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DIRECTIVE

Subject: Repair, Maintenance, and Installation Services for Real Property and Real Property Contracts
Tax: Sales and Use Tax
Law: N.C. Gen. Stat. §§ 105-164.3(33d), 105-164.4(a)(16), and 105-164.4H
Issued By: Sales and Use Tax Division
Date: April 18, 2018
Number: SD-18-1

This directive is issued under the authority granted the Secretary of Revenue pursuant to N.C. Gen. Stat. § 105-264 to address a number of issues relative to the application of sales and use tax for services to real property. The issues addressed herein are primarily based on law changes effective retroactively to January 1, 2017, for sales and purchases occurring on or after such date, unless an amendment increased a sales or use tax liability, then the change was effective August 11, 2017.

General Application

N.C. Gen. Stat § 105-164.4H(a1) provides that generally, services to real property are retail sales of or the gross receipts derived from repair, maintenance, and installation services and subject to sales and use tax, unless a person substantiates that a transaction is subject to tax as a real property contract, subject to tax as a mixed transaction contract, or the transaction is otherwise exempt from sales and use tax. N.C. Gen. Stat. § 105-164.26 provides, in part, "[t]hat all gross receipts of wholesale merchants and retailers are subject to the retail sales tax until the contrary is established by proper records as required in [Article 5, Sales and Use Tax, of Chapter 105 of the North Carolina General Statutes].

N.C. Gen. Stat. § 105-164.22 provides, in part, "[f]ailure of a retailer to keep records that establish that a sale is exempt under [Article 5, Sales and Use Tax, of Chapter 105 of the North Carolina General Statutes] subjects the retailer to liability for tax on the sale." Further, "[f]ailure of a wholesale merchant to keep these records for the sale of an item subjects the wholesale merchant to liability for tax." N.C. Gen. Stat. § 105-164.4(b) provides, in part, "[a] person engaging in business as a retailer shall pay the tax required on the net taxable sales of the business at the rates specified when proper books are kept showing separately the gross proceeds of taxable and nontaxable sales of items subject to tax under [N.C. Gen. Stat. § 105-164.4(a)] in a form that may be accurately and conveniently checked by the Secretary or the Secretary's duly authorized agent. If the records are not kept separately, the tax shall be paid on the gross sales of the business and the exemptions and exclusions provided by [Article 5, Sales and Use Tax, of Chapter 105 of the North Carolina General Statutes] are not allowed." **Where a person liable for sales and use tax does not state taxable and nontaxable amounts for items and services separately on an invoice or other documentation given to a purchaser at the time of the transaction or sale, the entire sales price or gross receipts derived from such are subject to sales and use tax without deduction for any amount the person contends is exempt from sales and use tax (exceptions apply for some mixed transaction contracts).**

Definitions¹

"**Capital improvement**" is defined as "[o]ne or more of the following:

- a. New construction, reconstruction, or remodeling.

¹ N.C. Gen. Stat. § 105-164.3

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- b. Performance of work that requires the issuance of a permit under the State Building Code, other than repair or replacement of electrical components, gas logs, water heater, and similar individual items that are not part of new construction, reconstruction, or remodeling.
- c. Installation of utilities on utility-owned land, right-of-way, or easement, notwithstanding that charges for such may be included in the gross receipts derived from services subject to the combined general rate under [N.C. Gen. Stat. §] 105-164.4.
- d. Installation of equipment or a fixture that is attached to real property and that meets one or more of the following conditions:
 - 1. Is capitalized and depreciated under Generally Accepted Accounting Principles or International Financial Reporting Standards.
 - 2. Is depreciated under the [Internal Revenue Service] Code.
 - 3. Is expensed under Section 179 of the [Internal Revenue Service] Code.
- e. Painting or wallpapering of real property, except where painting or wallpapering is incidental to the repair, maintenance, and installation service [as defined in N.C. Gen. Stat. § 105-164.3(33)].
- f. Replacement or installation of a septic tank system, siding, roof, plumbing, electrical, commercial refrigeration, irrigation, sprinkler, or other similar system. The term does not include the repair, replacement, or installation of electrical or plumbing components, water heaters, gutters, and similar individual items that are not part of new construction, reconstruction, or remodeling.
- g. Replacement or installation of a heating or air conditioning unit or a heating, ventilation, or air conditioning system. The term does not include the repair, replacement, or installation of gas logs, water heaters, pool heaters, and similar individual items that are not part of new construction, reconstruction, or remodeling.
- h. Replacement or installation of roads, driveways, parking lots, patios, decks, and sidewalks.
- i. Services performed to resolve an issue that was part of a real property contract if the services are performed within six months of completion of the real property contract or, for new construction, within 12 months of the new structure being occupied for the first time.
- j. Landscaping. [N.C. Gen. Stat. § 105-164.3(16e) defines “landscaping” as “[a] service that modifies the living elements of an area of land. Examples include the installation of trees, shrubs, or flowers on land; tree trimming; mowing; and the application of seed, mulch, pine straw, or fertilizer to an area of land. The term does not include services to trees, shrubs, flowers, and similar items in pots or in buildings.”]
- k. Addition or alteration to real property that is permanently affixed or installed to real property and is not an activity listed in [N.C. Gen. Stat. § 105-164.3](33) . . . as a repair, maintenance, and installation service.”

