

Table of Content

Chapter	Page
1. <u>Chapter 1 – General Overview</u>	
A. History.....	Chapter 1, Page 1
B. Rates and Impositions	Chapter 1, Page 2
C. Local Sales and Use Taxes	Chapter 1, Page 3
D. Local Taxes Administered by the Department	Chapter 1, Page 3
E. Local Taxes Administered by Local Governments	Chapter 1, Page 4
F. Exclusions	Chapter 1, Page 5
G. Partial Exemptions	Chapter 1, Page 7
H. Full Exemptions	Chapter 1, Page 8
2. <u>Chapter 2 – Sales Tax Impositions</u>	
A. General Sales Tax Imposition.....	Chapter 2, Page 1
B. Definitions.....	Chapter 2, Page 2
C. Summary of the General Sales Tax Imposition	Chapter 2, Page 3
D. Special Sales Tax Impositions	Chapter 2, Page 3
E. Sales to Individuals 85 Years of Age and Older.....	Chapter 2, Page 10
3. <u>Chapter 3 – Use Tax Impositions</u>	
A. General Use Tax Imposition	Chapter 3, Page 1
B. Definitions.....	Chapter 3, Page 4
C. Summary of the General Use Tax Imposition	Chapter 3, Page 5
D. Special Use Tax Impositions	Chapter 3, Page 6
E. Sales to, or Purchases by, Individuals 85 Years of Age and Older.....	Chapter 3, Page 11
4. <u>Chapter 4 – Casual Excise Tax</u>	
A. General Information.....	Chapter 4, Page 1
B. Examples of Exempt Transfers.....	Chapter 4, Page 3
C. Sales to Individuals 85 Years of Age and Older.....	Chapter 4, Page 5
5. <u>Chapter 5 – Sales or Purchases at Retail</u>	Chapter 5, Page 1
6. <u>Chapter 6 – “Gross Proceeds of Sale” and “Sales Price”</u>	
A. Gross Proceeds and Sales Price - What is Includable?.....	Chapter 6, Page 1
B. Examples of Charges included in “Gross Proceeds” and “Sales Price”.....	Chapter 6, Page 2
C. Gross Proceeds and Sales Price - What is Not Includable?	Chapter 6, Page 6
D. Examples of Charges not included in “Gross Proceeds” and “Sales Price”.....	Chapter 6, Page 7
E. Gross Proceeds – Withdrawals for Use	Chapter 6, Page 9

Chapter	Page
7. <u>Chapter 7 – Tangible Personal Property</u>	
A. General Guidelines.....	Chapter 7, Page 1
B. Service vs. Sale of Tangible Personal Property	Chapter 7, Page 1
C. Examples of Persons Engaged in the Business of Selling Tangible Personal Property at Retail	Chapter 7, Page 2
D. Examples of Persons Engaged in the Business of Selling a Non-Taxable Service	Chapter 7, Page 3
E. Sale of Tangible Personal Property vs. Improvement to Real Property	Chapter 7, Page 4
8. <u>Chapter 8 – Exclusions</u>	Chapter 8, Page 1
9. <u>Chapter 9 – Exemptions</u>	Chapter 9, Page 1
A. Exemptions Authorized under the Sales and Use Tax Law (Chapter 36 of Title 12)	Chapter 9, Page 1
B. Other Sales and Use Tax Exemptions Authorized by the General Assembly.....	Chapter 9, Page 13
10. <u>Chapter 10 – Maximum Tax Items</u>	
A. General Information.....	Chapter 10, Page 1
B. Specific Motor Vehicle Examples	Chapter 10, Page 4
C. Boats, Boat Trailers and Boat Motors.....	Chapter 10, Page 7
D. Manufactured Homes.....	Chapter 10, Page 8
E. Musical Instruments and Office Equipment Sold to Religious Organizations.....	Chapter 10, Page 10
F. Maximum Tax Items and Warranty, Maintenance and Similar Service Contracts	Chapter 10, Page 10
11. <u>Chapter 11 – Accommodations</u>	
A. General Information.....	Chapter 11, Page 1
B. Transactions Not Subject to the Sales Tax on Accommodations	Chapter 11, Page 3
C. Additional Guest Charges	Chapter 11, Page 7
D. Examples of the Application of the Sales Tax on Accommodations and Additional Guest Charges	Chapter 11, Page 8
E. Hurricane Insurance	Chapter 11, Page 16
F. Cancellations of Accommodations	Chapter 11, Page 17
G. Purchases by Persons Furnishing Accommodations.....	Chapter 11, Page 17
12. <u>Chapter 12 – Local Sales and Use Taxes</u>	
A. General Information.....	Chapter 12, Page 1
B. Types of Local Sales and Use Taxes	Chapter 12, Page 1
C. Local Sales and Use Tax Due Dependent on County of Delivery	Chapter 12, Page 5
D. Retailer’s Responsibility to Remit Local Sales and Use Taxes.	Chapter 12, Page 6

