

Excise and Sales Taxes

Section 8:1 Revised 05/28/2002

Exemption from Federal Excise Tax

The University of North Carolina at Charlotte, being an agency of the State of North Carolina, is exempt from the Federal Excise Tax. The Purchasing Department must furnish the State of North Carolina Exemption Number to vendors for items subject to the Federal Excise Tax, indicated as follows:

FEDERAL TAX EXEMPTION
CHAPTER 32, INTERNAL REVENUE CODE
REGISTRY NO. 56 70 0047 K
FOR EXCLUSIVE USE OF NORTH CAROLINA
STATE GOVERNMENT AND PUBLIC SCHOOLS

State Sales Tax - Rates and Exemptions

Other than for those categories of items exempted by law, all purchases of supplies and materials by the University are subject to a seven percent (7%) State and County Sales and Use Tax. All State sales taxes are figured on the total cost, excluding freight costs, if the shipment originated within the State. If the shipment originated outside North Carolina, the freight costs are also taxable.

Where items are being traded in as part of the payment, the State sales tax is figured on original sales cost rather than on the net cost.

It is not necessary to include the sales taxes when submitting a Purchase Requisition for materials. The Purchasing Department will extend the tax after the correct prices for the materials have been determined.

Items Generally Exempted from Sales Tax

1. Items purchased for resale by the University are exempted. The sales tax is collected and paid at the point of sale. Purchase Requisitions covering such items must bear the notation, "Tax Exempt - Purchase for Resale."
2. Purchases of services, such as laboratory tests and analyses.
3. Purchases of seed, feed for livestock or poultry, fertilizers, insecticides, and herbicides.
4. Labor portion of charges for repairs to equipment when labor can be identified as a separate charge.
5. Repairs and alterations, such as painting, masonry work, electrical work and plumbing where the order states the vendor will furnish both labor and material. In this case, the vendor pays the tax on the materials that are used and figures the tax in the total cost. If the University buys the materials for a repair vendor to use, then the purchase of the materials is subject to

sales tax.

6. Rental of real property

7. Certain orthopedic products designed to be implanted in the body or prescribed by a physician to be worn on the body.

Items Taxable at Special Rates

1. Highway motor vehicles are taxed at a two percent rate with a maximum of \$120.00 per vehicle.