

SECTION .4700 - PRINTERS AND NEWSPAPER OR MAGAZINE PUBLISHERS

17 NCAC 07B .4701 COMMERCIAL PRINTERS AND PUBLISHERS

(a) Pursuant to G.S. 105-164.4, retail sales of items, as the term item is defined in G.S. 105-164.3, by commercial printers or publishers are subject to sales and use tax including subscriptions, plates and dies sold to customers, book binding, and other repair, maintenance, and installation services.

(b) Exempt Purchases of Mill Machinery or Mill Machinery Parts or Accessories by Commercial Printers or Publishers. -- Pursuant to G.S. 105-164.13(5e), purchases by commercial printers and publishers of mill machinery or mill machinery parts or accessories for use in the production phase of printing and publishing, are exempt from sales and use tax. 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:

- (1) 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.
- (2) The movement of goods in process along the assembly or processing line.
- (3) 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.
- (4) 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. Items that are mill machinery or mill machinery parts or accessories when purchased by a commercial printer or publisher include the following:

- (1) Machinery and equipment and parts or accessories thereto for use directly in the production of newspapers, magazines, and other printed material for sale.
- (2) Custom made plates and dies for use directly in the production of newspapers, magazines, and other printed material for sale when title to the plates and dies does not pass to the printers' customers.
- (3) Tangible personal property such as wood and metal used to fabricate plates and dies for use in the production of printed material for sale when title to the plates and dies does not pass to the printers' customers.
- (4) Machinery, equipment, film, and other tangible personal property that are used or consumed by the printer in the production of the plates and dies that are directly used in the production of newspapers, magazines, and other printed material for sale.
- (5) Lithographic and gravure plates and dies retained by the printer or publisher that are directly used in the production of newspapers, magazines and other printed material for sale.
- (6) Photo engravings, electrotypes, and lithographs for direct use in printing tangible personal property for sale.
- (7) Printing presses for direct use in printing tangible personal property for sale.
- (8) Cushion paper, cover paper, and tissue for use in building up the printing surface of the press for direct use in printing tangible personal property for sale.
- (9) Offset or direct relief duplicating machines and repair parts or accessories for such machines, including offset blankets and plates.
- (10) Positives and negatives for use in preparing plates for use in the printing process.
- (11) Chemicals used to clean printing machinery.
- (12) Metal for making type.
- (13) Computers used in the printing process.
- (14) Mounting tape for use in the preparation of plates.
- (15) Printing machines when the machines are used to produce newspapers or other printed material for sale.
- (16) Photographs to be reproduced in newspapers.

(c) In-House Printers. -- The provisions of Paragraph (b) of this Rule do not apply to sales of printing equipment and supplies to businesses that operate print shops for the production of printed matter for their own use and not for sale.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 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; April 1, 2001; October 1, 1993; June 1, 1992; October 1, 1991;
February 1, 1988;
Readopted Eff. February 1, 2024;
Amended Eff. March 1, 2025.