Department Of Revenue Publishes Notice About Changes To Service Contracts

By Administrator
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RALEIGH, (SGRToday.com) - The state Department of Revenue has released details of a change that will take effect October 1, effecting service contracts.

The notice reads, in part: "Effective October 1, 2014, N.C. Gen. Stat. § 105-164.4(a)(11), as amended, imposes a privilege tax at the 4.75% general State and applicable local and transit rates of sales and use tax on a retailer to the sales price of or the gross receipts derived from a service contract sold at retail. Additionally, a service contract sold at retail on or after October 1, 2014 is taxed in accordance with N.C. Gen. Stat. § 105-164.4I. See Directive SD-13-5, Service Contracts, for additional information regarding the application of sales and use tax to the retail sale of a service contract sold on or after January 1, 2014 and prior to October 1, 2014." Questions about the change should be directed to the Taxpayer Assistance and Collection Center at 1-877-252-3052.

The entire Department of Revenue notice can be accessed online at http://www.dornc.com/taxes/sales/impnotice092614 servicecontracts.pdf