“**Consumer**” is defined as “[a] person who stores, uses, or otherwise consumes in this State tangible personal property, digital property, or a service purchased or received from a retailer or supplier either within or without this State.”

“**Mixed transaction contract**” is defined as “[a] contract that includes both a real property contract for a capital improvement and a repair, maintenance, and installation service [for real property] that is not related to the capital improvement.” At the time of publishing this directive, there is legislation introduced before the Revenue Laws Study Committee that clarifies the reference to the repair, maintenance, and installation service in this definition is for services to real property.

“**New construction**” is defined as “[c]onstruction of or site preparation for a permanent new building, structure, or fixture on land or an increase in the square footage of an existing building, structure, or fixture on land.”

“**Person**” is defined, in part, as “[a]n individual, a fiduciary, a firm, an association, a partnership, a limited liability company, a corporation, a unit of government, or another group acting as a unit.”

“**Purchase price**” is defined as having “the same meaning as the term ‘sales price’ when applied to an item subject to use tax.”

“**Real property**” is defined as “[a]ny one or more of the following:

- a. Land.
- b. Building or structure on land.
- c. Permanent fixture on land.
- d. A manufactured home or a modular home on land.”

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“Real property contract” is defined as “[a] contract between a real property contractor and another person to perform a capital improvement to real property.”

“Real property contractor” is defined as “[a] person that contracts to perform a real property contract in accordance with [N.C. Gen Stat. §] 105-164.4H. The term includes a general contractor, a subcontractor, or a builder for purposes of [Article 5, Sales and Use Tax, of Chapter 105 of the North Carolina General Statutes].”

“Reconstruction” is defined as “[r]ebuild or construct again a prior existing permanent building, structure, or fixture on land and may include a change in the square footage from the prior existing building, structure, or fixture on land.”

“Remodeling” is defined as “[a] transaction comprised of multiple services performed by one or more persons to restore, improve, alter, or update real property that may otherwise be subject to tax as repair, maintenance, and installation services if separately performed. The term includes a transaction where the internal structure or design of one or more rooms or areas within a room or building are substantially changed. The term does not include a single repair, maintenance, and installation service. The term does not include a transaction where the true purpose is a repair, maintenance, and installation service no matter that another repair, maintenance, and installation service is performed that is incidental to the true purpose of the transaction; examples include repair of sheetrock that includes applying paint, replacement of cabinets that includes installation of caulk or molding, and the installation of hardwood floors that includes installation of shoe molding.”

“Renovation” is defined as having the “[s]ame meaning as the term ‘remodeling.’”

“Repair, maintenance, and installation services” includes the activities listed below “. . . and applies to tangible personal property, motor vehicle, digital property, and real property. The term does not include services used to fulfill a real property contract taxed in accordance with [N.C. Gen Stat. §] 105-164.4H:

- a. To keep or attempt to keep property or a motor vehicle in working order to avoid breakdown and prevent deterioration or repairs. Examples include to clean, wash, or polish property.
- b. To calibrate, refinish, restore, or attempt to calibrate, refinish, or restore property or a motor vehicle to proper working order or good condition. This activity may include replacing or putting together what is torn or broken.
- c. To troubleshoot, identify, or attempt to identify the source of a problem for the purpose of determining what is needed to restore property or a motor vehicle to proper working order or good condition. The term includes activities that may lead to the issuance of an inspection report.
- d. To install, apply, connect, adjust, or set into position tangible personal property, digital property, or a motor vehicle. The term includes floor refinishing and the installation of carpet, flooring, floor coverings, windows, doors, cabinets, countertops, and other installations where the item being installed may replace a similar existing item. The replacement of more than one of a like-kind item, such as replacing one or more windows, is a single repair, maintenance, and installation service. The term does not include an installation defined as a capital improvement under [N.C. Gen. Stat. § 105-164.3](2c)d.
- e. To inspect or monitor property or a motor vehicle, but does not include security or similar monitoring services for real property.”

“Retailer” is defined, in part, as “[a] person engaged in business of making sales at retail, offering to make sales at retail, or soliciting sales at retail of tangible personal property, digital property for storage, use, or consumption in this State, or services sourced to this State.” The term also includes “[a] person, other than a real property contractor, engaged in business of delivering, erecting, installing, or applying tangible personal property or digital property for use in this State.”

“Retailer-contractor” is defined as “[a] person that acts as a retailer when it makes a sale at retail and as a real property contractor when it performs a real property contract.”

“Retail sale or sale at retail” is defined as “[t]he sale, lease, or rental for any purpose other than for resale, sublease, or subrent.”

“Sale or selling” is defined, in part, as “[t]he transfer for consideration of title, license to use or consume, or possession of tangible personal property or digital property or the performance for consideration of a service. The transfer or performance may be conditional or in any manner or by any means. The term includes the following:

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- b. Furnishing or preparing tangible personal property consumed on the premises of the person furnishing or preparing the property or consumed at the place at which the property is furnished or prepared.
...
- h. Any other item subject to tax under [Article 5, Sales and Use Tax, of Chapter 105 of the North Carolina General Statutes].”

