

# WHAT'S NEW AT NCDOR

**NC STATE & LOCAL TAX CONFERENCE**  
**December 3, 2024**

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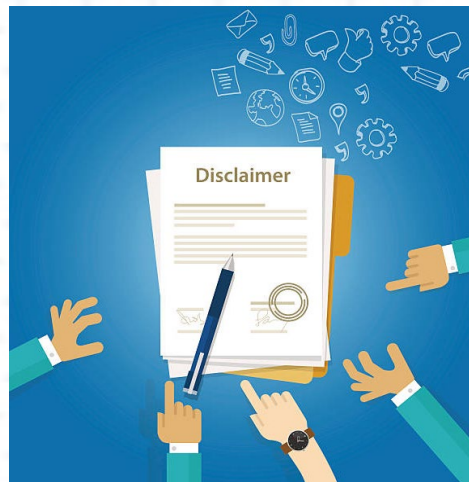
Andrew Furueth

Director, Sales and Use Tax Division





- This presentation is for general information only.
- This presentation content can not be interpreted as specific tax advice for a specific tax situation.
- This presentation does not take draft or future legislation into account.
- Any opinions expressed are my own and do not represent NCDOR.



# Overview

**1**

**Legislative and Rule Changes**

**2**

**Service and Support Improvements**

**3**

**Technology Updates and Future Projects**

**4**

**Enforcement Initiatives**





- Secretary Ronald G. Penny Announced Retirement
  - Served for 8 Years
- Governor Elect Josh Stein will Appoint Successor





# Legislative Updates

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The most significant updates to were incorporated in:

- **Session Law 2024-1** (Budget Technical Corrections)
- **Session Law 2024-28** (Revenue Laws)
- **Session Law 2024-32** (Agriculture Bill)
- **Session Law 2024-41** (ABC Omnibus)



# Legislative Updates Sales and Use

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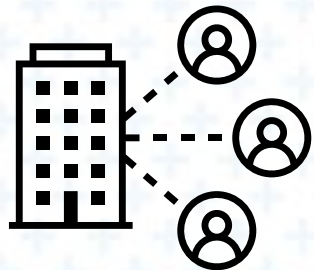


## Background

- June 21, 2018 – *South Dakota v. Wayfair, Inc.*
- August 7, 2018 – Directive SD-18-6
- March 20, 2019 – Session Law 2019-6 Codified Econ. Nexus Threshold
  - Gross sales > \$100,000 OR
  - 200 or more separate transactions

## Repeal of Transaction Thresholds

- Economic Nexus Thresholds now Gross Sales > \$100,000
  - Includes: Direct Sales and Marketplace Facilitated Sales
- Directive SD-24-1 – Provides Administrative Guidance



*Reference: S.L. 2024-28 (s. 2.1.(a))*





- **Time to Obtain E-589CI**
  - Within 90 Days of the Sale OR
  - Within 120 Day of a request by the Secretary
- **Penalty for Misuse**
  - \$250.00 Civil Penalty – Same Penalty as misuse of an exemption cert.

NCDOR  
Web-Fill  
7-18

## E-589CI Affidavit of Capital Improvement



Form E-589CI, Affidavit of Capital Improvement, may be used to substantiate that a contract, or a portion of work to be performed to fulfill a contract, is to be taxed for sales and use tax purposes, as a real property contract for a capital improvement to real property.

The receipt of an affidavit of capital improvement for services to real property, absent fraud or other egregious activities, establishes that the subcontractor or other person receiving the affidavit should treat the transaction as a real property contract for sales and use tax purposes.

A real property contract is a contract between a real property contractor and another person to perform a capital improvement to real property.

**Section I. Single Use** (Complete this section to issue the affidavit for a single capital improvement.)

<b>A</b> Owner, Lessee/Tenant, or Real Property Contractor	<b>B</b> Real Property Contractor (General Contractor or Subcontractor) <small>Must perform capital improvement</small>
Address	Address
City	City
State	State
Zip Code	Zip Code

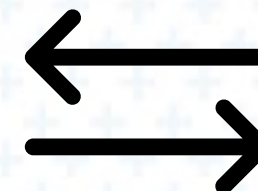
Describe capital improvement to be performed:

*Reference: S.L. 2024-28 (s. 2.4 & 3.1)*



- **Situation**

- Purchaser Requests Refund of Tax From Seller
- Seller Requests Refund from DOR
- DOR Issues Refund to Seller



- **Statute of Limitations**

- 3 years from Date of Refund to Assess Purchaser

*Reference: S.L. 2024-28 (s. 2.3.(a))*



- **What is Qualifying Spiritous Liquor?**
  - A Single Container of Spiritous Liquor &
  - Purchase Price  $\geq$  \$50,000
  
- **Maximum Use Tax - \$1,000**



## Collections Options

### Direct Pay Permit

1. Purchaser gets a Direct Pay Permit
2. Provides Permit to Retailer
3. Retailer Exempts Sale
4. Purchaser Pays Max Tax to DOR

### Retailer Collects Tax

1. Retailer Collects \$1,000 Max Tax
2. Retailer Pays Tax to DOR

*Effective January 1, 2025*  
*Reference: S.L. 2024-41 (s. 23.(c))*





## Taxi Rides



- **Starts July 1, 2025**
- **Tax Rate:**
  - 1.5% for Exclusive Ride Services
  - 1.0% for Shared-Ride Services
- **Used for Highway Fund**
- **Limited Exemptions**
  - Service provided by a for-hire ground transport service provider as public transportation for certain governmental entities
  - Sales State cannot tax under Constitution

## Transportation Network Company Rides



*Effective July 1, 2025*  
*Reference: S.L. 2023-124 (s. 42.19)*





**NCDOR**  
Web-Fill  
2-24

## E-589P

### Affidavit of Tax Paid by Real Property Contractor

PRINT

CLEAR

Purpose: Real Property Contractors use this form to certify they have paid the sales and use tax due on all items used in a real property contract.

