

**17 NCAC 07B .1702 REFUNDS TO COUNTIES, CITIES, AND OTHER GOVERNMENTAL ENTITIES**

(a) Eligibility. -- A governmental entity listed in G.S. 105-164.14(c) may file Form E-585, Nonprofit and Governmental Entity Claim for Refund for State, County and Transit Sales and Use Taxes, to obtain a refund of sales and use tax paid by it on the following purchases:

- (1) Direct purchases of items, as the term item is defined in G.S. 105-164.3.
- (2) Indirect purchases of building materials, supplies, fixtures, and equipment that become part of or are annexed to any building or structure the entity owns or leases, and is being erected, altered, or repaired for use by the entity.

A claim for refund applies to sales and use tax paid during the period for which the claim for refund is filed. Taxes for which a refund is allowed under G.S. 105-164.14(c) are not an overpayment of tax and do not accrue interest.

(b) Claims for refund by governmental entities shall be filed on Form E-585, and requires all the information set out in 17 NCAC 07B .1602(b).

(c) Records. -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid. Records shall be maintained by the governmental entity on a county-by-county basis to identify local and transit sales and use tax paid by the governmental entity. Local tax rates by county, including any transit tax can be found on the Department's website at [www.ncdor.gov](http://www.ncdor.gov).

(d) Documentation for Direct Purchases. -- Documentation to substantiate sales or use tax paid directly to a retailer or the Department is an invoice or copy of an invoice that identifies the item purchased, the date of the purchase, the purchase price of the item, the amount of sales or use tax paid, and a record reflecting the date of payment.

(e) Documentation for Indirect Purchases by a Real Property Contractor or Other Person. -- Documentation to substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by the governmental entity's real property contractor or other person, is a certified statement from the real property contractor or other person that purchased the items.

- (1) A certified statement shall contain the information set out in G.S. 105-164.14(e)(1) through (6).
- (2) If the item was purchased in this State, the person shall attach a copy of the sales invoice.
- (3) In the event the real property contractor or other person makes several purchases from the same retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices, the total amount of the invoices, and the sales or use tax paid.
- (4) If items are withdrawn from a real property contractor or other person's warehouse stock, the certified statement shall include the purchase price of the items and the amount of the sales or use tax paid.
- (5) A real property contractor or other person shall not include in its certified statement sales or use tax paid on items purchased and used to fulfill the real property contract that did not become part of or annexed to the building constructed. Examples of items that shall not be included in the certified statement are scaffolding, forms of concrete, fuel to operate machinery and equipment, tools, equipment repair parts, temporary fencing/netting, and equipment rentals.

(f) Taxes not Eligible for Refund – The refund provisions of this Rule do not apply to the following taxes:

- (1) Sales or use tax remitted on taxable sales made by the governmental entity.
- (2) Sales or use tax paid on the purchase of "alcoholic beverages" as defined in G.S. 18B-101.
- (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan.
- (4) Local occupancy taxes paid to certain counties and cities in this State.
- (5) Local prepared food and beverage taxes paid to various local governments in this State.
- (6) Highway use tax or alternate highway use tax paid on the purchase, vehicle subscription, lease, or rental of motor vehicles.
- (7) White goods disposal tax paid on purchases of new white goods.
- (8) Scrap tire disposal tax paid on purchases of new tires.
- (9) Dry-cleaning solvent tax paid on dry-cleaning solvent purchased by a dry cleaning facility.
- (10) Solid waste disposal tax.
- (11) 911 service charge for prepaid wireless telecommunications service.
- (12) Other states' sales or use taxes paid to those states.

*History Note:* Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;

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