“**Sales price**” is defined, in part, as “[t]he total amount or consideration for which tangible personal property, digital property, or services are sold, leased, or rented. The consideration may be in the form of cash, credit, property, or services. The sales price must be valued in money, regardless of whether it is received in money.

- a. The term includes all of the following:
 - 1. The retailer’s cost of the property sold.
 - 2. The cost of materials used, labor or service costs, interest, losses, all costs of transportation to the retailer, all taxes imposed on the retailer, and any other expense of the retailer.
 - 3. Charges by the retailer for any services necessary to complete the sale.
 - 4. Delivery charges.
 - 5. Installation charges.
 - 6. Repealed by Session Laws 2007-244, s.1, effective October 1, 2007.
 - 7. Credit for trade-in.
 - 8. Discounts that are reimbursable by a third party and can be determined at the time of sale . . .
- b. The term does not include any of the following:
 - 1. Discounts that are not reimbursable by a third party, are allowed by the retailer, and are taken by a consumer on a sale.
 - 2. Interest, financing, and carrying charges from credit extended on the sale, if the amount is separately stated on the invoice, bill of sale, or a similar document given to the consumer.
 - 3. Any taxes imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the consumer.”

“**Tangible personal property**” is defined as “[p]ersonal property that may be seen, weighed, measured, felt, or touched or is in any other manner perceptible to the senses. The term includes electricity, water, gas, steam, and prewritten computer software.”

“**Storage**” is defined, in part, as “[t]he keeping or retention in this State for any purpose, except sale in the regular course of business, of tangible personal property or digital property for any period of time purchased from a person in business.”

“**Use**” is defined as “[t]he exercise of any right, power, or dominion whatsoever over tangible personal property, digital property, or a service by the purchaser of the property or service. The term includes withdrawal from storage, distribution, installation, affixation to real or personal property, and exhaustion or consumption of the property or service by the owner or purchaser. The term does not include . . . [a] sale of property or a service in the regular course of business.”

Specific Impositions - Sales and Use Tax

Repair, Maintenance, and Installation Services

The general State, applicable local, and applicable transit rates of sales and use tax generally apply to the sales price of or the gross receipts derived from “repair, maintenance, and installation services” sold at retail unless exempt by statute or established by records maintained by the retailer. Pursuant to N.C. Gen. Stat. § 105-164.4(a)(16), the imposition of sales tax on the sales price of or the gross receipts derived from “repair, maintenance, and installation services” generally includes any tangible personal property or digital property that becomes a part of or is applied to a purchaser’s property.

Real Property Contracts

N.C. Gen. Stat. § 105-164.4H provides “[a] real property contractor is the consumer of the tangible personal property or digital property that the real property contractor purchases, installs, or applies for others to fulfill a real property contract and that becomes part of real property or used to fulfill the contract. A retailer engaged in business in the State shall collect tax on the sales price of the tangible personal property, digital property, or service sold at retail to a real property contractor unless a statutory exemption in [N.C. Gen Stat. §] 105-164.13 or [N.C. Gen Stat. §] 105-164.13E applies. Where a real property contractor purchases tangible personal property or digital property for storage, use, or consumption in this State,

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or a service sourced to this State, and the tax due is not paid at the time of purchase, the provisions of [N.C. Gen Stat. §] 105-164.6 apply except as provided in [N.C. Gen. Stat. § 105-164.4H(b)].”

Mixed Transaction Contracts

N.C. Gen. Stat. § 105-164.4(a)(16) provides, in part, that a “mixed transaction contract,” as defined herein, is taxed in accordance with N.C. Gen. Stat. § 105-164.4H.

- **Mixed Transaction Contracts - Repair, Maintenance, and Installation Services Greater Than 25% of Total**
N.C. Gen. Stat. § 105-164.4H(d)(2) provides that “[i]f the allocated sales price of the taxable repair, maintenance, and installation services included in the contract is greater than twenty-five percent (25%) of the contract price, then sales and use tax applies to the sales price of or the gross receipts derived from the taxable repair, maintenance, and installation services portion of the contract. The person must determine an allocated price for the taxable repair, maintenance, and installation services in the contract based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business. Any purchase of tangible personal property or digital property to fulfill the real property contract is taxed in accordance with [N.C. Gen. Stat. § 105-164.4H].”

Example: A property owner and a handyman enter into an agreement for the handyman to replace all windows in a home built in the 1920's. In addition, the property owner requests that the handyman repaint the existing front door with paint. The total agreed upon price for all of the services is twenty-five thousand dollars (\$25,000). The handyman is able to substantiate by his books and records that the amount of the agreed upon price allocated to the replacement of the windows is twenty-four thousand dollars (\$24,000), which is ninety-six percent (96%) of the total agreed upon amount. Therefore, the handyman is liable for sales tax on the allocated sales price of twenty-four thousand dollars (\$24,000) for the replacement of the windows and liable for payment of sales or use tax on the purchase price of paint and other materials used to paint the existing front door.