General Instructions

**Real Property Contractor:**  
Step 1: Verify you have paid the sales and use tax due on all items used in the real property contract.  
Step 2: Complete this affidavit.  
Step 3: Provide the affidavit to the owner, tenant/lessee, or general contractor for the project, as applicable.

**Owner or Tenant/Lessee or General Contractor:**  
Step 1: Request all contractors complete this form after performing a real property contract.  
Step 2: Keep a copy of the completed affidavits in your records.

**Part I – Contractor Information.** Enter your information in the spaces provided.

Real Property Contractor (e.g. General Contractor or Subcontractor)

Address

City

State

Zip Code

**Part II – Owner, Tenant/Lessee or General Contractor Information.** Enter the information of the owner, tenant/lessee, and/or general contractor. The persons listed below will be relieved of liability if additional tax is found to be due on covered items. **Important:** If you are a general contractor certifying that you paid sales and use tax on items, do not list yourself in this section.

A  
Owner

Address

City

State

Zip Code

B  
Tenant/Lessee

Address

City

State

Zip Code

C  
General Contractor

Address

City

State

Zip Code

**Part III – Covered Project and Property.** Enter information describing in detail the capital improvement you performed in the spaces provided.

Describe capital improvement performed:

Project Name

Project Address (where the work was performed)

City

State

Zip Code

**Part IV – Certification of North Carolina Sales and Use Tax Paid**

I certify that I have authority to execute this form on behalf of the contractor identified in Part I ("Executing Contractor").

I understand that this affidavit only addresses items purchased by the Executing Contractor that were attached to real property at the project address listed in Part III as part of the project listed in Part III ("Covered Items").

I certify that the Executing Contractor paid all North Carolina sales and use tax due on all Covered Items. The sales and use tax paid includes any State, local and transit rates of tax due on the Covered Items.

I understand that this affidavit relieves the persons listed in Part II from liability for any additional North Carolina sales and use tax found to be due on Covered Items.

Signature of Authorized Person: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_



How to Complete an Affidavit of Tax Paid by a Real Property Contractor (Form E-589P)

**NCDOR** North Carolina Department of Revenue  
2.64K subscribers

Subscribe

0 likes, 0 comments, Share, Save, ...

# Legislative Updates Income and Franchise Tax

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Tax year 2023 - 4.75%

**Tax year 2024 - 4.5%**

Tax year 2025 - 4.25%



## General Fund Revenue > Trigger Amount = Rate Reduction

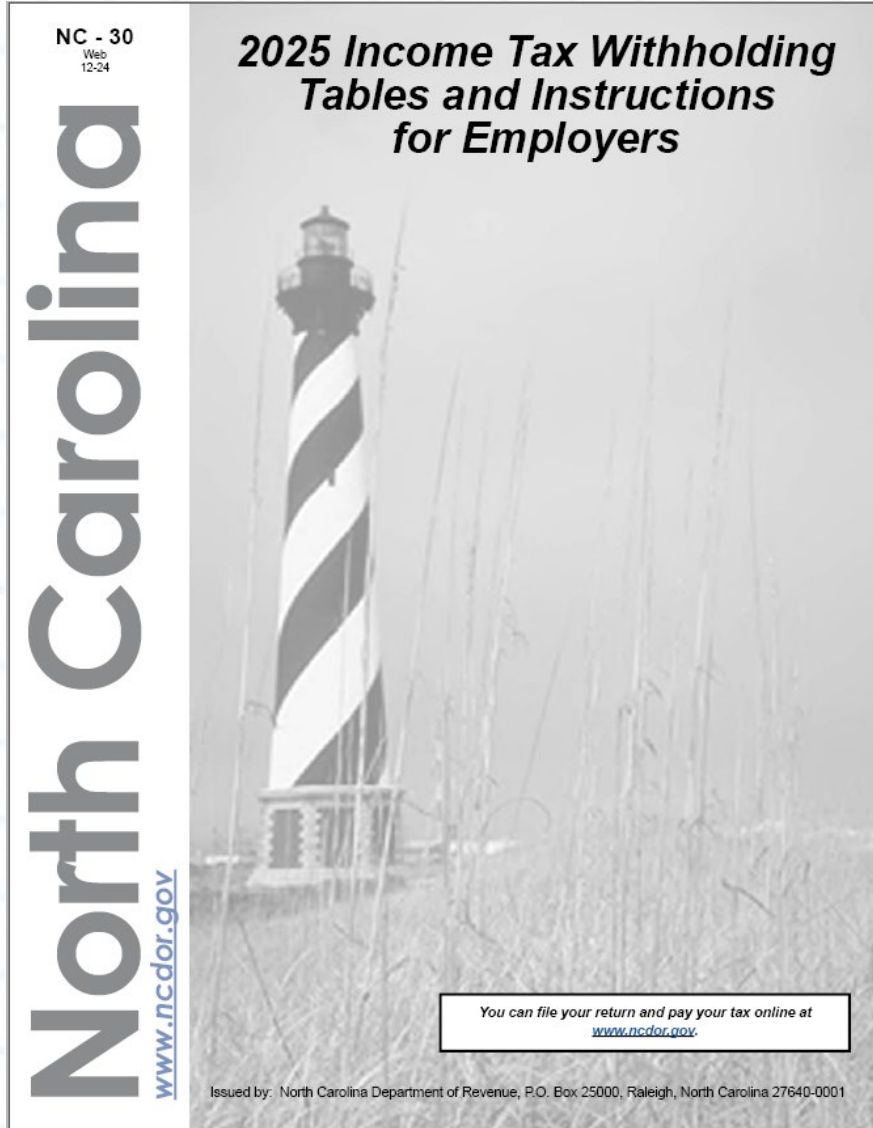
Greater of:

