

**17 NCAC 07B .4411 EXTENSION OF LEASES SUBJECT TO A MAXIMUM TAX**

When a maximum tax, pursuant to G.S. 105-164.4 105-164.6, or 105-164.27A would apply to the sale of tangible personal property and the tangible person property is leased for a definite stipulated period of time, the lease payments during the lease period are subject to the maximum tax.

- (1) Extension Provisions in Lease. -- If the original lease contains provisions for extension, whether by action or inaction, the extended term of the lease is part of the original lease and the maximum tax applies to the entire lease including any extension under the terms of the original lease.
- (2) No Extension Provisions in Lease. – If the original lease does not contain provisions for extension at the option of the lessee, whether by action or inaction, but a new lease agreement is subsequently entered into, the maximum tax applies separately to the second lease. Any sales tax payments made on the maximum tax for the first lease is not applied to the second lease.

*History Note:* Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 2024.