- **Mixed Transaction Contracts - Repair, Maintenance, and Installation Services Equal to 25% or Less of Total**
N.C. Gen. Stat. § 105-164.4H(d)(1) provides that “[i]f the allocated sales price of the taxable repair, maintenance, and installation services included in the contract is less than or equal to twenty-five percent (25%) of the contract price, then the repair, maintenance, and installation services portion of the contract, and the tangible personal property, digital property, or service used to perform those services, are taxable as a real property contract in accordance with [N.C. Gen. Stat. § 105-164.4H].” For a mixed transaction contract taxable as a real property contract that includes an allocated sales price of taxable repair, maintenance, and installation services less than or equal to twenty-five percent (25%) of the contract price, the substantiation requirements pursuant to N.C. Gen. Stat. § 105-164.4H(a1) apply.

Example: A property owner and a person with a contractor's license enter into an agreement for the contractor to install a new roof, install an HVAC unit, and repair a leaking toilet in a bathroom. The total agreed upon price of the services is twenty-nine thousand dollars (\$29,000). The allocated sales price of the repair, maintenance, and installation services to repair the leaking toilet is two-hundred dollars (\$200), which is 0.01% of the total agreed upon price. The contractor receives a Form E-589CI, Affidavit of Capital Improvement, from the property owner. The entire charge for the mixed transaction contract is a capital improvement and subject to sales and use tax as a real property contract.

Complementary Use Tax

N.C. Gen. Stat. § 105-164.6(a) provides “[a]n excise tax at the applicable rate set in [N.C. Gen Stat. §] 105-164.4 is imposed on the products listed below. The applicable rate is the rate and maximum tax, if any, that would apply to the sale of the product. A product is subject to tax under this section only if it is subject to tax under [N.C. Gen Stat. §] 105-164.4.

- (1) Tangible personal property or digital property purchased inside or outside this State for storage, use, or consumption in this State. This subdivision includes property that becomes part of a building or another structure.
- (2) Tangible personal property or digital property leased or rented inside or outside this State for storage, use, or consumption in this State.
- (3) Services sourced to this State.”

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Capital Improvement Substantiation

Form E-589CI may be issued to substantiate that a contract, or a portion of work performed to fulfill a contract, is a capital improvement to real property and subject to sales and use tax as a real property contract. The receipt of an affidavit of capital improvement, absent fraud or other egregious activities, establishes that the subcontractor or other person receiving the affidavit should treat the transaction as a capital improvement, and the transaction is subject to tax in accordance with subsection (a) of N.C. Gen. Stat. § 105-164.4H. A person that issues an affidavit of capital improvement is liable for any additional tax due on the transaction, in excess of tax paid on related purchases under subsection (a) of N.C. Gen. Stat. § 105-164.4H, if it is determined that the transaction is not a capital improvement but rather the transaction is subject to tax as a retail sale. A person who receives an affidavit of capital improvement from another person, absent fraud or other egregious activities, is not liable for any additional tax on the gross receipts from the transaction if it is determined that the transaction is not a capital improvement.

In lieu of issuing an affidavit of capital improvement, a person may substantiate by other records that a transaction is a real property contract or a mixed transaction contract subject to tax as a real property contract for a capital improvement to real property. Where an affidavit of capital improvement is not used to establish a transaction is subject to sales and use tax as a real property contract, but rather other records are used to substantiate that a transaction is a real property contract, the real property contractor, the retailer-contractor, the subcontractor, the lessee, and the owner are jointly and severally liable for the sales or use tax due on the tangible personal property purchased that becomes a part of real property.

Joint and Several Liability

N.C. Gen. Stat. § 105-164.6(b) provides “[t]he tax imposed by this section is payable by the person who purchases, leases, or rents tangible personal property or digital property or who purchases a service. If the property purchased becomes a part of real property in the State, the real property contractor, the retailer-contractor, the subcontractor, the lessee, and the owner are jointly and severally liable for the tax, except as provided in [N.C. Gen. Stat. §] 105-164.4H(a[1]) regarding receipt of an affidavit of capital improvement. The liability of a real property contractor, a retailer-contractor, a subcontractor, a lessee, or an owner who did not purchase the property is satisfied by receipt of an affidavit from the purchaser certifying that the tax has been paid.”

For purposes of an affidavit from the purchaser certifying that the tax has been paid, receipt of a written statement or written affidavit which states that the contractor or subcontractor has paid all debts and claims is sufficient to relieve another person who did not purchase the property of any potential use tax liability resulting from the nonpayment of sales or use taxes. In the alternative, receipt of a schedule identifying the purchase invoices along with copies of the invoices that document sales or use taxes were paid on such purchases will satisfy the requirement. **Form E-589CI is not an affidavit of tax paid on tangible personal property or digital property purchased or used to fulfill a real property contract.**

N.C. Gen. Stat. § 105-164.6(c) provides “[a] credit is allowed against the tax imposed by this section for the following:

- (1) The amount of sales or use tax paid on the item to this State, provided the tax is stated and charged separately on the invoice or other document of the retailer given to the purchaser at the time of the sale, except as otherwise provided in [N.C. Gen. Stat. §] 105-164.7, or provided the retailer remitted the tax subsequent to the sale and the purchaser obtains such documentation. Payment of sales or use tax to this State on an item by a retailer extinguishes the liability of a purchaser for the tax imposed under this section.
- (2) The amount of sales or use tax due and paid on the item to another state. If the amount of tax paid to the other state is less than the amount of tax imposed by this section, the difference is payable to this State. The credit allowed by this subdivision does not apply to tax paid to a state that does not grant a similar credit for sales or use taxes paid in North Carolina.”

