

Changes for North Carolina – Appendix A Survey Results

	<u>Line #</u>	<u>Current</u>	<u>Effective July 1, 2003</u>
Basic Sales Tax Rate		4.5*	4%*
Utility Service – Industrial Use			
Intrastate telephone and telegraph	29	6*	
Interstate telephone and telegraph	30	6*	
Cellular telephone services	31	6*	
Natural gas	34	T*	
- Residential Use			
Intrastate telephone and telegraph	37	6*	
Interstate telephone and telegraph	38	6*	
Cellular telephone services	39	6*	
Natural gas	42	T*	
Other fuel (including heating oil)	43	4.5*	4%*
Services – Personal Services			
Diaper service	57	4.5*	4%*
Income from funeral services	58	4.5*	4%*
Laundry and dry-cleaning services, non-coin operated	64	4.5*	4%*
900 Number services	66	6*	
Tuxedo rental	71	4.5*	4%*
Services – Business Services			
Commercial art and graphic design	82	E*	
Commercial linen supply	83	4.5*	4%*
Photocopying services	92	4.5*	4%*
Photo finishing	93	4.5*	4%*
Printing	94	4.5*	4%*
Sign construction and installation	100	E*	
Computer			
Software – packaged or canned program	107	4.5*	4%*
Software – modifications to canned program	108	4.5*	4%*
Mainframe computer access and processing	113	E	
Admissions and Amusements			
Rental of video tapes for home viewing	132	4.5*	4%*
Leases and Rentals			
Personal property, short-term (generally)	141	4.5*	4%*
Personal property, long-term (generally)	142	4.5*	4%*
Bulldozers, draglines & const. mach., short-term	143	4.5*	4%*
Bulldozers, draglines & const. mach., long-term	144	4.5*	4%*
Rental of hand tools to licensed contractors	145	4.5*	4%*
Hotels, motel, lodging houses	152	4.5*	4%*
Fabrication, Installation and Repair Services			
Custom fabrication labor	154	4.5*	4%*
Repair material, generally	155	1,4.5*	1,4%*
Other Taxed Services			
Do you impose sales tax on other services not listed?	174	Yes*	

North Carolina Footnotes

Item

GEN * Effective October 16, 2001 through June 30, 2003, the state general rate is 4.5%. Effective July 1, 2003, the state general rate will decrease to 4%. A local levy of 2%, 2.5%, or 3% depending upon location is added to the basic state rate for transactions subject to the state general rate.

9 * Typesetting exempt; sales of printing plates to manufacturers for use in their printing presses to imprint containers used to ship their manufactured products - 1% state, \$80.00 maximum tax per article.

15 * Receipts are exempt. Sales of buses are subject to the 3% state rate of highway use tax with maximum of \$1,000.

25 * Parts and material only taxable.

29 * All telecommunications services taxed at 6%. No local tax. Prepaid calling arrangements subject to state general rate and applicable local rate.

30 * All telecommunications services taxed at 6%. No local tax. Prepaid calling arrangements subject to state general rate and applicable local rate.

31 * All telecommunications services taxed at 6%. No local tax.

32 * Sales to farmers and commercial laundries and dry cleaners for the prescribed purposes are subject to 2.83% rate. Sales to manufacturers are subject to .17% or 2.83% rate based on megawatt hours used. No local tax.

33, 41 * Exempt if delivered through mains. Subject to combined state and local tax if delivered in bottles.

34 * Sales are exempt from sales tax; subject to piped natural gas excise tax. Rates vary per therm based on volume of therms received.

35 * Sales to farmers, commercial laundries, freezer locker plants, and to manufacturers for use in connection with the industry or plant but not for residential heating purposes, are taxed at 1%. No local tax.

37 * All telecommunications services taxed at 6%. No local tax. Prepaid calling arrangements subject to state general rate and applicable local rate.

38 * All telecommunications services taxed at 6%. No local tax. Prepaid calling arrangements subject to state general rate and applicable local rate.

Appendix A

39 * All telecommunications services taxed at 6%. No local tax.

40 * No local tax.

42 * Sales are exempt from sales tax; subject to piped natural gas excise tax. Rates vary per therm based on volume of therms received.

43, 107, 108 * Subject to applicable local rate.

54 * Rug cleaning services exempt if performed in home.

57, 71, 83 * Subject to applicable local rate.

58 * First \$1,500 of charge is exempt. Subject to applicable local rate.

64 * Subject to applicable local rate.

66 * All telecommunications services taxed at 6%. No local tax.

68 * Materials used in repair are taxable.

76 * Sales of newspapers by newspaper street vendors, by newspaper carriers making door-to-door deliveries, and by means of vending machines are exempt. Sales of newspapers by others are subject to the state general rate and applicable local rate.

77 * Sales of magazines by magazine vendors making door-to-door deliveries are exempt. Sales of magazines by others are subject to the state general rate and applicable local rate.

82 * Sales of paintings, portraits, negatives, photographs, or other tangible artistic creations are subject to the state general rate and applicable local rate.

86 * Retail sales of tangible personal property by interior designers are subject to the state general rate and applicable local rate.

92, 93, 94 * Considered tangible property. Subject to applicable local rate.

100 * Retail sales of electrical, neon or other made-to-order signs are taxable. Installation, repair, and maintenance charges exempt if in addition to or separately stated on customer's invoice. (If taxable, state general and applicable local rates apply.)

105 * Material only taxable.

109 * See G.S. 105-164.13(43).

110 * Generally not taxable; but see G.S. 105-164.13(43).
119 * Admission to racing events exempt from sales tax; taxable under privilege tax statute.
120, 124 * Exempt from sales tax; taxable under privilege tax statute.
126 * Admission to college sports events exempt from sales tax; taxable under privilege tax statute.
128, 130 * Exempt from sales tax; taxable under privilege tax statute.
123 * Equipment rental by viewer is taxable at state general rate and applicable local rate. Sales of direct-to-home satellite service to subscribers in this state are subject to 5% state rate. No local tax.
132, 141, 142,
143, 144, 145
* Subject to applicable local rate.
146 * Exempt from sales tax; vehicles subject to highway use tax. Short-term lease is less than 365 continuous days.
147 * Exempt from sales tax; vehicles subject to highway use tax. Long-term lease is 365 continuous days or longer.
150 * \$1,500 maximum tax.
152 * Exempt after 90 continuous days to the same person. Subject to applicable local rate. A locally levied room occupancy tax may apply.
154 * Considered a part of sale price; subject to applicable local tax.
155 * Taxable at 1% or state general rate whichever is applicable. If state general rate applies, applicable local rate also applies.
156 * Repair labor is exempt if separately stated on invoice from the tangible personal property. Material is taxable at 1% or state general rate, whichever is applicable. If state general rate applies, applicable local rate also applies.
158 * Repair materials and labor exempt if vessel is engaged in interstate commerce.
162, 163, 164, 168
* Exempt if separately stated on customer's invoice.
173 * Fabrication labor is part of sales price of tangible personal property. Repair labor exempt if separately stated on customer's invoice.
174 * Sales of direct-to-home satellite service are subject to 5% state rate. No local tax.
179, 184 * Tax is imposed on retailer (seller).
180 * Laundry and dry-cleaning services and accommodation rentals are rendered at the location of the service provider; the transaction is sourced to the business location of the provider. Flat rate and mobile telecommunications services are sourced to the place of primary use; call-by-call service is sourced to the point of use.
181 * Sales to U.S. Government and NC Dept. of Transportation are exempt.
183 * See Administrative Procedures Rule .4205.
187 * All interstate transportation charges are exempt.