

17 NCAC 07B .4803 CASH BASIS

- (a) A person making taxable and nontaxable sales that elects to report and pay tax on the cash basis, and is not required to report on the accrual basis pursuant to G.S. 105-164.20, shall keep records that disclose a separate accounting of taxable and nontaxable sales.
- (b) The person shall pay tax on the total sales price of all taxable items, as the term item is defined in G.S. 105-164.3, sold during the period covered by the sales and use tax return as required by G.S. 105-164.16.
- (c) Sales upon which tax is due include cash, credit, installment, or conditional sales, and on any portion of the sales price collected or constructively received during the return period.
- (d) Interest, financing, and carrying charges from credit extended under conditional sales contracts providing for deferred payment of the purchase price are not subject to the tax if such charges are separately stated on the invoice or similar billing document given to the purchaser at the time of sale and maintained in the person's records of sales.
- (e) A person that sells or assigns the finance paper on conditional, installment, or other deferred payment sales is deemed to have received the full balance of consideration for the sale of an item and shall remit tax on the total sales price of the item at the close of the period when the finance paper was assigned or sold including any finance reserve withheld on the finance paper.
- (f) A person filing their sales and use tax returns on the cash basis of accounting that sells their accounts receivable shall remit tax on their taxable accounts receivable balance outstanding at the time they sell the accounts even though the accounts may be sold at a discount to the purchaser.

History Note: Authority G.S. 105-164.3; 105-164.20; 105-164.22; 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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