

**SECTION .0800 – ADJUSTMENTS: REPLACEMENTS: ALTERATIONS AND INSTALLATION SALES**

**17 NCAC 07B .0801 MANUFACTURER'S WARRANTY AND DEALER'S WARRANTY;  
ADJUSTMENTS AND REPLACEMENTS**

(a) Manufacturer's Warranty:

- (1) Exempt Purchases. -- Purchases by a manufacturer of a replacement item, a repair part, or repair, maintenance, and installation services to maintain or repair tangible personal property or a motor vehicle pursuant to a manufacturer's warranty, as the term is defined in G.S. 105-164.13(62a), are exempt from sales and use tax if the manufacturer provides the seller a Certificate of Exemption or required data elements in accordance with 17 NCAC 07B .0106. This exemption also applies when the manufacturer contracts with a dealer or another person to make the repairs on behalf of the manufacturer pursuant to a manufacturer's warranty and that dealer or person purchases the replacement item, repair part, or repair, maintenance, and installation services.
- (2) Tax Due On Repair Charges. -- If the manufacturer does not charge the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, no sales or use tax is due on the cost of the replacement item, parts, or services. If the manufacturer charges the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, sales and use tax is due on the sales price of the item, parts, or services.

(b) Dealer's Warranty:

- (1) Exempt Purchases. -- Purchases by a dealer of a replacement item, a repair part, or repair, maintenance, and installation services to maintain or repair tangible personal property or a motor vehicle pursuant to a dealer's warranty, as the term is defined in G.S. 105-164.13(62a), are exempt from sales and use tax if the dealer provides the seller a Certificate of Exemption or required data elements in accordance with 17 NCAC 07B .0106. This exemption also applies when the dealer contracts with another person to make the repairs on behalf of the dealer pursuant to a dealer's warranty and that person purchases the replacement item, repair part, or repair, maintenance, and installation services.
- (2) Tax Due On Repair Charges. -- If the dealer does not charge the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, no sales or use tax is due on the cost of the replacement item, parts, or services. If the dealer charges the purchaser of the property being repaired for the replacement item, repair parts, or any repair, maintenance, and installation services, sales and use tax is due on the sales price of the item, parts, or services.

*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. April 1, 2006; October 1, 1993; October 1, 1991; Readopted Eff. January 1, 2024.*