

17 NCAC 07B .1905 TIRE RETREADERS

(a) Sales by Tire Retreaders:

- (1) Sales of Retreaded Tires. – Pursuant to G.S. 105-164.4, the sales price of a retreaded tire is subject to sales and use tax on the sales price of the retreaded tire, without any deduction for any trade-in credit or allowance.
- (2) Tire Retreading Services. – Pursuant to G.S. 105-164.4, the gross receipts derived from tire retreading services are subject to sales and use tax, without any deduction for any trade-in credit or allowance.
- (3) Sales of Other Parts or Services. -- The sales price of other items sold by a tire retreader including shoes, valves, dust caps, and repair, maintenance, and installation services are subject to sales and use tax, pursuant to G.S. 105-164.4.

(b) Purchases by Tire Retreaders:

- (1) Purchases of Ingredient or Component Parts. – Pursuant to G.S. 105-164.13, a tire retreader may purchase exempt from sales and use tax tangible personal property that enters into or becomes an ingredient or component part of retreaded tires that are resold. Such items may include camelback or other rubber products, cement and rubber solvent, cord fabric, wheel weights, and other similar items.
- (2) Purchases of Mill Machinery or Mill Machinery Parts or Accessories. -- Purchases by tire retreaders of mill machinery, or mill machinery parts or accessories used primarily in the "production" phase of the retreading process are exempt from sales and use tax, pursuant to G.S. 105-164.13(5e). For purposes of this Rule, "Production" as a phase of industrial or manufacturing operations shall mean all steps performed in processing and refining rooms, and in other quarters and departments of a plant, where conditioning, treating, or other operations are done on ingredient materials as an actual routine on the assembly or processing line turning out a finished product of manufacture for sale. The "Production" phase also includes the following:
 - (A) The movement of raw materials or ingredients from an inventory or a stockpile located on the premises of the manufacturing facility to the assembly or processing line.
 - (B) The movement of goods in process along the assembly or processing line.
 - (C) The movement of manufactured products from the assembly or processing line into shipping or storage areas and yards located on the premises of the manufacturing facility.
 - (D) The work of experimentation and research performed on the manufactured products.

"Production" does not include any activity connected with the movement of raw materials or ingredients into inventory nor does it include "distribution" which is any activity connected with the movement of manufactured products within storage warehouses, shipping rooms, and other such finished product storage areas and the removal of such products therefrom for sale or shipment, or "administration" which is any administrative work of offices, promotion of sales, and collection of accounts.

(c) The following items when sold to tire retreaders for use primarily in the retreading process are considered to be mill machinery or mill machinery parts or accessories exempt from sales and use tax, pursuant to G.S. 105-164.13(5e). This is not an all-inclusive list:

- (1) Air compressors.
- (2) Bagging and debagging equipment.
- (3) Boilers.
- (4) Buffing discs.
- (5) Buffing equipment.
- (6) Buffing rasps.
- (7) Casing balancers and balancing casings to be retreaded.
- (8) Crayons for marking tires.
- (9) Curing tubes and rims.
- (10) Dust collectors.
- (11) Inspection spreaders used to inspect casings being retreaded.
- (12) Knives, stitchers, rollers, shears, awls, and splicing tools used to perform work on the ingredient material or the manufactured product.
- (13) Matrix loaders.
- (14) Mold cleaners.
- (15) Mold lube.
- (16) Molds and matrices.

- (17) Pre-condensing tanks for air lines used for applying cement, dusting buffed casings, and inflating curing tubes.
- (18) Rasp teeth.
- (19) Spinners used for applying cement used on casings being retreaded.
- (20) Sprayers.
- (21) Steam traps and valves used in steam lines for curing molds.
- (22) Thermometers, pyrometers, and durometers used in testing mold heat and cure hardness of the rubber used in the retreading process.
- (23) Tire handling equipment used between the beginning and ending steps for the retreading process.
- (24) Tire trimmers.
- (25) Tread builders used to apply tread rubber to casings being retreaded.
- (26) Wire brushes.

(d) Purchases of items used or consumed. -- Purchases by tire retreaders of items used or consumed by them are subject to sales and use tax, pursuant to G.S. 105-164.4. The following are examples of items used or consumed by tire retreaders that are subject to sales or use tax. This is not an all-inclusive list:

- (1) Administrative equipment such as office supplies, file cabinets, and other office equipment.
- (2) Advertising materials.
- (3) Balancing machinery used after the retreading process is completed.
- (4) Cleaning compounds for janitorial and sanitary purposes.
- (5) Equipment used to remove tires from the rim before the retreading process begins.
- (6) Gloves.
- (7) Inspection bags.
- (8) Motor vehicle jacks.
- (9) Tire tools not used between the beginning and end of the retreading process.
- (10) Uniforms for employees.

(e) Purchases of Other Items for Resale. -- Tire retreaders making purchases of items for resale may purchase such items exempt from sales and use tax, pursuant to G.S. 105-164.13(5), and when purchased in accordance with 17 NCAC 07B .0106.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 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; Eff. February 1, 1976; Amended Eff. October 1, 2009; July 1, 1999; October 1, 1993; June 1, 1992; October 1, 1991; May 1, 1985; Readopted Eff. January 1, 2024.