Presumptions and Caveats

As provided herein, generally, services to real property are retail sales of or the gross receipts derived from repair, maintenance, and installation services and subject to sales and use tax as such. Listed transactions in the following chart when performed for new construction, reconstruction, or remodeling, provided such transactions are substantiated as discussed herein, **generally** are capital improvements to real property and subject to tax as real property contracts. For purposes of this Directive and the list provided herein, the following apply:

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- Sales and use tax applies to the sales price of or the gross receipts derived from repair, maintenance, and installation services.
- Sales and use tax does not apply to the gross receipts derived from a real property contract, provided such transactions are substantiated as discussed herein.
- The sales price of or the gross receipts derived from services performed to resolve an issue that was part of a real property contract if the services are performed within six months of completion of the real property contract or, for new construction, within 12 months of the new structure being occupied for the first time are subject to sales and use tax as a real property contract with respect to a capital improvement.
- The term “**initial installation**” utilized in the chart herein refers to the performance of work in connection with “new construction.”
- Where the term “**installation**” is used without the adjective “**initial**” and there is an “X” in the capital improvement column, the installation of such item is **generally** a capital improvement no matter that such item may not be part of new construction, reconstruction, or remodeling, **provided** the transaction is substantiated as a capital improvement as discussed herein.
- The application of sales and use tax for a service to leased or rented real property is no longer dependent on whether title to any change in the real property vests in the owner or lessor of the property at the time of performance of the service. Services to leased or rented property are taxed in the same manner as services to property owned by a person.
- Where “**repair and maintain**” or “**repair or maintain**” are used in the list in the chart, it is intended that such meet the definition of “repair, maintenance, and installation services.”
- The gross receipts from an item listed as “Taxable” in the Repair, Maintenance, and Installation Services (“RMI”) column may be exempt and the transaction taxed as a real property contract where a permit under the State Building Code is required and provided such is not a repair or replacement of electrical components, gas logs, water heater, and similar items, and provided the transaction is substantiated as a real property contract as discussed herein.
- The replacement of more than one of a like-kind item, such as replacing one or more windows, is a single repair, maintenance, and installation service as specified in the definition of “repair, maintenance, and installation services.”
- Generally, the purchase price of tangible personal property or digital property that becomes part of or is applied to a purchaser’s property as part of a capital improvement or used to provide an exempt repair, maintenance, or installation service is generally subject to sales and use tax. Exceptions apply for purchases of tangible personal property and digital property used in providing repair, maintenance, and installation services for items specifically exempt from sales and use tax, other than motor vehicles. (Examples: Certain items used in farming activities by a conditional or qualifying farmer, towers purchased by a television company licensed by the FCC, etc.) See the statutory exemption in N.C. Gen. Stat. § 105-164.13(61a) for more information.
- Where a transaction falls within the definition of a “**mixed transaction contract**,” the application of sales and use tax to such transaction may differ from the general provisions provided in the list of transactions in the chart herein.

The list of transactions included in the chart herein provides general guidance to assist with making a determination as to the application of sales and use tax to various services to real property. In order for a service to real property to be subject to sales and use tax as a real property contract, such must be substantiated by either a Form E-589CI, Affidavit of Capital Improvement, or by other records.

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Disclaimer: *This list is not specific tax advice. The application of sales and use tax may differ based on the facts and circumstances of a particular transaction. This list is not an all-inclusive list and may be updated in the future by the Department.*

Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Air Cleaners		
“Initial installation” or replacement of a complete central air cleaner unit or system (excludes self-contained air cleaners)	X	
Repair, maintain, or replace a component part: collector plates, electronic plates, filters, power boxes, return, air ducts, and sails		Taxable
Air Conditioners (other than central air conditioning systems) (see also – Central Air Conditioning)		
Installation or complete replacement of through-the-wall mounted air conditioner unit or system	X	
Repair or maintain through-the-wall mounted air conditioner		Taxable
Repair, maintain, or replace a component part: air flow controls, air handlers, blowers, casings, copper tubing, fan, motors, filters, grilles		Taxable
Installation or complete replacement of a window air conditioner		Taxable
The addition, replacement, or change in the design of air where a permit is required under the NC State Building Code	X	
Bathrooms (see also – Electrical, Plumbing, and Walls)		
A replacement or a repair of: cabinet, sink/vanity, toilet, tub, exhaust fan, tub/shower enclosure (non-tile), mirror, lighting fixture, faucet, shower head, various knobs, or other items or fixtures		Taxable
Remodel provided such activity meets the definition of “remodeling”.	X	
Brickwork & Masonry		
“Initial installation” or complete replacement of: stairs/steps, walls, fireplace, exterior surfaces	X	
Repointing		Taxable
Sandblasting real property, where the purpose is to clean the property		Exempt
Replacing damaged bricks		Taxable
Crack repair		Taxable
Installation or replacement of brick driveways, roads, sidewalks, patios, decks, or parking lots	X	
Repair or maintain a brick patio or deck		Taxable
Repair or maintain a brick driveway, road, sidewalk, or parking lot		Exempt