- The prior year's tax rate decreased by .50% or
- 2.49%

Fiscal Year	Trigger Amount	Taxable Year Beginning	Aug. General Fund Revenue
FY 2023-2024	N/A	N/A	\$33,694,000,000
FY 2024-2025	N/A	N/A	?
FY 2025-2026	\$33,042,000,000	In 2027	?
FY 2026-2027	\$34,100,000,000	In 2028	?
FY 2027-2028	\$34,760,000,000	In 2029	?
FY 2028-2029	\$35,750,000,000	In 2030	?
FY 2029-2030	\$36,510,000,000	In 2031	?
FY 2030-2031	\$38,000,000,000	In 2032	?
FY 2031-2032	\$38,500,000,000	In 2033	?
FY 2032-2033	\$39,000,000,000	In 2034	?







- For tax year 2025, **the withholding rate on wages paid in 2025 is 4.35% (4.25% + 0.1%)**
- Publication NC-30 will include revised withholding tables and alternative methods of calculating the amount of tax due.
- Tables are broken down by filing status, pay period, amount of pay and number of allowances claimed.
- Publication NC-30 is available on the Department’s website.





- 2025 Corporate & Franchise Tax extensions change from 6 months to 7 months starting with tax year 2025
- Rules Review Commission approved amended 17 NCAC 05C .2004 on October 30, 2024



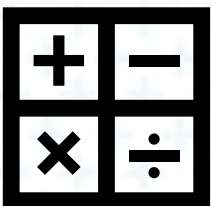


### C Corporations:

- **Cap of \$500 on first \$1M of the net worth tax base**
- \$1.50 per \$1000 on the remainder of the base amount
- \$200 minimum; no maximum

### S Corporations:

- **Cap of \$200 on first \$1M of the net worth tax base**
- \$1.50 per \$1000 on the remainder of the base amount
- \$200 minimum; no maximum



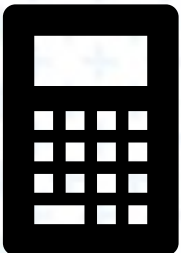
*Effective for tax years beginning on or after Jan. 1, 2025, and applicable to the 2024 and later corporate tax returns.*



# NCDOR Corporate Income Tax Rate



Taxable Years Beginning	Tax Rate
2024	2.50%
2025	2.25%
2026	2.00%
2028	1.00%
<b>2030</b>	<b>0%</b>



*(Effective for taxable years beginning on or after Jan 1, 2025; S.L. 2021-180, SB 105.)*



# NCDOR Tax Credit for Certain Real Property Donations



- **Reenacted Tax Credit**
- **Purpose** - Incentivize donations of real property for forestland and farmland preservation, fish and wildlife conservation, military use, floodplain protection, historic landscape preservation, and for public trails.
- **Timing** - Qualifying donations made January 1, 2025 - December 1, 2026.
- **Key Requirements** - Donation meets all of the stated conditions, including:
  - Property must be donated in perpetuity for one of the uses listed in the statute.
  - Must be donated to:
    - the State,
    - a local government, or
    - a body organized to receive and administer conservation land.



# NCDOR Tax Credit for Certain Real Property Donations



- Available to individuals, corporations, and certain pass-through entities. *A Taxed PTE is not eligible to claim the tax credit.*
- The General Assembly capped the amount of all qualifying tax credits at \$5 million. Taxpayers must apply for the tax credit.
- The application is due on or before April 15<sup>th</sup> of the year following the calendar year of the donation, i.e., tax year 2026.



The Department will publish specific guidance and an application to apply for the tax credit in 2025.

*Reference: S.L. 2024-32 (s. 15)*

# 2024 Hurricane Helene Relief

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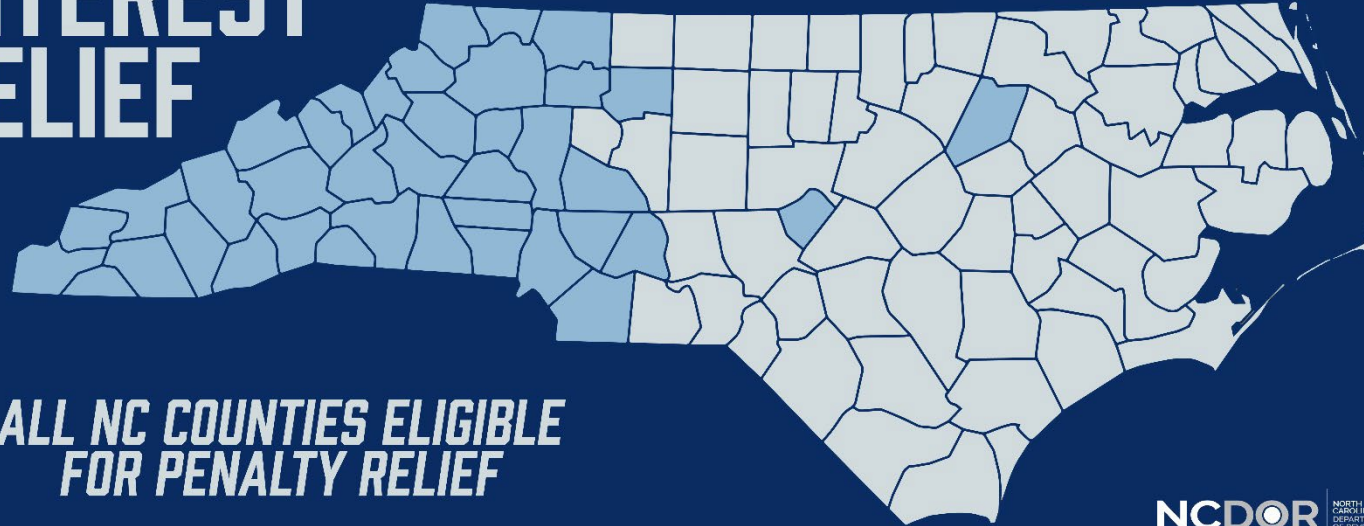






