

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE DRS15248-MH-23 (5/20)

Short Title: Raise Sales and Use Tax Prepayment Threshold. (Public)

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Sponsors: Senator Hoyle.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO INCREASE THE APPLICABILITY THRESHOLD FOR MANDATORY  
MONTHLY PREPAYMENT OF THE FOLLOWING MONTH'S SALES AND  
USE TAX LIABILITY.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-164.16 reads as rewritten:

**"§ 105-164.16. Returns and payment of taxes.**

(a) General. – Sales and use taxes are payable when a return is due. A return is due quarterly or monthly as specified in this section. A return must be filed with the Secretary on a form prescribed by the Secretary and in the manner required by the Secretary. A return must be signed by the taxpayer or the taxpayer's agent.

A sales tax return must state the taxpayer's gross sales for the reporting period, the amount and type of sales made in the period that are exempt from tax under G.S. 105-164.13 or are elsewhere excluded from tax, the amount of tax due, and any other information required by the Secretary. A use tax return must state the purchase price of tangible personal property or services that were purchased or received during the reporting period and are subject to tax under G.S. 105-164.6, the amount of tax due, and any other information required by the Secretary. Returns that do not contain the required information will not be accepted. When an unacceptable return is submitted, the Secretary will require a corrected return to be filed.

(b) Quarterly. – A taxpayer who is consistently liable for less than one hundred dollars (\$100.00) a month in State and local sales and use taxes must file a return and pay the taxes due on a quarterly basis. A quarterly return covers a calendar quarter and is due by the last day of the month following the end of the quarter.

(b1) Monthly. – A taxpayer who is consistently liable for at least one hundred dollars (\$100.00) but less than twenty-five thousand dollars (\$25,000)~~ten thousand dollars (\$10,000)~~ a month in State and local sales and use taxes must file a return and

1 pay the taxes due on a monthly basis. A monthly return is due by the 20th day of the  
2 month following the calendar month covered by the return.

3 (b2) Prepayment. – A taxpayer who is consistently liable for at least twenty-five  
4 thousand dollars (\$25,000)~~ten thousand dollars (\$10,000)~~ a month in State and local  
5 sales and use taxes must make a monthly prepayment of the next month's tax liability.  
6 The prepayment is due on the date a monthly return is due. The prepayment must equal  
7 at least sixty-five percent (65%) of any of the following:

8 (1) The amount of tax due for the current month.

9 (2) The amount of tax due for the same month in the preceding year.

10 (3) The average monthly amount of tax due in the preceding calendar  
11 year.

12 ...."

13 **SECTION 2.** This act becomes effective October 1, 2008, and applies to  
14 sales and use tax returns due on or after that date.