

17 NCAC 07B .1602 REFUNDS TO NONPROFIT ENTITIES

(a) Eligibility. -- A nonprofit entity listed in G.S. 105-164.14(b) may file Form E-585, Nonprofit and Governmental Entity Claim for Refund State, County and Transit Sales and Use Taxes, to obtain a refund of sales and use tax paid by it on the following purchases when used in carrying on the work of the nonprofit entity:

- (1) Direct purchases of an item, as the term item is defined in G.S. 105-164.3, including reimbursement by the nonprofit entity for purchases by an authorized person of tangible personal property and services on behalf of the nonprofit entity. For purposes of this Rule, an authorized person is a person designated by a nonprofit entity, within its records, to purchase tangible personal property and services on behalf of the nonprofit entity.
- (2) Indirect purchases of building materials, supplies, fixtures, and equipment that become part of or are annexed to any building or structure the entity owns or leases, and is being erected, altered, or repaired for use by the entity in carrying on its nonprofit activities.

A claim for refund applies to sales and use tax paid during the period for which the claim for refund is filed. Taxes for which a refund is allowed under G.S. 105-164.14(b) are not an overpayment of tax and do not accrue interest.

(b) Form E-585, requires the following information:

- (1) name and address of entity requesting the refund;
- (2) Federal Employer Identification Number;
- (3) account number;
- (4) refund period beginning and ending dates;
- (5) contact person name and telephone number;
- (6) designation as either a nonprofit entity or governmental entity;
- (7) National Taxonomy of Exempt Entities (NTEE) number for nonprofit entities;
- (8) name of taxing county if taxes were paid in only one county. Where more than one county's sales and use tax has been paid, attach Form E-536E, Schedule of County Sales and Use Taxes for Claims for Refund, and show the amount paid for each county's applicable local and transit rates of tax.
- (9) total purchases of items for use on which State, food, county and transit sales or use tax was paid directly to the retailer;
- (10) amount of sales and use tax paid directly to retailers on purchases;
- (11) amount of sales and use tax paid indirectly to retailers on purchases;
- (12) amount of use tax paid directly to the Department on purchases;
- (13) total tax paid;
- (14) total refund amount requested;
- (15) allocation of food, county and transit tax amounts; and
- (16) signature of person authorized to legally bind entity and date form signed.

(c) Records -- A claim for refund shall be supported by documentation showing the amount of sales and use tax paid. Records shall be maintained by the nonprofit entity on a county-by-county basis to identify local and transit sales and use tax paid by the nonprofit entity. A claim for refund shall be denied if a nonprofit entity fails to produce documentation supporting a direct or indirect purchase upon request by the Department.

(d) Documentation for Direct Purchases. -- Documentation to substantiate sales or use tax paid directly to a retailer or the Department is an invoice or copy of an invoice that identifies the item purchased, the date of the purchase, the purchase price of the item, the amount of sales or use tax paid, and a record reflecting the date of payment. Documentation to substantiate an authorized person is designated to make purchases on behalf of the nonprofit entity shall include the name and address of the designee and the effective date of the designation.

(e) Documentation for Indirect Purchases. -- Documentation to substantiate sales or use tax paid indirectly on purchases of building materials, supplies, fixtures, and equipment by the nonprofits' real property contractor or other person, is a certified statement from the real property contractor or other person that purchased the items.

- (1) The certified statement shall include the following information:
 - (A) the date the item was purchased;
 - (B) the type of item purchased;
 - (C) the name of the retailer or other person from whom the item was purchased;
 - (D) the invoice or order reference number of the purchase;
 - (E) the purchase price of the item;
 - (F) the amount of sales or use tax paid to this State with the applicable local and transit rates of tax shown separately from the State rate of tax.
 - (G) the project for which the item was used;

- (H) if the item was purchased in this State, the county in North Carolina in which the item was delivered and a copy of the sales invoice;
 - (I) if the item was not purchased in this State, the county in North Carolina in which the item was used; and
 - (J) the signature of the real property contractor or corporate officer or employee of the real property contractor who is authorized to provide the information.
- (2) In the event the real property contractor or other person makes several purchases from the same retailer, the certified statement shall indicate the invoice numbers, the inclusive dates of the invoices, the total amount of the invoices, and the general State, and applicable local and transit rates of sales or use tax paid.
 - (3) If items are withdrawn from a real property contractor or other person's warehouse stock, the certified statement shall include the purchase price of the items and the amount of the general State, and applicable local and transit rates of sales and use tax paid.
 - (4) A real property contractor or other person shall not include in its certified statement sales or use tax paid on items purchased and used to fulfill the real property contract that did not become part of or annexed to the building constructed. Examples of items that shall not be included in the certified statement are scaffolding, forms for concrete, fuel to operate machinery and equipment, tools, equipment repair parts, and equipment rentals.
- (f) Taxes Not Eligible for Refund. -- The refund provisions of this Rule do not apply when a non-profit entity listed in G.S. 105-164.14(b), reimburses a personal expense of an employee. This includes purchases paid for by the employee of food, lodging, or other personal taxable travel expenses, including any sales and use tax incurred. The refund provisions of this Rule do not apply to the following taxes:
- (1) Sales or use tax remitted on taxable sales.
 - (2) Sales or use tax paid on the purchase of "alcoholic beverages" as defined in G.S. 18B-101.
 - (3) Sales or use tax paid on electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan.
 - (4) Local occupancy taxes paid to certain counties and cities in this State.
 - (5) Local prepared food and beverage taxes paid to various local governments in this State.
 - (6) Highway use tax or alternate highway use tax paid on the purchase, vehicle subscription, lease, or rental of motor vehicles.
 - (7) White goods disposal tax paid on purchases of new white goods.
 - (8) Scrap tire disposal tax paid on purchases of new tires.
 - (9) Dry-cleaning solvent tax paid on dry-cleaning solvent purchased by a dry cleaning facility.
 - (10) Solid waste disposal tax.
 - (11) 911 service charge for prepaid wireless telecommunications service.
 - (12) Other states' sales or use taxes paid to those states.
- (g) The provisions of G.S. 105-164.14(b) and this Rule apply to out-of-state nonprofit entities to the extent the out-of-state nonprofit entity pays North Carolina sales or use tax on purchases for use in carrying on the entities nonprofit activities, whether those activities occur in or outside this State.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.14; 105-241.7; 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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