## NC COUNTIES ELIGIBLE FOR INTEREST RELIEF

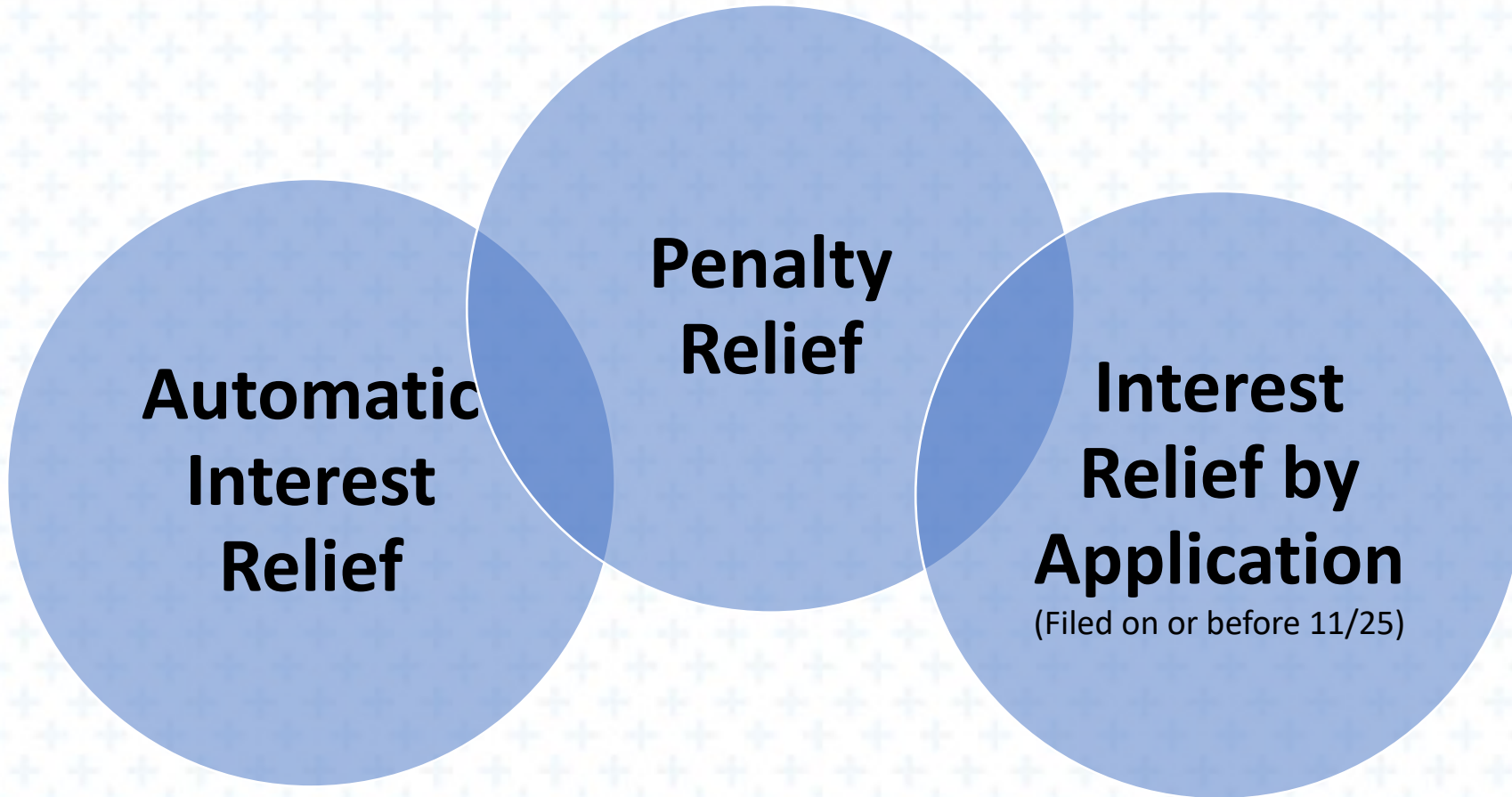
- ALEXANDER
- ALLEGHANY
- ASHE
- AVERY
- BUNCOMBE
- BURKE
- CABARRUS
- CALDWELL
- CATAWBA
- CHEROKEE
- CLAY
- CLEVELAND
- FORSYTH
- GASTON
- GRAHAM
- HAYWOOD
- HENDERSON
- IREDELL
- JACKSON
- LEE
- LINCOLN
- MACON
- MADISON
- MCDOWELL
- MECKLENBURG
- MITCHELL
- NASH
- POLK
- ROWAN
- RUTHERFORD
- STANLY
- SURRY
- SWAIN
- TRANSYLVANIA
- UNION
- WATAUGA
- WILKES
- YADKIN
- YANCEY



**ALL NC COUNTIES ELIGIBLE  
FOR PENALTY RELIEF**



## Types of Relief



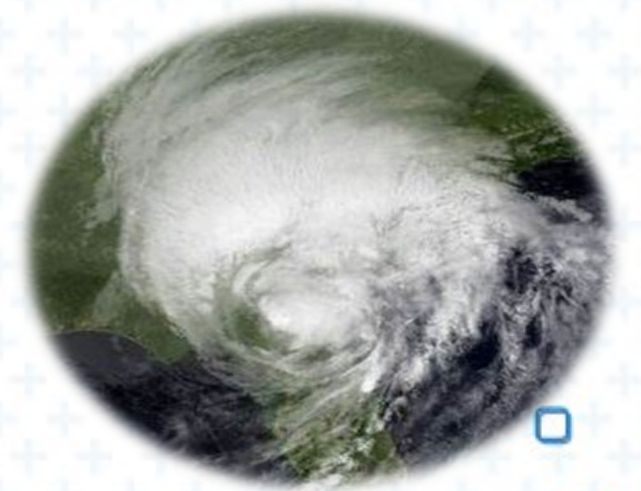
## Factors

- Location of Taxpayer
- Type of Tax
- Tax Period
- Date of Payment or Filing
- Extension of Time to File?
- Application?



