



**Sales and Use Tax Division
North Carolina Department of Revenue
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IMPORTANT NOTICE: Purchases of Qualifying Mill Machinery, Mill Machinery Parts or Accessories, and Other Qualifying Items for Specific Industries

N.C. Gen. Stat. § § 105-164.13(5e) through (5m), as enacted effective July 1, 2018, provide that purchases of qualifying mill machinery, mill machinery parts or accessories, and other qualifying items for specific industries **continue to be exempt from sales and use tax**. Effective July 1, 2018, as previously communicated by the Department, Article 5F of Chapter 105 of the North Carolina General Statutes is repealed for sales and purchases occurring on or after such date. Review [Important Notice: Repeal of Article 5F \(Certain Machinery and Equipment Tax\)](#), dated April 9, 2018 and published on the Department's website for additional guidance regarding the repeal.

N.C. Gen. Stat. § 105-164.13(5e) – Sales of qualifying mill machinery . . .

This subdivision is added and provides an exemption for “[s]ales of mill machinery or mill machinery parts or accessories to any of the following:

- a. A manufacturing industry or plant. A manufacturing industry or plant does not include (i) a delicatessen, cafe, cafeteria, restaurant, or another similar retailer that is principally engaged in the retail sale of foods prepared by it for consumption on or off its premises or (ii) a production company.
- b. A contractor or subcontractor if the purchase is for use in the performance of a contract with a manufacturing industry or plant.
- c. A subcontractor if the purchase is for use in the performance of a contract with a general contractor that has a contract with a manufacturing industry or plant.”

N.C. Gen. Stat. § 105-164.13(5f) – Sales of qualifying items to a major recycling facility . . .

This subdivision is added and provides an exemption for “[s]ales to a major recycling facility of any of the following tangible personal property for use in connection with the facility:

- a. Cranes, structural steel crane support systems, and foundations related to the cranes and support systems.
- b. Port and dock facilities.
- c. Rail equipment.
- d. Material handling equipment.”

N.C. Gen. Stat. § 105-164.13 (5g) – Sales of qualifying equipment . . . to a company primarily engaged . . . in research and development . . .

This subdivision is added and provides an exemption for “[s]ales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

- a. Is sold to a company primarily engaged at the establishment in research and development activities in the physical, engineering, and life sciences included in industry group 54171 of NAICS.
- b. Is capitalized by the company for tax purposes under the Code.
- c. Is used by the company at the establishment in the research and development of tangible personal property.”

N.C. Gen. Stat. § 105-164.13(5h) – Sales of qualifying equipment . . . to a company primarily engaged . . . in software publishing activities . . .

This subdivision is added and provides an exemption for “[s]ales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

- a. Is sold to a company primarily engaged at the establishment in software publishing activities included in industry group 5112 of NAICS.
- b. Is capitalized by the company for tax purposes under the Code.
- c. Is used by the company at the establishment in the research and development of tangible personal property.”

N.C. Gen. Stat. § 105-164.13(5i) – Sales of qualifying equipment . . . to a company primarily engaged . . . in industrial machinery refurbishing activities . . .

This subdivision is added and provides an exemption for “[s]ales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

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- a. Is sold to a company primarily engaged at the establishment in industrial machinery refurbishing activities included in industry group 811310 of NAICS.
 - b. Is capitalized by the company for tax purposes under the Code.
 - c. Is used by the company at the establishment in repairing or refurbishing tangible personal property.”

N.C. Gen. Stat. § 105-164.13(5j) – Sales of qualifying items . . . to a company located at a ports facility for waterborne commerce

This subdivision is added and provides an exemption for “[s]ales of the following to a company located at a ports facility for waterborne commerce:

- a. Machinery and equipment that is used at the facility to unload or to facilitate the unloading or processing of bulk cargo to make it suitable for delivery to and use by manufacturing facilities.
- b. Parts, accessories, or attachments used to maintain, repair, replace, upgrade, improve, or otherwise modify such machinery and equipment.”

N.C. Gen. Stat. § 105-164.13(5k) – Sales of qualifying items . . . to a secondary metals recycler

This subdivision is added and provides an exemption for “[s]ales of the following to a secondary metals recycler:

- a. Equipment, or an attachment or repair part for equipment, that (i) is capitalized by the person for tax purposes under the Code, (ii) is used by the person in the secondary metals recycling process, and (iii) is not a motor vehicle or an attachment or repair part for a motor vehicle.
- b. Fuel, piped natural gas, or electricity for use at the person's facility at which the primary activity is secondary metals recycling.”

N.C. Gen. Stat. § 105-164.13(5l) – Sales of qualifying equipment . . . to a company primarily engaged . . . in . . . extracting precious metals . . .

This subdivision is added and provides an exemption for “[s]ales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

- a. Is sold to a company primarily engaged at the establishment in processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase.
- b. Is capitalized by the company for tax purposes under the Code.
- c. Is used by the company in the process described in this subdivision.”

N.C. Gen. Stat. § 105-164.13(5m) – Sales of qualifying equipment . . . to a company . . . engaged in the fabrication of metal work . . .

This subdivision is added and provides an exemption for “[s]ales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

- a. Is sold to a company that is engaged in the fabrication of metal work and that has annual gross receipts, including the gross receipts of all related persons, as defined in G.S. 105-163.010, from the fabrication of metal work of at least eight million dollars (\$8,000,000).
- b. Is capitalized by the company for tax purposes under the Code.
- c. Is used by the company at the establishment in the fabrication or manufacture of metal products or used by the company to create equipment for the fabrication or manufacture of metal products.”

N.C. Gen. Stat. § 105-164.13(5n) – Sales of repair or replacement parts for a ready-mix concrete mill . . .

This subdivision is effective July 1, 2018 and provides “[s]ales [and purchases] of repair or replacement parts for a ready-mix concrete mill, regardless of whether the mill is freestanding or affixed to a motor vehicle, to **a company that primarily sells ready-mix concrete** [emphasis added]” are exempt from sales and use tax. A real property contractor is deemed the consumer of tangible personal property it purchases and uses to fulfill a real property contract and is not considered a retailer for such purposes; therefore, purchases by such real property contractors are subject the general state, applicable local, and applicable transit rates of sales and use tax.

[Form E-595E](#), Streamlined Sales and Use Tax Agreement Certificate of Exemption, or the data elements pursuant to N.C. Gen. Stat. § 105-164.28, may be provided by a purchaser of a qualifying item to a seller, as the seller’s authority to exempt the sale of a qualifying item from sales or use tax.

Purchasers of qualifying items who do not have a current sales and use tax account number, must obtain a number by registering online using the [online business registration portal](#) or by submitting a completed [Form NC-BR](#), Business Registration Application. These forms are available on the Department’s website.

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.