

17 NCAC 07B .4403 MAINTENANCE OF LEASED PROPERTY

(a) Purchases of tangible personal property used to repair or maintain tangible personal property held for lease or rent are wholesale sales pursuant to G.S. 105-164.3(281) provided that the purchased property becomes part of the tangible personal property for lease or rent and the purchase is made by a person engaged in the business of leasing and renting the tangible personal property held for lease or rent. Pursuant to G.S. 105-164.13(5), these wholesale sales are not subject to tax when the purchaser complies with 17 NCAC 07B .0106.

(b) Sales of repair, maintenance, and installation services used to repair, recondition, or maintain tangible personal property held by the purchaser for lease or rental are wholesale sales pursuant to G.S. 105-164.3(281) and are exempt from tax pursuant to G.S. 105-164.13(5) when the purchaser complies with 17 NCAC 07B .0106.

(c) Except as provided in Paragraphs (a) and (b), a lessor is responsible for payment of the sales and use tax, pursuant to G.S. 105-164.4. Examples of tangible personal property that a lessor is liable for sales and use tax upon purchase includes, tools, shop supplies, and other tangible personal property that are used to repair tangible personal property held for lease or rental that do not become part of the tangible personal property held for lease or rental.

(d) When a lessee purchases tangible personal property or repair, maintenance, and installation services, to repair or maintain items leased or rented, the lessee is liable for payment of the sales and use tax on the purchase price.

History Note: Authority G.S. 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;
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