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Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Central Air Conditioning		
Installation or replacement of central air conditioning unit or system	X	
Installation or replacement of entire ductwork system	X	
Repair, maintain, or replace a component part(s): blowers, coils, condenser coils, control devices, ductwork sections, excess moisture drains, fans, filters, refrigerant, refrigerant tubes		Taxable
Central Wired Audio Sound System		
“Initial installation”	X	
Repair or maintain system		Taxable
Replace entire system	X	
Installation of components or system for existing real property (sales of audio components that do not become part of real property are sales of tangible personal property including for new construction)		Taxable
Audio sound components – Install, repair, or maintain (sales of audio components that do not become part of real property are sales of tangible personal property. E.g. Receiver, etc.)		Taxable <i>(Separately Stated Installation Charges Identified as Such on the Invoice or Documentation Given to the Real Property Contractor at the Time of the Sale are Exempt), Provided such is for New Construction</i>
Certain Capitalized Equipment or Fixtures		
Installation of equipment or fixture that is attached to real property and that meets one or more of the following conditions: is capitalized and depreciated under GAAP or International Financial Reporting Standards, is depreciated under the Internal Revenue Code, or is expensed under Section 179 of the Internal Revenue Code.	X	
Repair or maintain certain qualifying capitalized equipment or fixtures		Taxable
Repair, maintain, install, or replace component part(s) of certain qualifying capitalized equipment or fixtures		Taxable
Chimneys & Fireplaces		
“Initial installation” or complete replacement (reconstruction) of chimneys	X	
Addition of flue or liner (metal or foam)		Taxable
Chimney cleaning/sweeping		Exempt
Installation of spark arrestors to existing chimney		Taxable
Repair, maintain, install, or replace flue or liner		Taxable

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Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Chimneys & Fireplaces (Cont'd)		
Sealing of flashings (not associated with roof replacement)		Taxable
Repair, maintain, or replace a component part: caps, damaged brick or stone, flashings, loose mortar, pots, rain and draft deflectors, ash pits, cold air inlets, dampers, damper controls, fireboxes, firebricks, fire chambers, headers, hearths, mantels, smoke chambers, smoke shelves, warm air outlets		Taxable
Cleaning Real Property		
Carpet cleaning (including stain removal); does not include area rugs, etc.		Exempt
Dryer vent cleaning		Exempt
Ductwork (remove mold, dust, other pollutants, etc.)		Exempt
Fish tank, pool, and other similar aquatic feature cleaning		Taxable
Gutters		Exempt
Mold remediation services (*see appropriate section for any underlying work performed other than removal of mold only)		Exempt*
Custodial, janitorial, and maid services, provided such are not part of the gross receipts derived from the rental of an accommodation charged by the facilitator or retailer		Exempt
Power wash real property (buildings, structures, concrete patios, driveways, decks, sidewalks, parking lots, etc.), but does not include power washing a pool		Exempt
Removal of debris from gutters		Exempt
Window washing		Exempt
Commercial Refrigeration Equipment		
Replacement or installation of commercial refrigeration systems	X	
Repair or maintain commercial refrigeration systems (other than installation or replacement of systems)		Taxable
Repair, maintain, install, or replace component parts or portion of commercial refrigeration systems		Taxable
Concrete & Stonework		
"Initial installation" or replacement of: stairs/steps, walls, block walls, exterior surfaces, or parking lot	X	
Crack repair		Taxable
Installation or complete replacement of a new driveway, sidewalk, or patio	X	

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Concrete & Stonework (Cont'd)		
"Initial installation" or replacement of footings and foundations	X	
Repair or partial replacement of footings and foundations		Taxable
Repair of a driveway, sidewalk, parking lot, or road		Exempt
Repair of a patio, chimney, stairs/steps, walls, fireplace		Taxable
"Initial installation" of precast concrete steps	X	
Repair, maintain, or replace precast concrete steps		Taxable
Decks (see also – Patios)		
Installation, replacement, or expansion of decks	X	
Repair, maintain, or replace a component part: floor of deck, deck boards, railings, etc.		Taxable
Waterproofing, staining, painting, or varnishing decks	X	
Cleaning or power washing decks		Exempt
Docks		
Docks (floating); "initial installation," as part of new construction	X	
Docks (floating): construction or reconstruction; other than as part of new construction of a building or residential property on land		Taxable
"Initial installation" of a boat lift on an existing dock, as part of new construction of a building or residential property on land	X	
Installation of a boat lift on an existing dock (absent a requirement to obtain a permit issued under the NC State Building Code)		Taxable
Doors		
Installation or replacement of interior, exterior, storm, garage, and other doors with or without related hardware (may or may not include replacement of door frames) including other installations where the item being installed may replace a similar existing item		Taxable
Varnishing, staining, or painting doors	X	
Varnishing, staining, or painting a door where such is incidental to the installation or replacement of a door and is not part of an "initial installation"		Taxable
Installation of the following in an existing door: closers, openers, moldings, kick plates, mail slots, peepholes, thresholds, weather stripping		Taxable

