (919) 715-2053 Fax: (919) 733-3149
lei.satterfield@dornnc.com

3. Developer Responsibilities for Certified Service Providers (CSP) and Certified Automated System (CAS)

CSPs and CASs must comply with requirements as defined by the Agreement and those included in Requests for Proposal or Contracts issued by the Governing Board as it relates to the certification process.

CSPs and CASs must also comply with North Carolina Laws.

4. Publications

- URL For State Taxability Matrix
<http://www.dor.state.nc.us/taxes/sales/streamlined.html>
- URL For State Rates & Boundaries Databases
<http://www.dor.state.nc.us/taxes/sales/streamlined.html>

5. Filing of Simplified Electronic Return (SER)

- Overview

Model 1, 2, and 3 sellers have the option of filing the SER or Form E-500, Sales and Use Tax Return. SERs must be used in order to claim the SST Allowance.

Model 4 sellers are required to file Form E-500, Sales and Use Tax Return.

Volunteer sellers other than Model 1, 2, and 3 sellers have the option of not filing a monthly return until they owe \$1000 in State and local sales and use taxes. Once the \$1000 threshold is met, monthly returns are required for the remainder of the calendar year. At least one return must be filed annually, regardless of the amount of tax owed, by all sellers volunteering and it is due to be filed by January 20.

- Software Acceptance, Testing And Approval

- i. Testing and Certification Requirements for Sellers, CSPs, and CAS Providers Prior To Filing

Sellers that desire to file an SER in lieu of Form E-500, Sales and Use Tax Return, must contact the E-File and Development Unit at (919) 733-1674 or toll free at 1-877-308-9103 to obtain additional information about submitting SERs, payments, and using web services.

Model 4 sellers are required to file Form E-500, Sales and Use Tax Return.

CSPs and CAS providers that have been approved by the Governing Board must contact the E-File and Development Unit at (919) 733-1674 or toll free at 1-877-308-9103 to obtain additional information about submitting SERs, payments, and using web services. SERs must be used in order to claim the SST Allowance.

SERs and payments must meet the SST Technology Standards as outlined on the Governing Board website at <http://www.streamlinedsalestax.org/>.

- ii. Testing Procedures And Acceptance Criteria

Sellers, CSPs, and CAS Providers must submit test files to the Department to ensure compliance with SST Technology Standards.

- URL Of Web Service For Filing Or URL Of Website For Uploading Files And Downloading Acknowledgements

<https://dorsstprod.ncdor.state.nc.us:474/sstp/services/EFileServiceSoap>

- **State Filing Due Dates**

Monthly returns are due on or before the 20th day of each month for all taxes due for the preceding calendar month. The taxes due for monthly filers shall be remitted with the monthly return. See overview for additional information.

A taxpayer who is consistently liable for at least \$10,000.00 a month in State must make a prepayment of the next month's tax liability. See Section 6 for more information about payment requirements.

When the date on which a return is required to be filed falls on either a Saturday, Sunday, or legal holiday, the return is due on the next business day. See Section 6 for a list of legal holidays.

- North Carolina does not use composite SER codes. The State tax and local tax are reported separately in the SER. The jurisdiction detail should include a breakdown of the local tax by county using FIPS codes as found in the Rates and Boundaries Databases.

6. Payment Handling and Acceptance

- **State Due Dates and Prepayment Requirements**

Monthly returns are due on or before the 20th day of each month for all taxes due for the preceding calendar month. The taxes due for monthly filers shall be remitted with the monthly return.

A taxpayer who is consistently liable for at least \$10,000.00 a month in State and local sales and use taxes must make a prepayment of the next month's tax liability. The prepayment is due on the date a monthly return is due and must equal at least sixty-five percent (65%) of any of the following:

- (1) amount of tax due for the current month,
- (2) the amount of tax due for the same month in the preceding year, or
- (3) the average monthly amount of tax due in the preceding calendar year.

A taxpayer will not be subject to interest or penalties for the underpayment of a prepayment if one of the above three calculation methods is used. In addition, a taxpayer is not required to utilize the same method for calculating the amount of the prepayment each month. Two electronic payment transactions are required, one payment for the current period that can be submitted with the SER and a separate payment for the prepayment for the next period.

Technology Model 1 and 2 sellers are required to make payments electronically either by ACH Debit or ACH Credit. Payments must be initiated so that the amount due settles into the Department's bank account on or before the due date of the payment under the appropriate revenue law.

Taxpayers that desire to pay electronically by ACH Debit may do so by using the SSTP XML Payment Schema when submitting the Streamlined Simplified Electronic Return or separately. Both require the use of web services to submit the XML Schema. Additional information about the Streamlined XML Schemas can be found on the website for the Streamlined Sales Tax Governing Board, Inc. at <http://www.streamlinedsalestax.org/> by clicking on the SST Technology link.

The ACH Credit method is also available but only with the permission of the Department. See State EFT Registration Requirements for more information.