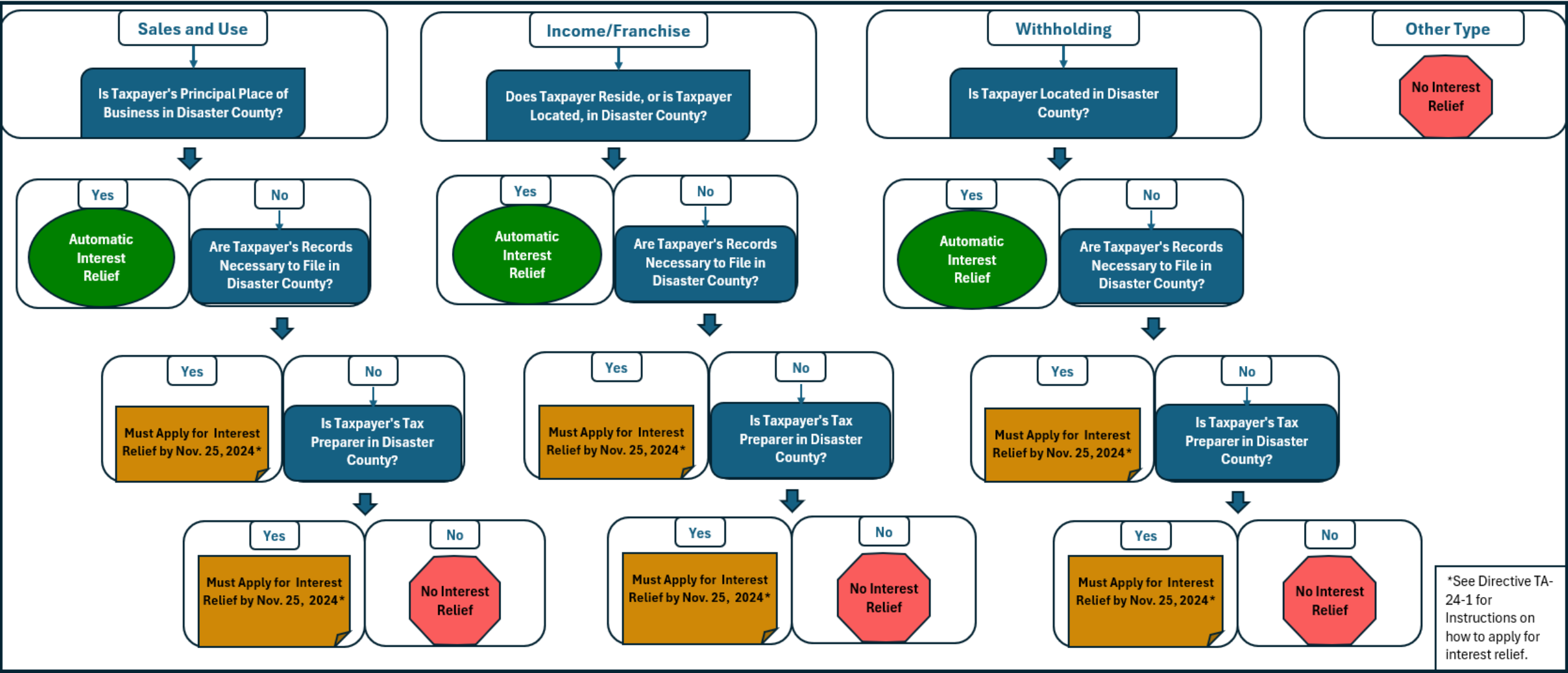


- October 3, 2024 – Announced Penalty Relief
- DOR will remove “Late Action Penalties” assessed against all taxpayers affected by Hurricane Helene who reside in or have a business in North Carolina for tax returns or payments due on September 25, 2024, through May 1, 2025.
- Late Action Penalties are:
  - Failure to Obtain a License
  - Failure to File a Return
  - Failure to Pay Tax When Due
  - Failure to File an Information Return