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Doors (Cont'd)		
Repair, maintain, install, or replace: doors, door frames, casings, closers, door knobs, glass panes, handles, head jambs, hinges, jambs, locks, latches, locksets, panels, saddles, screens, stiles, stops, thresholds, top rails, weather stripping		Taxable
Lubricate, adjust, tighten, etc.		Taxable
Drainage		
Installation or replacement of culvert (ditch, driveway, etc.)	X	
French drain	X	
Storm drainage system	X	
Hydro jetting drains		Taxable
Driveways, Parking Lots, Roads, and Sidewalks		
Installation or complete replacement of roads, driveways, parking lots, and sidewalks (asphalt, concrete, crushed stone, paver, etc.)	X	
Services on roads (including resurfacing, patching holes, repairing guardrails), driveways, parking lots, and sidewalks, including power washing		Exempt
Parking lot islands landscaping	X	
Re-striping (line painting) parking lots and other road surfaces		Exempt
Installation or replacement of guardrails	X	
Electrical		
"Initial installation" of wiring or complete rewiring of real property	X	
Install and replace light bulbs in or on real property		Taxable
Replacement of existing lighting system with LED fixtures (where new wiring must be pulled and a permit obtained under the NC State Building Code is required)	X	
Replacement of existing lighting fixtures with LED fixtures only (no matter a permit is obtained under the NC State Building Code) provided new wiring is not pulled and installed for the lighting system		Taxable
Repair, maintain, install telephone wiring, speaker wire, computer cable, or coaxial cable, but does not include installation of underground utilities		Taxable

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Electrical (Cont'd)		
Existing real property: Repair, maintain, install, or replace electrical components, circuit breakers, outlets, receptacles, switches, fluorescent fixture parts (ballasts, starters, tubes), fuses, light bulbs, floor outlets, fluorescent fixtures, lighting fixtures, street light bulbs, metal raceways, multi-outlet strips, wall boxes, wall fixtures		Taxable
The addition, replacement, or change in the design of electrical wiring where a permit is required under the NC State Building Code	X	
"Initial installation" of landscape lights, lamp posts, etc.	X	
Repair, maintain, install, or replace landscape lights, lamp posts, etc.		Taxable
Generator (whole residence, commercial backup) – "initial installation," install, or replace	X	
Generator – repair, maintenance		Taxable
Exterior		
"Initial installation" or complete replacement of entire existing siding	X	
New construction or reconstruction of: porches, decks, garages, homes, pole barns	X	
Water wells – Deepen existing wells or drill/bore new wells	X	
Excavation, site preparation, debris removal, land clearing, and grading	X	
"Initial installation" of awnings, gutter and downspout systems, louvers, and shutters	X	
Repair, maintain, install, or replace gutter and downspout systems or component parts for existing real property		Taxable
Installation of canvas awnings to existing real property		Taxable
Repair, replacement, or maintenance of: canvas awnings; fence pickets, posts, rails, or sections; flashings; gates; shingles (partial); siding (partial); patios; roof decks; or water well pumps		Taxable
Floors and Flooring		
"Initial installation" of floorings such as carpet, carpet padding, linoleum, vinyl tile, ceramic tile, wood, terrazzo, marble, concrete, raised, and other similar floors	X	

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Floors and Flooring (Cont'd)		
Complete or partial replacement of floorings such as carpet, carpet padding, linoleum, vinyl tile, ceramic tile, wood, terrazzo, marble, concrete, raised, and other installations where the item being installed may replace a similar existing item (no matter that the flooring material installed differs from the original flooring material)		Taxable
Patching carpet		Taxable
Waterproofing, staining, varnishing, or painting floors where such is not incidental to refinishing floors	X	
Refinishing existing floors, including waterproofing, staining, varnishing, or painting where such is incidental to refinishing existing floors		Taxable
Repair, maintenance, or partial replacement of floorings (includes carpet stretching)		Taxable
Funeral-related services		
Monument engraving		Exempt
Interment charges (provided the charges are separately stated on the sales invoice or other document given to the purchaser at the time of the sale)		Exempt
Grave opening and closing charges (provided separately stated on the sales invoice or other document given to the purchaser at the time of the sale)		Exempt
"Initial installation" of a tomb structure	X	
Heating Unit or System		
"Initial installation," installation, or replacement of heating unit or system (excluding free-standing)	X	
Installation or complete replacement of permanent electric heating units or systems (boilers, electric furnaces, gas furnaces, heat pump units, oil furnaces, radiant heat systems, warm air duct systems)	X	
An addition, replacement, or change in the design of a heating system where a permit is required under the NC State Building Code	X	
Repair, maintain, or replace baseboard heaters, components, wall heaters, window unit		Taxable

