

North Carolina Sales and Use Tax

August 2003

The State of North Carolina levies a general retail sales and use tax at the rate of 4.5%. In addition, all counties levy local sales and use taxes at the rate of 2% and Mecklenburg County levies an additional ½% local sales and use tax for public transportation. Effective December 1, 2002, local governments had the option to impose an additional half-cent sales tax - and most of the 100 counties have done so.

Purchases of manufacturing machinery by contractors or subcontractors for use in performance of contracts to construct manufacturing facilities are taxed at a rate of 1%.

The sales and use tax increased from 4% to 4.5% on October 16, 2002. The ½% increase was scheduled to expire June 30, 2003, at which time counties would have had the option of levying an additional ½% local tax. However, in the 2003 session of the N. C. General Assembly, legislators extended the half-cent sales tax.

For more tax information at the Department of Revenue's website, go to <http://www.dor.state.nc.us/publications/2001stateandlocal.pdf>, or contact:

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