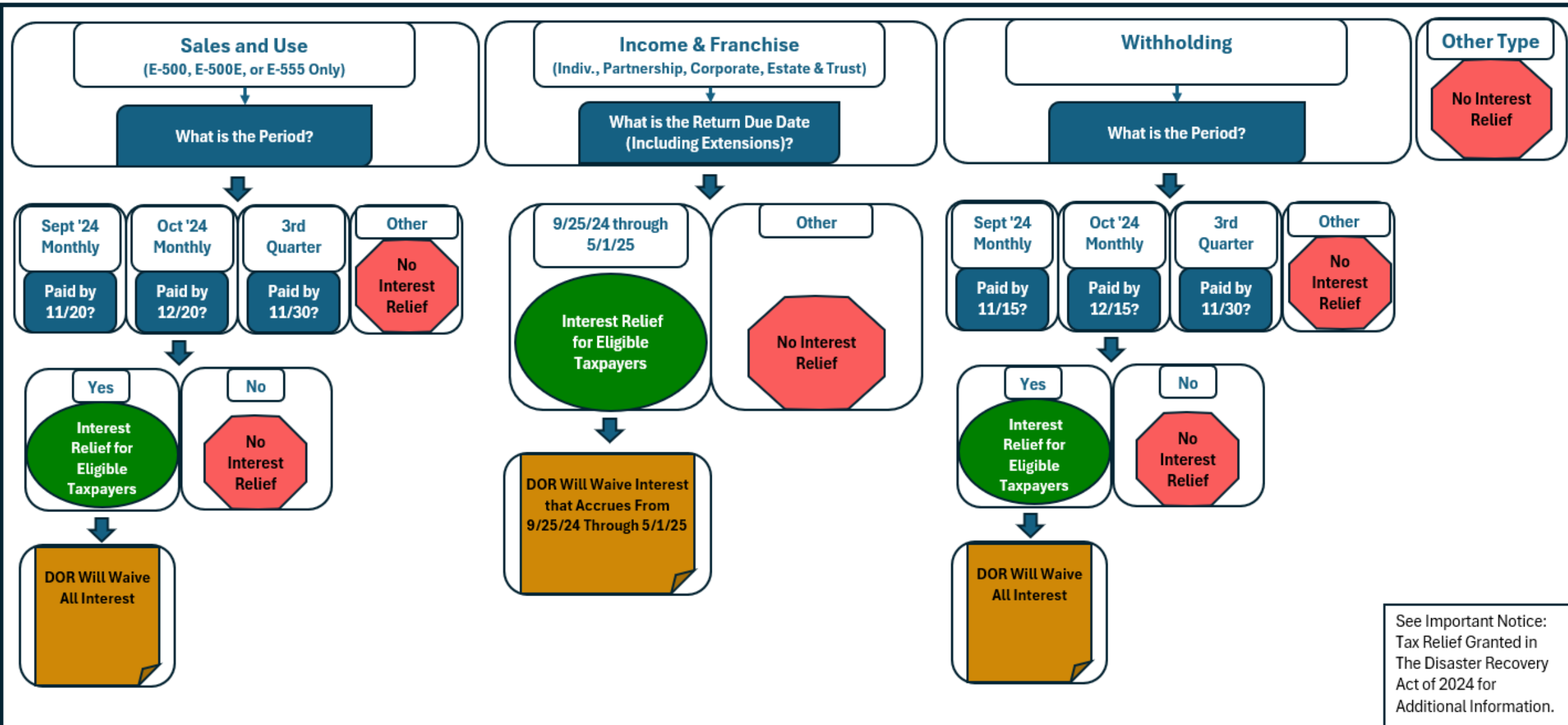


*Reference: Notice dated  
October 3, 2024*

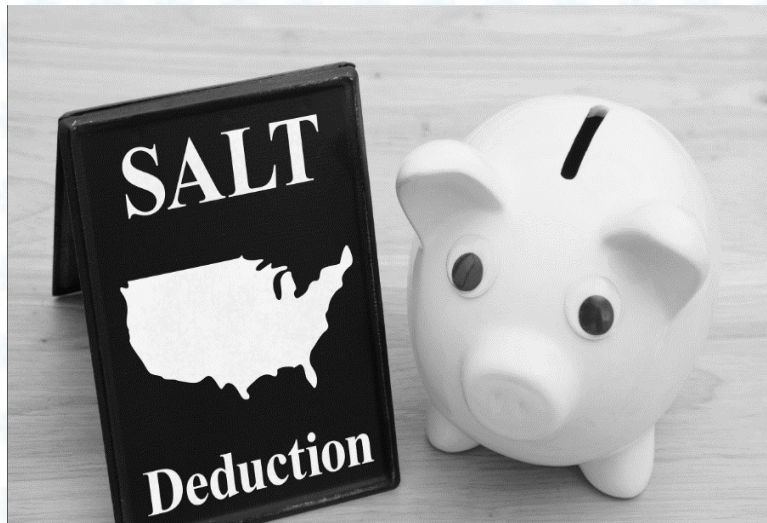




\*See Directive TA-24-1 for Instructions on how to apply for interest relief.



See Important Notice:  
Tax Relief Granted in  
The Disaster Recovery  
Act of 2024 for  
Additional Information.



- An eligible partnership or an S Corporation must make the Taxed PTE Election on its timely filed annual North Carolina tax return.
- The 2024 General Assembly provided eligible partnerships and S Corporations affected by Hurricane Helene additional time to make the Taxed PTE election
- The PTE election for tax year 2023 will be considered timely on an annual return due after September 25, 2024, and before May 1, 2025, if the election is made on a return filed on or before May 1, 2025.



# Service and Support Improvements

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# NCDOR Power of Attorney Improvements: Submission Options



## New Option!

Complete Electronically at  
ncdor.gov (DocuSign)

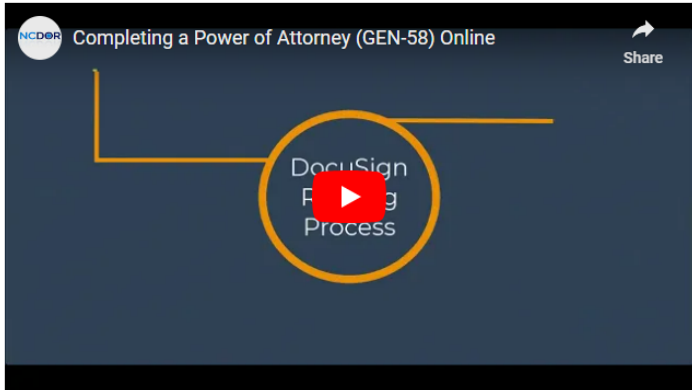
Submits Electronically

Complete a Paper Form

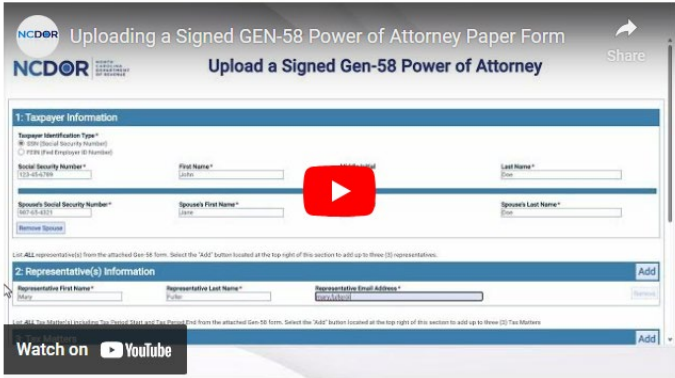
Scan & Upload

Mail

Fax



Watch Completing a Power of Attorney (GEN-58) Online



Watch Uploading a Signed GEN-58 Power of Attorney Paper Form

[ncdor.gov/POA](https://ncdor.gov/POA)



