North Carolina Department of Revenue

James B. Hunt, Jr.
Governor

March 4, 1999

Muriel K. Offerman
Secretary

No #

General Services Administration
Federal Supply Service
GSA SmartPay Program
1941 Jefferson Davis Highway, Room 507
Arlington, Virginia 22202

Attention: Rosemarie Dunn
Contract Specialist
Services Acquisition Center

Dear Ms. Dunn:

We are in receipt of your letter of February 24, 1999, regarding the application of sales and use tax to purchases using government credit cards under your new program, GSA SmartPay. You have requested verification that North Carolina continues to exempt from sales tax credit card purchases made by and paid directly by the Federal Government.

As a result of the new GSA SmartPay Program, North Carolina has revised its Sales and Use Tax Technical Bulletin which sets out the taxability of purchases made using United States Government credit cards. This information is set out in Sales and Use Tax Technical Bulletin 37-1 D., a copy of which has been enclosed for your review. As a matter of information, taxpayers may access the information contained in this Technical Bulletin through our web site, http://www.dor.state.nc.us/DOR.

All charges that are billed directly to and paid directly by the Federal Government are exempt from the applicable State tax and any applicable local sales and use tax in North Carolina. Included in the exemption are all purchases made with fleet, purchase, travel, and integrated cards which are centrally billed.

Individually billed charges for purchases which are billed to and paid by the federal employee who is then reimbursed by the Federal Government are subject to the applicable State tax and any applicable local sales and use tax. Certain travel cards and integrated

cards are individually billed and are subject to sales and use tax. These individually billed cards have prefixes beginning with the following four digits: 4486, 4716, 5568 and the sixth digit of the account number structure begins with 1, 2, 3 or 4.

Taxpayers having questions regarding the application of tax to purchases made with United States Government credit cards may telephone or write the Office Services Division, North Carolina Department of Revenue, Post Office Box 25000, Raleigh, North Carolina 27640, telephone number (919) 733-3661.

Very truly yours,

W. Timothy Holmes
Administration Officer
Sales and Use Tax Division

WTH:BGC

Enclosure