



# NCDOR

NORTH  
CAROLINA  
DEPARTMENT  
OF REVENUE

**IMPORTANT NOTICE:**  
**ADDITIONAL 0.25% LOCAL SALES AND USE TAX**

**Effective October 1, 2020, the following counties adopted resolutions to levy an additional 0.25% local sales and use tax:**

**Chatham County**

**Madison County**

Effective October 1, 2020, the local rate of sales and use tax in Chatham and Madison Counties is 2.25%. Pursuant to N.C. Gen. Stat. § 105-164.4(a), the general 4.75% State and 2.25% local rates of sales and use tax (total rate of 7.00%) apply to taxable sales, purchases, and the gross receipts derived from the following when sold at retail and sourced to one of the above counties:

- Tangible personal property not specifically subject to another rate of sales tax;
- Certain digital property including: a digital audio work, a digital audiovisual work, a digital book, a magazine, a newspaper, a newsletter, a report, or another publication, a photograph, and a greeting card;
- Lease or rental of tangible personal property that is not specifically subject to another rate of sales tax;
- Service contract or renewal of a service contract;
- Prepaid meal plan;
- Admission charges to an entertainment activity;
- Rental of accommodations;
- The sale or recharge of prepaid telephone calling service, including prepaid wireless calling service;
- Satellite digital audio radio service;
- Repair, maintenance, and installation services, including such services provided by a real property manager under a property management contract in certain circumstances;
- Laundries, dry cleaning, linen rental or similar businesses but does not include receipts derived from coin, token, or card-operated washing machines, extractors and dryers; and
- Alcoholic beverages, tobacco products, prepared food, candy, dietary supplements, soft drinks, and food sold through a vending machine.

Retailers should collect and are liable for the additional 0.25% local sales and use tax on the sales price of or the gross receipts derived from retail sales, leases, and other transactions sourced to Chatham and Madison Counties, including items sold by a retailer to a customer in another county where the retailer is directed by the customer to deliver the item to Chatham or Madison Counties. The provisions of the Local Government Sales and Use Tax Law, with respect to a retailer required to collect sales and use tax in a taxing county, and the liability for local sales and use tax, are applicable to the new levy.

Pursuant to N.C. Gen. Stat. § 105-164.4(a), the 0.25% local rate of sales and use tax **does not apply** to the sales price or purchase price of, or the gross receipts derived from the following:

- Boats including accessories attached to the boat at the time of delivery to the purchaser (Subject to the 3% State rate with a maximum tax of \$1,500 per article);
- Aircraft (Subject only to the general 4.75% State rate with a maximum tax of \$2,500 per article);
- Qualified jet engines (Subject only to the general 4.75% State rate);
- Manufactured homes (Subject only to the general 4.75% State rate);
- Modular homes (Subject only to the general 4.75% State rate);
- Video programming (Subject to the 7% Combined General Rate);