CHAPTER 105

ARTICLE 5A - NORTH CAROLINA HIGHWAY USE TAX

N.C.G.S. § 105-187.5.

Alternate tax for a limited possession commitment.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	S.L. 2019-69, s. 2 — twelfth act in the lineage	21 September 2026, 02:09 UTC	49432529a74589b352987269 - 123931f23b80a87be14a5c96 - 9eb965539e0e998b

§ 105-187.5(a)

Election. - A retailer may elect not to pay the tax imposed by this Article at the rate set in G.S. 105-187.3 when applying for a certificate of title for a motor vehicle purchased by the retailer for a limited possession commitment. A retailer who makes this election shall pay a tax on the gross receipts of the limited possession commitment of the vehicle. The portion of a limited possession commitment billing or payment that represents any amount applicable to the sales price of a service contract as defined in G.S. 105-164.3 should not be included in the gross receipts subject to the tax imposed by this Article. The charge must be separately stated on documentation given to the purchaser at the time the limited possession commitment goes into effect, or on the monthly billing statement or other documentation given to the purchaser. When a limited possession commitment is sold to another retailer, the seller of the limited possession commitment should provide to the purchaser of the limited possession commitment the documentation showing that the service contract and applicable sales taxes were separately stated at the time the limited possession commitment went into effect and the new retailer must retain the information to support an allocation for tax computed on the gross receipts subject to highway use tax. Like the tax imposed by G.S. 105-187.3, this alternate tax is a tax on the privilege of using the highways of this State. The tax is imposed on a retailer, but is to be added to the limited possession commitment of a motor vehicle and thereby be paid by the person who enters into a limited possession commitment with a retailer.

§ 105-187.5(b)

Rate. - The applicable tax rates on the gross receipts from a limited possession commitment are as listed in this subsection. Gross receipts does not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the limited possession commitment. The maximum tax in G.S. 105-187.3(a1) on certain motor vehicles applies to a continuous limited possession commitment of such a motor vehicle to the same person. The applicable tax rates are as follows:

Type of Limited Possession CommitmentTax Rate

Short-term lease or rental8%

Vehicle subscription5%

Long-term lease or rental3%

§ 105-187.5(c) Method. - A retailer who elects to pay tax on the gross receipts of the limited possession commitment of a motor vehicle shall make this election when applying for a certificate of title for the vehicle. To make the election, the retailer shall complete a form provided by the Division giving information needed to collect the alternate tax based on gross receipts. Once made, an election is irrevocable.

§ 105-187.5(d) Administration. - The Division shall notify the Secretary of Revenue of a retailer who makes the election under this section. A retailer who makes this election shall report and remit to the Secretary the tax on the gross receipts of the limited possession commitment of the motor vehicle. The Secretary shall administer the tax imposed by this section on gross receipts in the same manner as the tax levied under G.S. 105-164.4(a)(2). The administrative provisions and powers of the Secretary that apply to the tax levied under G.S. 105-164.4(a)(2) apply to the tax imposed by this section. In addition, the Division may request the Secretary to audit a retailer who elects to pay tax on gross receipts under this section. When the Secretary conducts an audit at the request of the Division, the Division shall reimburse the Secretary for the cost of the audit, as determined by the Secretary. In conducting an audit of a retailer under this section, the Secretary may audit any sales of motor vehicles made by the retailer.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I

12 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT

№	YEAR	ACT	CHARACTER
01	1989	c. 692, s. 4.1	ENACTED
02	1991	c. 79, s. 5	AMENDED
03	1991	c. 193, s. 3	AMENDED
04	1995	c. 410, s. 1	AMENDED
05	2000	S.L. 2000-173, s. 10(b)	AMENDED
06	2001	S.L. 2001-424, s. 34.24(b)	AMENDED
07	2001	S.L. 2001-497, s. 2(c)	AMENDED
08	2014	S.L. 2014-3, s. 6.1(h)	AMENDED
09	2015	S.L. 2015-259, s. 5(e)	AMENDED
10	2016	S.L. 2016-92, s. 2.7	AMENDED
11	2016	S.L. 2016-94, s. 38.5(k)	AMENDED
12	2019	S.L. 2019-69, s. 2	AMENDED

APPARATUS II
4 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. 105-187.3	(a)	*"Article at the rate set in"*
G.S. 105-164.3	(a)	*"a service contract as defined in"*
G.S. 105-187.3(a1)	(b)	*"possession commitment. The maximum tax in"*
G.S. 105-164.4(a)(2)	(d)	*"manner as the tax levied under"*

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-187.5 (2019).

PINPOINT

N.C. Gen. Stat. § 105-187.5(a) (2019).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

This document reproduces the text of one section of the General Statutes of North Carolina from a source file whose SHA-256 digest is printed on every page. The digest fixes the bytes this export was made from; if the State's file changes, the digest will not match.

The text of the section is unaltered. Subsection designators have been moved from the run of text into the margin. The amendment history and the table of authorities are derived from the section by mechanical extraction — they add no characterization of the law.

This is not the official text. The official text is published by the General Assembly of North Carolina.

HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1989, c. 692, s. 4.1; 1991, c. 79, s. 5; c. 193, s. 3; 1995, c. 410, s. 1; 2000-173, s. 10(b); 2001-424, s. 34.24(b); 2001-497, s. 2(c); 2014-3, s. 6.1(h); 2015-259, s. 5(e); 2016-92, s. 2.7; 2016-94, s. 38.5(k); 2019-69, s. 2.)

SET IN SPECTRAL AND ARCHIVO
NORTH CAROLINA LAW — STATUTE EXPORT, FORMAT V1