

9-09 (Web)

North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-00

IMPORTANT NOTICE: SIMULTANEOUS CHANGE IN STATE AND LOCAL RATES

Effective October 1, 2009, the general State rate of tax increases from 5.5% to 5.75%. The local rate decreases from 2.25% to 2% in all counties except Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry where the county rate decreases from 2.5% to 2.25%. Mecklenburg County continues to impose an additional 0.5% Transit rate. The third one-half cent local tax previously reduced to a quarter cent (0.25%) under Article 44 will decrease to zero. The combined State and local rate will continue to be 7.75% in ninety-one counties, 8% in Alexander, Catawba, Cumberland, Haywood, Martin, Pitt, Sampson, and Surry Counties and 8.25% in Mecklenburg County. These changes occur as the State continues assuming Medicaid responsibilities for the counties.

G.S. 105-164.16(e) provides that, when the State and local sales and use tax rates change on the same date because one increases and the other decreases but the "combined general rate" does not change, sales and use taxes payable on the gross receipts from the following periodic payments are reportable in accordance with the changed or "new" State and local rates:

- (1) Lease or rental payments billed after the effective date of the changes.
- (2) Installment sale payments received after the effective date of the changes by a taxpayer who reports the installment sale on a cash basis.

The "combined general rate" as defined in G.S. 105-164.3(4a) that applies to sales of telecommunications and ancillary services, video programming, and spirituous liquor other than mixed beverages does not change as a result of the simultaneous changes in the State and local rates and remains at 8%.

Questions about this notice can be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free) or in writing to the Taxpayer Assistance Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640-0001.