

North Carolina's retail sales of tangible personal property not subject to a reduced rate of tax are subject to the general 4.75% State rate of sales and use tax.

North Carolina and Local County Sales & Use Tax Rates

	State	County	Tansit County Tax	TOTAL
Lincoln County	4.750%	2.000%	NONE	6.750%
Catawba County	4.750%	2.250%	NONE	7.000%
Mecklenburg County	4.750%	2.000%	0.500%	7.250%
Gaston County	4.750%	2.000%	NONE	6.750%
Iredell County	4.750%	2.000%	NONE	6.750%
Durham and Orange County	4.750%	2.250%	0.500%	7.500%

For qualifying businesses, North Carolina also grants sales and use tax **EXEMPTIONS** on the following goods and services:

North Carolina offers reduced rate allowances on certain parts, accessories and construction supplies for eligible industries and manufacturing processes.

For example:

- Industrial machinery and equipment is exempt from sales and use tax but is subject to an excise tax. This rate is 1 percent with a maximum of \$80 per item.
- Parts and accessories to manufacturing machinery, which include most supplies used in the manufacturing process but not becoming a part of the manufactured product, including pollution abatement equipment, are taxed at 1 percent.
- Purchases of ingredients or component parts of manufactured products are exempt from sales or use tax.
- Packaging containers and items that become part of a manufactured product and are delivered with the product to the customer are exempt from sales and use tax.
- Air courier services; Aircraft manufacturing; Bioprocessing; Financial services, securities operations and related systems development; Motor vehicle manufacturing; Paper-from-pulp manufacturing; Pharmaceutical and medical manufacturing and distribution; Semiconductor manufacturing; Solar electricity generating materials manufacturing; and Turbine manufacturing companies may receive a refund of sales taxes on purchases of building materials, fixtures and equipment if the facility costs at least \$50 million in Tier 1 counties and \$100 million in Tier 2 and 3 counties.
- Sales of electricity to manufacturers and farmers are exempt from sales and use tax.
- Sales of electricity and eligible business property to an internet datacenter or software publishing datacenter business that invests at least \$250 million in private funds are exempt from sales and use tax.
- Piped natural gas is exempt from sales and use tax but is subject to an excise tax. This tax rate is based on the number of therms of gas consumed in a month.
- Fuel purchased by a manufacturer for use in connection with the operation of a manufacturing facility is not subject to the privilege tax.
- Motor vehicles are exempt from sales and use tax but are subject to the highway use tax. Highway use tax is 3 percent of the retail value of the motor vehicle with a maximum tax of \$1,500 per recreational vehicle and \$1,000 maximum per Class A or B motor vehicles.
- Aircraft and boats are taxed at 3 percent with a maximum tax of \$1,500 per item.
- Computer software or digital property that becomeSource: North Carolina Department of Commerce s component part of other computer software or digital property is exempt from sales and use tax.

Source: North Carolina Department of Commerce