Chapter	Page
12. Chapter 12 – Local Sales and Use Taxes (Continued)	
E. Purchasers – Reporting Requirements	Chapter 12, Page 7
F. Transactions Exempt from Local Sales and Use Taxes	Chapter 12, Page 7
Exhibit A – Transactions Exempt from Local Sales and Use Taxes	Chapter 12, Page 8
13. <u>Chapter 13 – Nexus</u>	
A. General Information	Chapter 13, Page 1
B. Qualifications to Survey Responses	Chapter 13, Page 2
C. Survey Answers	Chapter 13, Page 3
14. <u>Chapter 14 – Manufacturers, Processors, and Compounders</u>	
A. General Information	Chapter 14, Page 1
B. Machines, Parts, and Attachments	Chapter 14, Page 1
C. Machine Exemption – General Rule	Chapter 14, Page 3
D. Machines – Replacement Parts and Attachments	Chapter 14, Page 3
E. Examples of Exempt Machines or Machine Parts	Chapter 14, Page 4
F. Examples of Non-Exempt Machines or Parts	Chapter 14, Page 5
G. Machines – A Structure versus A Building	Chapter 14, Page 5
H. Pollution Abatement Machines	Chapter 14, Page 6
I. Machines Owned by Someone Other Than a Manufacturer	Chapter 14, Page 6
J. Machines Used Substantially in Manufacturing (Dual Usage Machine)	Chapter 14, Page 7
K. Tangible Personal Property that is an “Ingredient or Component Part” or “Used Directly” in the Process	Chapter 14, Page 7
L. Electricity	Chapter 14, Page 8
M. Coal, Coke and Other Fuel	Chapter 14, Page 8
N. Packaging	Chapter 14, Page 9
O. Sales for Resale or Wholesale Sales	Chapter 14, Page 9
15. <u>Chapter 15 – Agriculture</u>	
A. General Information	Chapter 15, Page 1
B. Machines, Parts and Attachments	Chapter 15, Page 1
C. Livestock	Chapter 15, Page 2
D. Feed	Chapter 15, Page 2
E. Insecticides, Chemicals, Fertilizers, Soil Conditioners, Seeds and Seedlings	Chapter 15, Page 2
F. Containers and Labels	Chapter 15, Page 3
G. Fuel	Chapter 15, Page 4
H. Electricity and Gas	Chapter 15, Page 4
I. Building Materials, Supplies, Fixtures and Equipment For Commercial Housing of Poultry and Livestock	Chapter 15, Page 4
J. Sales by Farmers	Chapter 15, Page 5
K. Hatcheries	Chapter 15, Page 5