## Power of Attorney Revocation (GEN-58R)

- Electronic Option

The screenshot shows the 'GEN-58R Power of Attorney Revocation Form' from the NCDOR website. The form is divided into several sections:

- Header:** NCDOR logo and 'GEN-58R Power of Attorney Revocation Form' title.
- Are you a Taxpayer or a Legal Representative?:** Radio buttons for 'Taxpayer' and 'Representative' (selected).
- 1: Taxpayer Information:** Fields for Taxpayer Identification Type (SSN selected), Social Security Number, First Name, Middle Initial, Last Name, Daytime Telephone Number, Email Address, Confirm Email Address, Address, City, State (dropdown), and Zip Code.
- 1: Representative Information:** Fields for First Name, Last Name, Address, City, State (dropdown), Zip Code, Telephone Number, Fax Number, Email Address, Designation (dropdown), and Jurisdiction (State) or Enrollment Card No. Includes 'Add' and 'Remove' buttons.
- 2: Tax Matters:** Radio buttons for 'Revoke All Tax Matters' and 'Revoke Specific Tax Matters'.
- 3: Representative Signature:** A box with the text 'Click below to Sign Form' and a button labeled 'Click to Sign Document'.



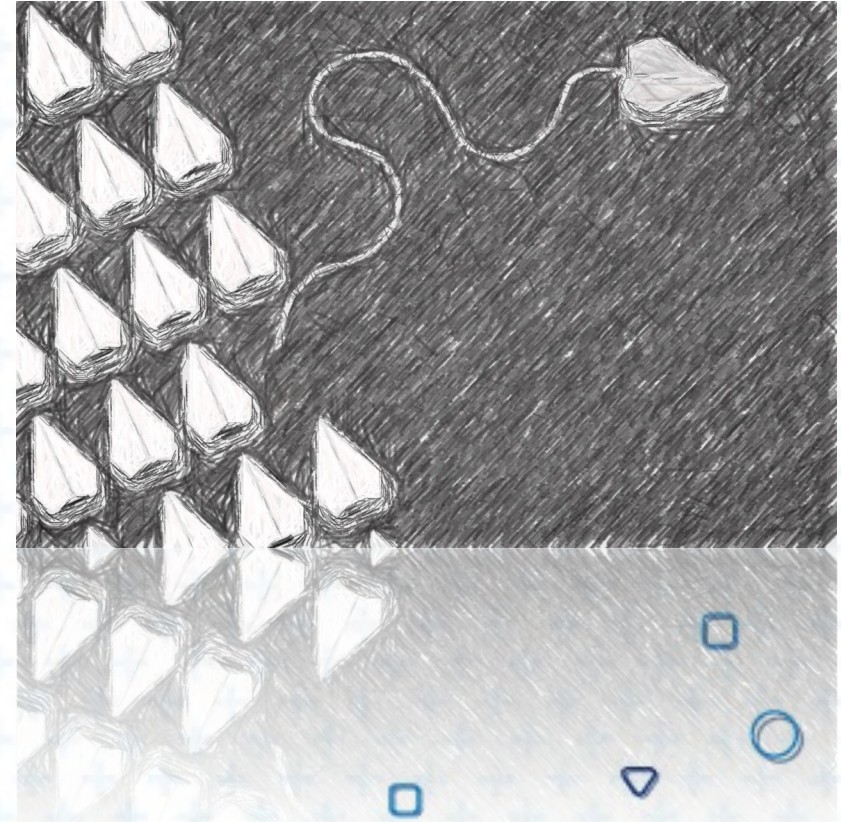


**Multi-Year Project to Send Copies of Notices to Eligible POAs**

**DOR Started Sending Week of November 18<sup>th</sup>!**

**Initially Copies of Notices of Collection**

**Additional Notice Types will Be Sent in the Future  
("Bill of Rights Notices")**





1 Active POA for Taxpayer

2 POA Includes Tax Type and Period

3 Entered Email on POA Form

4 Checked Box on POA Form

Type of Tax	Begin Tax Period	End Tax Period
<input type="text"/>	<input type="text"/>	<input type="text"/>

Email Address

Check to receive available notice copies.

NCDOR Web-Fill 8-19-24

## GEN-58 Power of Attorney and Declaration of Representative

Part 1. Power of Attorney (Please type or print.)

1 Taxpayer Information

Individual's First Name, M.I., Individual's Last Name, ID Type, Primary Identification Number, Spouse's First Name, M.I., Spouse's Last Name, ID Type, Spouse Identification Number, Entity Legal Name, ID Type, Business Identification Number, Mailing Address, Daytime Phone Number (Include area code), City, State, Zip Code, Email Address

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) (Representative(s) must sign and date this form on page 2, Part 2.)

First Name, Last Name, Phone Number, Mailing Address, City, State, Zip Code, Email Address  Check to receive available notice copies.

First Name, Last Name, Phone Number, Mailing Address, City, State, Zip Code, Email Address  Check to receive available notice copies.

