

## Simple steps for SWCDs related to Sales and Use Tax...

April 2016

1. If your SWCD makes retail sales to consumers, **tax must be collected** (e.g. rain barrels).
  2. **Register** to remit sales and use tax and obtain an account ID number, if you do not currently have a sales and use tax account ID number:
    - a. Online registration - <http://www.dor.state.nc.us/electronic/registration/index.html>
    - b. Or, complete and submit Form NC-BR (parts 1 and 3, only)
  3. When your SWCD **purchases an item for resale, tax should not be paid** at the time of purchase. The SWCD should provide the vendor with form **E-595E**, Streamlined Sales and Use Tax Agreement Certificate of Exemption for items that will be resold. Your "resale number" is your account ID number.
  4. **Rate for SWCD to charge** at time of a retail sale is as follows (as of April 2016): General State Rate 4.75% + Applicable Local Rate (generally 2.00% or 2.25%) - <http://www.dornc.com/taxes/sales/taxrates.html> + Applicable Transit Tax 0.50%
  5. For customers that should not pay tax to the SWCD (e.g. qualifying farmer that will use the SWCD drill for farming purposes), customer must complete and provide form E-595E, and district must maintain this on file to substantiate an exempt sale.
  6. Forms for reporting tax collection are typically **filed quarterly** (if tax liability is consistently less than \$100.00) **or monthly** (if tax liability is consistently \$100.00 or more per month). State form **E-500, Sales and Use Tax Return**, is due on or before the last day of January, April, July, and October for the preceding three-month period for a person required to file quarterly, and by the 20<sup>th</sup> of the following month for a person required to file monthly. Form must be completed and returned even if no tax is collected during the quarter or month, as applicable (indicate "\$0.00"). Form E-536 must also be completed and filed if you collect county tax for a county that your business is not located in (items delivered to a purchaser in another county by the SWCD), or for more than one county.
  7. **Self-accruals** and taxable "purchases" should be reported on Form E-500 for tangible personal property, certain digital property, and taxable services, that were purchased by the SWCD and no tax was charged by the retailer (e.g. items purchased online from an out of state retailer).
  8. **Sales and Use Tax Refunds** may be claimed by a soil and water conservation district organized under Chapter 139 of the General Statutes, on Qualifying Purchases. Purchases on or after July 1, 2015; refund request is due six months after the end of the entity's fiscal year [due December 31]. SWCDs should file Annual Refund form **E-585**. Statute of limitations is three years after due date of refund claim.
- NC Department of Revenue does offer **Small Business Seminars** that may be of interest to SWCDs for training related to collecting sales and use tax
  - More detailed information is included on the NC Department of Revenue website and should be reviewed by SWCDs that engage in sales - [www.dornc.com](http://www.dornc.com)