If a tax due date falls on a Saturday, Sunday, State holiday, Federal Reserve holiday, or a North Carolina bank holiday, the deposit by electronic funds transfer is required on or before the next banking day. Transactions can settle into the Department's bank account if the Federal Reserve and financial institutions are not closed for a State observed holiday. A list of legal holidays is included below:

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Columbus Day
President's Day	Veteran's Day
Good Friday	Thanksgiving
Memorial Day	Christmas
Independence Day	

- NC does not accept bulk payments.
- State EFT Registration Requirements

CSPs that desire to remit by ACH Credit should forward their name, address, and contact information along with a list of their client's names, addresses, SST IDs, and FEINs. The list may be faxed to the EFT Section at (919) 733-3149 or mailed to:

EFT Section
 North Carolina Department of Revenue
 PO Box 25000
 Raleigh, NC 27640

All other sellers that desire to pay by ACH Credit should complete [Form EFT-100S, Electronic Funds Transfer Authorization Agreement for Streamlined Sales Tax](#).

Upon receipt of the list or [Form EFT-100S](#), an ACH Credit Streamlined Sales Tax Instructions and Guidelines Booklet and acknowledgement letter will be mailed to applicants.

- Form of Same-Day Payment State Accepts

Should an emergency arise which prevents a payment from being transmitted by the ACH Credit or ACH Debit method, contact the EFT Helpline at 1-877-308-9103. **Tax payments by wire transfer require prior authorization by the Department and can only be made on an emergency basis.**

- Data Requirements For Seller/CSP Initiated ACH Credit Payments

Upon receipt of the list or [Form EFT-100S](#), an ACH Credit Streamlined Sales Tax Instructions and Guidelines Booklet and acknowledgement letter will be mailed to applicants.

- Refund Handling

Returns filed showing an overpayment will be issued a refund.

7. Information Reports

North Carolina does not require an Information Report.

8. Acknowledgement System

- State Specific Error Codes In Addition To Minimal Error Code List

Error Number	Business Rule	Error Message	Rejection Level
371001	Required field is missing or the value in a field is invalid	Field not present or invalid <field name>	Item
371002	Tax return with a future period end date cannot be accepted, if the current date less than the period begin date of the return	Returns for future periods cannot be submitted	Item
371003	Streamlined sales tax returns and payments cannot be accepted for periods prior to the date of implementation	Streamlined sales tax returns and payments cannot be accepted for periods prior to (month/year)	Item
371004	The sales and use account ID number must be a valid active account in ITAS	Account ID number not registered in North Carolina	Item
371005	The SST ID and the account ID number must be for the same taxpayer in ITAS	SST ID and/or Account ID are incorrect	Item
371006	Exemptions/Deductions cannot exceed Total Sales	Exemptions/Deductions cannot exceed Total Sales	Item
371007	Taxable Sales must equal Total Sales minus Exemptions/Deductions	Taxable Sales must equal Total Sales minus Exemptions/Deductions	Item
371008	Taxpayer must be registered with a SST ID, model 1/2/3, if model 1 or 2 must have a CSP/CAS ID.	Account does not qualify for the monetary allowance	Item
371010	Jurisdiction detail is required with the return if the sum of State Tax Due for In-State Sales, Sales Originating Out of State, Purchases for Use or Withdrawal from Inventory is NOT EQUAL to Total Tax Due	Jurisdiction detail of tax due is required	Item
371011	North Carolina does not accept Bulk Payment Transactions'	North Carolina does not accept Bulk Payment Transactions	Item
371012	North Carolina does not accept Discounts on the SER return	Discounts are not allowed on North Carolina returns	Item

- Anticipated Timing of Acknowledgements

Acknowledgements will be sent within two business days.

9. URL of State's Full Registration System if Seller Needs to Register

At this time North Carolina does not have an online registration system. Taxpayers with a physical presence in North Carolina will be contacted by mail and asked to complete Form NC-BR, Business Registration Application.

10. State Full Sales and Use Filing Program

- Options For Sellers/CSPs

Model 1, 2, and 3 sellers and CSPs have the option of filing the SER or filing and paying electronically by using our online E-File System, which allows filing of Form E-500 with accompanying schedules, or by Electronic Data Interchange (EDI) Format. Sellers and CSPs that choose to file Form E-500 with the accompanying schedules are not required to file an SER. CSPs and CASs must use SERs in order to claim the SST Allowance.

Model 4 sellers are required to file Form E-500, Sales and Use Tax Return.

Additional information about online filing can be found at <http://www.dor.state.nc.us/electronic/salesanduse.html>.

- URL Of Online Filing Program

<http://www.dor.state.nc.us/electronic/index.html> - businesses

- URL For Forms

<http://www.dor.state.nc.us/downloads/sales.html>

11. Appendix

- Transmission File Size Limits
- Special Taxing District Codes

99055	Dare County
99119	Mecklenburg County Public Transportation Tax