Chapter	Page
<u>16. Chapter 16 – Construction Contractors</u>	
A. General Information	Chapter 16, Page 1
B. Construction Contracts with Manufacturers	Chapter 16, Page 1
C. Light Construction Equipment.....	Chapter 16, Page 2
D. Construction Material Used to Construct a Single Manufacturing or Distribution Facility	Chapter 16, Page 3
E. Contracts with the Federal Government	Chapter 16, Page 3
F. Contract with State, County and Municipal Governments	Chapter 16, Page 4
G. Contractors that Manufacture or Fabricate Items that They will Use in Constructing Real Property	Chapter 16, Page 4
H. Transient Construction Property	Chapter 16, Page 6
I. Local Sales and Use Taxes	Chapter 16, Page 7
<u>17. Chapter 17 – Communications</u>	
A. Exemptions and Exclusions	Chapter 17, Page 2
B. Taxable Communications Services.....	Chapter 17, Page 3
C. Non-Taxable Communications Services.....	Chapter 17, Page 5
D. Bundled Transactions.....	Chapter 17, Page 6
<u>18. Chapter 18 – Catawba Indian Reservation – State and Tribal Sales and Use Taxes</u>	
A. The Catawba Indian Claims Settlement Act.....	Chapter 18, Page 1
B. Application of State and Tribal Sales and Use Taxes to Sales of Tangible Personal Property Delivered on the Reservation	Chapter 18, Page 2
C. Purchases by the Tribe for Tribal Government Functions.....	Chapter 18, Page 3
D. Artifacts Made by Members of the Tribe.....	Chapter 18, Page 3
E. Sales on the Reservation	Chapter 18, Page 4
F. Tangible Personal Property Made by Members of the Tribe (Other than Artifacts)	Chapter 18, Page 4
G. Accommodations	Chapter 18, Page 5
H. Maximum Tax Items.....	Chapter 18, Page 5
<u>19. Chapter 19 – Motion Picture Production Companies</u>	
A. “Motion Picture Production Companies” – Comprehensive Exemption.....	Chapter 19, Page 1
B. “Motion Picture Companies” – Limited Exemption for Supplies and Equipment	Chapter 19, Page 6
<u>20. Chapter 20 – Medicines, Prosthetics and Medical Supplies</u>	
A. Exemptions for Medicines, Prosthetics Devices, and Other Supplies.....	Chapter 20, Page 1
B. Other Relevant Exemptions	Chapter 20, Page 3
C. Questions and Answers.....	Chapter 20, Page 4
D. Special Tax Rate for Certain Durable Medical Equipment	Chapter 20, Page 12

Chapter

Page

21. Chapter 21 – Unprepared Food Exemption

Regulation on Unprepared Food Exemption Chapter 21, Page 1

22. Chapter 22 – Administrative Requirements

A. Retail Licenses Chapter 22, Page 1
B. Obtaining a Retail License Chapter 22, Page 3
C. Operating Without a Retail License – Penalty Chapter 22, Page 3
D. Returning a License Chapter 22, Page 3
E. Purchaser’s Certificate of Registration Chapter 22, Page 4
F. Special Event Returns Chapter 22, Page 4
G. Reporting Requirements Chapter 22, Page 4
H. Reporting and Paying the Tax Electronically Chapter 22, Page 5
I. Discount for Timely Payment Chapter 22, Page 7
J. Cash Deposit or Bond Chapter 22, Page 7
K. Types of Paper Returns Chapter 22, Page 8
L. Recordkeeping Chapter 22, Page 8
M. Assessments Chapter 22, Page 9
N. Refunds Chapter 22, Page 10
O. Penalties and Interest Chapter 22, Page 12
P. Other Penalties Chapter 22, Page 13
Q. Interest Chapter 22, Page 13
R. Waiver of Penalties Chapter 22, Page 13
S. Completion of an Audit Chapter 22, Page 13

23. Chapter 23 – Frequently Asked Questions

A. License and Registration Chapter 23, Page 1
B. Filing Returns Chapter 23, Page 6
C. Sales and Use Tax Rates Chapter 23, Page 16
D. What is Subject to the Sales and Use Tax? Chapter 23, Page 17
E. Government Chapter 23, Page 23
F. Churches and Other Nonprofit Organizations Chapter 23, Page 24
G. Internet Sales and Purchases Chapter 23, Page 28
H. Use Tax – Out-of-State Purchases Chapter 23, Page 29
I. Construction Chapter 23, Page 34
J. Medicine and Medical Supplies Chapter 23, Page 36
K. Farmers Chapter 23, Page 38
L. Maximum Tax Chapter 23, Page 40
M. Administrative Chapter 23, Page 40
N. Refunds Chapter 23, Page 43
O. Penalties and Interest Chapter 23, Page 45
P. Local Taxes Chapter 23, Page 46
Q. Food Chapter 23, Page 47
R. Resale and Exemption Certificates Chapter 23, Page 50
S. Other Chapter 23, Page 51