



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

IMPORTANT NOTICE: SERVICE CONTRACT FOR A QUALIFIED JET ENGINE

Effective October 1, 2015, N.C. Gen. Stat. § 105-164.4I(b), as amended, provides the sale at retail or the storage, use, or consumption in this State of a service contract for a qualified jet engine is exempt from sales and use tax. At the time of this notice, N.C. Gen. Stat. § 105-164.3(38b) defines “service contract” as “[a] contract where the obligor under the contract agrees to maintain or repair tangible personal property or a motor vehicle. Examples of a service contract include a warranty agreement other than a manufacturer’s warranty or dealer’s warranty provided at no charge to the purchaser, an extended warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract.”

A “qualified jet engine” is “[a]n engine certified pursuant to Part 33 of Title 14 of the Code of Federal Regulations.” For additional information regarding the application of sales and use taxes to the sale or purchase of a “qualified jet engine,” see the [Important Notice: Qualified Jet Engine](#) issued October 6, 2015, and available on the Department’s website.

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 that there is any change in 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or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided.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.