1. **Purpose**

The purpose of this regulation is to provide guidelines regarding the application of sales and use taxes on the procurement of goods and services.

2. **Scope**

This regulation applies to all faculty and staff procuring goods.

3. **Federal Excise Tax**

3.1 As an instrumentality of the State of North Carolina, the University is exempted from federal excise tax.

3.1.1 The Purchasing Office must furnish the State of North Carolina Exemption Number to vendors for items subject to the Federal Excise Tax, as indicated below:

4. **State Sales Tax**

4.1 NCCU, as part of the constituent institutions of the University of North Carolina, is granted partial exemption from state sales taxes.

4.2 The sales tax exemption applies to North Carolina sales tax on all direct purchases of tangible items made by the University.

4.2.1 Items Generally Exempted are:

4.2.1.1 Items purchased for resale by the University. 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.”
4.2.1.2 Purchases of services, such as laboratory tests and analyses.

4.2.1.3 Purchases of seed, feed for livestock or poultry, fertilizers, insecticides, and herbicides.

4.2.1.4 Labor portion of charges for repairs to equipment when labor can be identified as a separate charge.

4.2.1.5 Repairs and alterations, such as painting, masonry work, electrical work and plumbing where the order is for the vendor to furnish labor and materials. 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.

4.2.1.6 Rental of real property.

4.3 Items Taxable at Special Rates

4.3.1 The Highway Use Tax applies to the purchase of highway motor vehicles. For current rates, see NCDOT Vehicle Tax

4.3.2 Purchase of supplies or equipment which are used in commercials broadcasting both radio and television.

4.4 Items not subject to Exemption from Tax

4.4.1 Prepared food and beverage taxes levied and administered by various local governments in the State.

4.4.2 Occupancy taxes on hotel/motel lodging

4.4.3 Highway use taxes on the purchase, lease, or rental of motor vehicles

4.4.4 State sales taxes levied on electricity or telecommunication services

4.4.5 Scrap tire disposal tax on new tires

4.4.6 White goods disposal tax on new white goods

4.4.7 Dry-cleaning solvent tax on dry-cleaning solvent purchased by a dry-cleaning facility.

4.4.8 Excise tax on piped natural gas.

4.5 Freight

4.5.1 Freight charges within NC are not taxable.