First Name, Last Name, Phone Number, Mailing Address, City, State, Zip Code, Email Address  Check to receive available notice copies.

to represent the taxpayer(s) before the North Carolina Department of Revenue for the following matters:

3 Tax Matters You may list any tax years or periods that have already ended as of the year you sign the power of attorney. You may include future tax years or periods that end no later than three years from December 31 of the year the power of attorney is filed with the Department.

Type of Tax	Begin Tax Period	End Tax Period
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>







## Encrypted Email

9/18/24

To: POA >

### [encrypt] Power of Attorney Notice Copy



This is a secure message.

[Click here](#) by 2024-09-25 12:17 UTC to read your message. After that, open the attachment.

[More Info](#)

Disclaimer: This email and its content are confidential and intended solely for the use of the addressee. Please notify the sender if you have received this email in error or simply delete it.

Secured by Proofpoint Encryption, Copyright © 2009-2024 Proofpoint, Inc. All rights reserved.

**[ENCRYPT] Power of Attorney Notice Copy** Digital Signature is VALID ✓

From: noreply\_onbase@ncdor.gov  
To: Your Email Address  
Cc:  
Sent: 9/18/2024 7:00:52 AM  
Attachments: NOTICE OF COLLECTIONS for JOHN DOE CORP. with Mail date 9-16-2024.PDF

The N.C. Department of Revenue's records indicate you have an active power of attorney for a taxpayer authorizing your receipt of the attached notice.

This email may contain data classified as confidential and must only be used by the intended recipient for authorized business purposes. If you received this message in error, immediately contact the Department by calling 1-877-252-3052 (select the "Notices" option from the main menu) to report the error and verify that the message has been deleted without further action.

E-Mail correspondence to and from this sender may be subject to the North Carolina Public Records Law, and may be disclosed to third parties.

Sender: noreply\_onbase@ncdor.gov

Reminder: Save or print the notice within 7 days





SEARCH

POPULAR TOPICS

Hurricane Helene Tax Relief

Online Business Registration

Pay a Bill or Notice

File & Pay Sales Tax

Withholding Tax

eFile for Businesses

Received a Notice

File & Pay

Taxpayer/Customer Education

Local Government

MARCH 18, 2024

**Round 2 At Revenue**

NCDOR is an excellent choice for the second (or third) chapter of your career. Round 2 at Revenue is a recruiting focus for professionals who have left a former career and want to embark on a new journey.

SEPTEMBER 17, 2024

**Recruiting Interns**

**Online Services**

- Where's My Refund?
- Pay 2023 Individual Income Tax
- File an Extension
- NC-5 Withholding Return
- E-500 Sales and Use Return
- File and Pay Taxes Online
- Information Reporting

**Tax Resource Categories**

\$  
 Individual Income Tax

🛒  
 Sales & Use Tax

🚫  
 Withholding Tax

🏢  
 Corporate Income & Franchise Tax

## Sales and Use Tax

Home > Taxes & Forms

💻  
**eFile & Pay**

📄  
**Registration**

📄  
**Forms and Certificates**

📁  
**Bulletins**

%  
**Tax Rates**

🚚  
**Taxable Items**

📄  
**Exemptions**

📁  
**Other Resources**

**Tax Forms and Certificates**

Tax Return Forms & Schedules

Registration Application Forms

Affidavit Forms

Application Forms for Exemption Numbers or Direct Pay Permits

Exemption Certificate Forms

Claim for Refund Forms

Miscellaneous Forms

**Other Information and Resources**

?  
**Frequently Asked Questions**

👜  
**Sales and Use Tax Laws**

📖  
**Administrative Code**

🎓  
**Customer Education**

# New Electronic Options

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- Form NC-5502 – Special Penalty and Interest Waiver
- \*Coming Soon\* Other Penalty Waiver Forms
- Letter of Good Standing Requests
- Form NC-AC – Business Address Correction
- Form NC-BN – Out of Business Notification





# Technology Updates and Future Projects

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Budget  
Funds



Efforts  
Underway



Multi-year  
Project



Enhanced  
Customer  
Service



Expanded  
File and  
Payment



Online Portal





Efforts  
Underway

- Request For Proposal
- Reviewing and Documenting Processes
- Starting Other Prep Work

# New and Updated Enforcement Initiatives

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## Special Operations Teams

Units focused on resolving specific segments of our accounts receivable.

- Income Non-Filer
- Accounts Receivable Reduction
- Large Case
- Interstate
- Correspondence (Process Installment Agreement Exception Requests)

## Website Updates - Increased Accessibility and Simplify Language

- Updated Offer In Compromise Instruction Booklet
- Adding Innocent Spouse Relief information
- Enhanced Collection FAQs (garnishments and installment agreements)



## Statute of Limitations on Collections (G.S. § 105-241.24.)

- DOR may collect tax for 10 years from date collectible under G.S. 105-241.22
- May be tolled for same reasons as enforcement period for a CTL (G.S. 105-242(c))
- If not collected within authorized time frame, the remaining liability is abated.

## Impact on Certificates of Tax Liability

- Generally, CTL is enforceable for 10 years
- However, enforcement period may not extend beyond the new statute of limitations



## **\*New\* Focus on Filing Liens if Taxpayer:**

- Owns real property
- Fails to respond to letters, notices of intent, or agent outreach
- Refuses to establish a payment plan or defaults on an existing payment plan
- Other forced collection attempts have been unsuccessful







## Old Process

- Done at One Time
- Based on Franchise Tax
- Frequent Complaints

## New Process

- Not Done at One Time
- More Tax Types Including:
  - Sales and Use, Withholding, Income etc.
- Research Prior to Suspension
  - Compliance History
  - Multiple Delinquent Periods
  - Outstanding Balances



**Note: Reinstatement still requires total compliance including payment in full. G.S. § 105-232**

# NC DOR Questions?

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