GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S 2

SENATE BILL 370 Second Edition Engrossed 7/1/91

Short Title: Tax on Traded-in Items.	(Public)	
Sponsors: Senator Goldston.	•	
Referred to: Finance.		

March 28, 1991

1	A BILL TO BE ENTITLED
2	AN ACT TO CHANGE THE SALES TAX TREATMENT OF USED ITEMS
3	TRADED IN AS PARTIAL PAYMENT FOR A NEW ITEM.
4	The General Assembly of North Carolina enacts:
5	Section 1. G.S. 105-164.3(16) reads as rewritten:
6	"(16) Except as provided in paragraph f., 'sales price' means the total
7	amount for which tangible personal property is sold including charges
8	for any services that go into the fabrication, manufacture or delivery of
9	such tangible personal property and that are a part of the sale valued in
10	money whether paid in money or otherwise and includes any amount
11	for which credit is given to the purchaser by the seller without any
12	deduction therefrom on account of the cost of the property sold, the
13	cost of materials used, labor or service costs, interest charged, losses or
14	any other expenses whatsoever. Provided, however, that where a
15	manufacturer, producer or contractor erects, installs or affixes tangible
16	personal property upon real property pursuant to a construction or
17	performance-type contract with or for the benefit of the owner of such
18	real property, the sales price shall be the cost of such property to the
19	manufacturer, producer or contractor performing the contract.
20	Provided, further:
21	a. The cost for labor or services rendered in erecting, installing or
22	applying property sold when separately charged shall not be

23

applying property sold when separately charged shall not be included as a part of the 'sales price';

1	b.	Finance charges, service charges or interest from credit
2		extended under conditional sales contracts or other conditional
3		contracts providing for deferred payments of the purchase price
4		shall not be considered a part of the 'sales price' when
5		separately charged;
6	c.	'Sales price' shall not include the amount of any tax imposed by
7		the United States upon or with respect to retail sales whether
8		imposed upon the retailer or consumer except that any
9		manufacturers' or importers' excise tax shall be included in the
10		term.
11	d.	'Sales price' shall not include any amounts charged as deposits
12		on beverage containers which are returnable to vendors for
13		reuse and which amounts are refundable or creditable to
14		vendees, whether or not said deposits are separately charged.
15	e.	'Sales price' shall not include amounts charged as deposits on
16		automotive, industrial, marine and farm replacement parts
17		which are returnable to vendors for rebuilding or
18		remanufacturing and which amounts are refundable or
19		creditable to vendees, whether or not such deposits are
20		separately charged. This subsection shall not be construed to
21		include tires and batteries.
22	f.	The sales price of tangible personal property sold through a
23		coin-operated vending machine, other than closed-container soft
24		drinks subject to excise tax under Article 2B of this Chapter or
25		tobacco products, is considered to be fifty percent (50%) of the
26		total amount for which the property is sold in the vending
27		machine.
28	<u>g.</u>	The sales price of an article includes the amount of any
29	<u> </u>	allowance given by the seller for tangible personal property
30		taken in trade as a partial payment for the purchased article.
31		The sales price of an article taken in trade is also subject to
32		sales and use tax."
33	Sec. 2. G.S.	105-164.13(16) reads as rewritten:
34		of used articles taken in trade, or a series of trades, as a credit or
35	` /	payment on the sale of a new article. 'New article' means the
36		al stock in trade of the merchant, and is not limited to newly
37	_	factured articles. The resale of articles repossessed by the vendor
38		likewise be exempt from gross sales taxable under this Article.
39		or to the extent the tax has been paid on the sales price in the
40		al sale."
41	_	act becomes effective August 1, 1991.
71	Sec. 5. This	act becomes effective rugust 1, 1771.