

May 11, 2006

H 1915. SSTA SALES TAX DEFN/SALES TAX PAYMENTS. Filed 5/11/06. *TO INCORPORATE THE STREAMLINED SALES TAX DEFINITIONS CONCERNING TELECOMMUNICATIONS AND TO SIMPLIFY THE TAX PAYMENT REQUIREMENTS FOR SEMIMONTHLY TAXPAYERS.* Amends the sales and use tax law (Article 5 of GS Chapter 105) to (1) make definitions relating to telecommunications conform to the definitions adopted in the Streamlined Sales and Use Tax Agreement, effective January 1, 2007, and (2) replace the semimonthly payment sales tax schedule with a single monthly payment and a prepayment of the next month's liability due on the same day as the monthly payment, effective October 1, 2007.

Telecommunications changes. Effective January 1, 2007, Sections 1 through 8 adopt the definitions relating to telecommunications that are in the Streamlined Sales Tax Agreements and make related changes, as follows: (1) Add a definition of the term "ancillary service" to separate ancillary services from telecommunications services. This change should not affect the taxation of ancillary services. (2) Modify the definition of "prepaid telephone calling service" to include "prepaid wireless calling service" (newly defined) and "prepaid wireline calling service," to recognize that prepaid wireless can include any services authorized with the same card (some of which may not currently be within the definition of telecommunications service) and to remove the exclusive use requirement from the wireless portion of the definition. (3) Update the definition for "Streamlined Agreement" to include the November 2005 amendments. (4) Delete the exclusions from tax for Universal Service Fund surcharges and paging service. (5) Extend the tax to non-telecommunications services that are sold as part of a prepaid wireless calling service. (6) Move to the exemption statute the items that were formerly excluded from the definition of telecommunications and are not taxed. (7) Make conforming changes to reflect these changes.

Semi-monthly sales tax payments. Taxpayers that are liable for at least \$10,000 a month in sales tax, electric utility tax, or piped gas excise tax must pay tax twice a month and file a separate return. Effective October 1, 2007, this act amends GS 105-164.16, GS 105-113(b), and GS 105-187.43 to permit payments to be made only once a month, replacing the semimonthly payment schedule with a single monthly payment plus, on the same date, a prepayment of the next month's liability. The prepayment must equal at least 65% of one of the following: the current month's liability, the liability for the same month the preceding year, or the average monthly liability for the past calendar year. The act makes conforming changes, eliminating penalty relief for small underpayments because the new law will provide taxpayers sufficient time to calculate the amounts due.

Intro. by Hill.

GS 105

June 8, 2006

H 1915. SSTA SALES TAX DEFN/SALES TAX PAYMENTS. Filed 5/11/06. Senate committee substitute makes the following changes to 1st edition. Incorporates the provisions of S 1966, amending GS 105-164.4(a)(8) to allow a modular homebuilder a sales tax credit for sales or use taxes paid to another state on tangible personal property incorporated into a modular home, effective July 1, 2006. Effective June 1, 2006, repeals GS 105-164.42H(a)(3), which requires an automated sales tax system, in order to be certified, to be able to determine the validity of a purchaser's exemption certificate by consulting the Department of Revenue's registry.

June 30, 2006

SL 2006-33 (H 1915). SSTA SALES TAX DEFINITIONS/SALES TAX PAYMENTS. AN ACT TO INCORPORATE THE STREAMLINED SALES TAX DEFINITIONS CONCERNING TELECOMMUNICATIONS, TO SIMPLIFY THE TAX PAYMENT REQUIREMENTS FOR SEMIMONTHLY TAXPAYERS, AND TO TREAT TANGIBLE PERSONAL PROPERTY USED IN MODULAR HOMES THE SAME AS TANGIBLE PERSONAL PROPERTY USED IN OTHER HOMES. Summarized in *Daily Bulletin* 5/11/06 and 6/8/06. Enacted June 29, 2006. Section 12 is effective June 1, 2006. Section 11 is effective July 1, 2006. Sections 9, 10, and 13 are effective October 1, 2007. The remainder is effective January 1, 2007.