



CHAPTER 105
ARTICLE 5 - SALES AND USE TAX

N.C.G.S. § 105-164.27A.

Direct pay permit.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT No amendment history on record	RETRIEVED 21 September 2026, 06:40 UTC	SOURCE FINGERPRINT d4a78582467f2a9c955ae20c - 1b8df5c3f71fe80eb789cab0 - e279c01a215b6187
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- § 105-164.27A(a)

General. - A general direct pay permit authorizes its holder to purchase certain items without paying tax to the seller and authorizes the seller to not collect any tax on a sale to the permit holder. A general direct pay permit may not be used for purposes identified in subsections (a1), (a2), (a3), or (b) of this section. A person who purchases an item under a direct pay permit issued under this subsection is liable for use tax due on the purchase. The tax is payable when the property is placed in use or the service is received. A direct pay permit issued under this subsection does not apply to taxes imposed under G.S. 105-164.4 on sales of electricity, piped natural gas, video programming, spirituous liquor, or the gross receipts derived from rentals of accommodations.

A person who purchases an item for storage, use, or consumption in this State whose tax status cannot be determined at the time of the purchase because of one of the reasons listed below may apply to the Secretary for a general direct pay permit:

(1)

The place of business where the item will be stored, used, or consumed in the State is not known at the time of the purchase and a different tax consequence applies depending on where the item is used in the State.

(2)

The manner in which the item will be stored, used, or consumed in the State is not known at the time of the purchase and one or more of the potential uses is taxable but others are not taxable in the State.

§ 105-164.27A(a1)

Direct Mail. - A person who purchases direct mail may apply to the Secretary for a direct pay permit for the purchase of direct mail. A direct pay permit issued for direct mail does not apply to any purchase other than the purchase of direct mail. A person

who purchases direct mail under a direct pay permit must file a return and pay the tax due monthly or quarterly to the Secretary.

§ 105-164.27A(a2) Qualified Jet Engine. - A person who purchases a qualified jet engine may apply to the Secretary for a direct pay permit for the purchase of a qualified jet engine. A direct pay permit issued for a qualified jet engine does not apply to any purchase other than the purchase of a qualified jet engine. The maximum use tax on a qualified jet engine is two thousand five hundred dollars (\$2,500). A person who purchases a qualified jet engine under a direct pay permit must file a return and pay the tax due monthly to the Secretary.

§ 105-164.27A(a3) Boat and Aircraft. - A direct pay permit issued under this subsection authorizes its holder to purchase tangible personal property, certain digital property, or repair, maintenance, and installation services for a boat, an aircraft, or a qualified jet engine without paying tax to the seller and authorizes the seller to not collect any tax on the purchased items from the permit holder. A person who purchases the tangible personal property, certain digital property, or repair, maintenance, and installation services under a direct pay permit must file a return and pay the tax due to the Secretary in accordance with G.S. 105-164.16. A permit holder is allowed a use tax exemption on one or more of the following: (i) the installation charges that are a part of the sales price of tangible personal property or certain digital property purchased by the permit holder for a boat, an aircraft, or a qualified jet engine, provided the installation charges are separately stated and identified as such on the invoice or other documentation given to the permit holder at the time of the sale and (ii) the sales price of or gross receipts derived from repair, maintenance, and installation services provided for a boat or an aircraft.

In lieu of purchasing under a direct pay permit pursuant to this subsection, a purchaser may elect to have the seller collect and remit the tax due on behalf of the purchaser. Where the purchaser elects for the seller to collect and remit the tax, an invoice given to the purchaser bearing the proper amount of tax on a retail transaction extinguishes the purchaser's liability for the tax on the transaction. Where a seller cannot or does not separately state installation charges that are a part of the sales price of tangible personal property or certain digital property for a boat, an aircraft, or a qualified jet engine on the invoice or other documentation given to the purchaser at the time of the sale, tax is due on the total purchase price.

The amount of the use tax exemption is the amount of the installation charges and the sales price of or gross receipts derived from the repair, maintenance, and installation services that exceed twenty-five thousand dollars (\$25,000).

§ 105-164.27A(a4)

Qualifying Spirituous Liquor. - A person who purchases qualifying spirituous liquor may apply to the Secretary for a direct pay permit for the purchase of qualifying spirituous liquor. A direct pay permit issued under this subsection authorizes its holder to purchase qualifying spirituous liquor without paying tax to the seller and authorizes the seller to not collect any tax on the qualifying spirituous liquor from the permit holder. A person who purchases qualifying spirituous liquor under a direct pay permit must file a return and pay the tax due to the Secretary in accordance with G.S. 105-164.16. A direct pay permit issued for qualifying spirituous liquor does not apply to any purchase other than the purchase of qualifying spirituous liquor. The maximum use tax on qualifying spirituous liquor is one thousand dollars (\$1,000). For purposes of this subsection, "qualifying spirituous liquor" is a single container of spirituous liquor, as defined in G.S. 18B-101, the purchase price of which is equal to or greater than fifty thousand dollars (\$50,000).

In lieu of selling under a direct pay permit pursuant to this subsection, a seller may voluntarily elect to collect and remit the maximum tax on qualifying spirituous liquor on behalf of the purchaser. Where the seller elects to collect and remit the maximum tax, an invoice given to the purchaser bearing the proper amount of tax on a retail transaction extinguishes the purchaser's liability for the tax on the transaction.

§ 105-164.27A(b)

Telecommunications Service. - A direct pay permit for telecommunications service authorizes its holder to purchase telecommunications service and ancillary service without paying tax to the seller and authorizes the seller to not collect any tax on a sale to the permit holder. A person who purchases these services under a direct pay permit must file a return and pay the tax due monthly or quarterly to the Secretary. A direct pay permit issued under this subsection does not apply to any tax other than the tax on telecommunications service and ancillary service.

A call center that purchases telecommunications service that originates outside this State and terminates in this State may apply to the Secretary for a direct pay permit for telecommunications service and ancillary service. A call center is a business that is primarily engaged in providing support services to customers by telephone to support products or services of the business. A business is primarily engaged in providing support services by telephone if at least sixty percent (60%) of its calls are incoming.

- § 105-164.27A(c)

Application. - An application for a direct pay permit must be made on a form provided by the Secretary and contain the information required by the Secretary. The Secretary may grant the application if the Secretary finds that the applicant complies with the sales and use tax laws and that the applicant's compliance burden will be greatly reduced by use of the permit.
- § 105-164.27A(d)

Revocation. - A direct pay permit is valid until the holder returns it to the Secretary or the Secretary revokes it. The Secretary may revoke a direct pay permit if the holder of the permit does not file a sales and use tax return on time, does not pay sales and use tax on time, or otherwise fails to comply with the sales and use tax laws. (2000-120, s. 1; 2001-414, s. 20; 2001-430, s. 9; 2002-72, s. 18; 2003-284, s. 45.9; 2003-416, s. 16(b); 2006-33, s. 7; 2009-451, s. 27A.3(q); 2012-79, s. 2.12; 2013-414, s. 13; 2015-259, s. 4.2(e); 2016-94, s. 38.5(m); 2017-204, s. 2.11(a); 2018-5, s. 38.5(o); 2019-6, s. 5.5; 2019-169, s. 3.3(r); 2024-41, s. 23(a).)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
3 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 105-164.4	(a)	"not apply to taxes imposed under"
G.S. 105-164.16	(a3)	"to the Secretary in accordance with"
G.S. 18B-101	(a4)	"of spirituous liquor, as defined in"

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-164.27A (2026).

PINPOINT

N.C. Gen. Stat. § 105-164.27A(a) (2026).

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