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Heating Unit or System (Cont'd)		
Repair, maintain, or replace a component part: air handler, air tubes, air vent valves, angle boots, automatic air vents, blowers, boiler tubes, burner guns, burner heads, circulators, circulating pumps, coils, cold air returns, condensers, coils, controls, dampers, drain cocks, drain valves, draft hoods, duct sections, elbows, endcaps, expansion tanks, elements, expansion tanks, feed lines, filters, floor diffusers, fuel lines, furnace controls, fuses, gauges, low-voltage terminals, main valves or shutoffs, motors, pilot gas lines, pipe, pipe sections, plenums, plenum takeoffs, pressure controls, pressure regulators, radiators (including bleeding), refractory firepots, relays, relief valves, return lines, return mains, returns, safety control valves, sequencers, side stack takeoffs, starting collars, strainer pumps, supply lines, supply stack heads, thermostats, thermocouples, transformers, vent pipes, vents, water supply lines, or wet returns		Taxable
Gas logs: "initial installation"	X	
Repair, maintain, replace, or install gas logs or parts thereof		Taxable
Heating – Wood Burning Furnace, Boiler, Stove (see also – Chimneys & Fireplaces)		
Installation or replacement of wood burning furnaces, boilers, or stoves (Including strengthening floors and fireproofing walls and floors)	X	
Repair or maintain a wood burning furnace, boiler, or stove		Taxable
Hot Water Heaters		
"Initial installation" of hot water heaters	X	
Repair, maintain, or replace a hot water heater		Taxable
Repair, maintain, or replace a component part: anode rods, burners, casing covers, connectors, drain pipes, drain valves, draft diverters, flue baffles, flue bodies, flue collars, glass inner tanks, heating elements, inlet-outlet pipes, outlet pipes, tank linings, temperature control knobs, temperature pressure relief valves, thermocouples, thermostats		Taxable
Replacement of a traditional water heater with tankless water heater		Taxable
Humidifiers		
"Initial installation" of a permanently installed humidifier, including a humidifier for an entire residence or building	X	

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Humidifiers (Cont'd)		
Repair, maintain, or replace a humidifier or a component part including evaporator pads, fans, or motors		Taxable
Inspections and Fees		
State, county, and local inspections for real property		Exempt
An inspection provided the inspection is to fulfill a safety requirement to a "capital improvement" such as the following systems: septic tank, siding, roof, plumbing, electrical, commercial refrigeration, irrigation, sprinkler; and provided the charge for the inspection is separately stated on the invoice or other documentation given to the purchaser at the time of the sale		Exempt
An inspection performed where the results are included in a report for the sale or financing of real property		Exempt
An inspection of the structural integrity of real property, provided the charge for the inspection is separately stated on the invoice or other documentation given to the purchaser at the time of the sale		Exempt
Inspect real property, other than for safety purposes or for the sale or financing of real property		Taxable
Inspect or recharge fire extinguishers in real property		Taxable
Building permits for real properties, where the activity is repair, maintenance, and installation services		Taxable
Building permits for a capital improvement		Exempt
Kitchens (see also – Electrical, Plumbing, Flooring, and Walls)		
"Initial installation" of: built-in dishwashers, built-in freezers, built-in ranges, built-in refrigerators, built-in ovens, ducted hood	X	
Painting, varnishing, or staining cabinets generally	X	
Painting, varnishing, or staining cabinets, where the painting is incidental to the replacement of cabinets		Taxable
Reface cabinets		Taxable
Appliances (free-standing) – Install, repair, or maintain (sales of free-standing appliances are sales of tangible personal property)	Taxable (Separately Stated Installation Charges Identified as Such on the Invoice or Documentation Given to the Real Property Contractor at the Time of the Sale are Exempt)	

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Kitchens (Cont'd)		
Repair, maintain, install, or replace: cabinets, cabinet doors, countertops, dishwashers, ducted or ductless hoods, exhaust fans, faucets, freezers, garbage disposals, ovens, ranges, refrigerators, sinks, and other installations where the item being installed may replace a similar existing item		Taxable
Landscaping and Yard Care (see also – Driveways, Parking Lots, Roads, and Sidewalks)		
Invisible fence – install, replace, maintain, repair		Taxable
Installation or complete replacement of: fences (permanent), flagstone walks, patio block walks, other types of walks, fountains (except free-standing), sprinkler systems	X	
Repair, maintain, install, or replace irrigation components		Taxable
Repair, maintain, install, or replace landscape lights		Taxable
Plant, maintain, install, or replace lawns (includes sod), flowers (perennials and annuals), shrubs, and trees	X	
Repair, maintain, or install free-standing fountains		Taxable
Repair, maintain, or install temporary or moveable ponds		Taxable
Apply fertilizers, herbicides, and pesticides	X	
Mow lawns, aerate, reseed, over seed, sod bare spots	X	
Soil testing or analysis		Taxable
Prune or fertilize trees or shrubs	X	
Removal without replacement of trees or shrubs	X	
Repair fences and gates		Taxable
Repair, maintain, install, or replace component parts in underground lawn sprinkler systems: centrifugal pumps, remote control valves, sprinkler controllers, pump controllers, sections or piping, sprinkler heads		Taxable
Repair, maintain, install, or replace fence fabric		Taxable
Install or replace landscaping timbers, planter boxes, and landscaping fabric or raised beds.		Taxable
Miscellaneous		
Generally – An item installation where the item being installed may replace a similar existing item, unless such is defined and substantiated as a capital improvement. Such includes installation of one or more like-kind items.		Taxable
Attic ladder – repair, maintain, install, or replace (other than “initial installation”)		Taxable

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Miscellaneous (Cont'd)		
Central vacuum system – “initial installation,” installation, or replacement of entire system	X	
Central vacuum system – repair, maintain, install or replace a component part		Taxable
Construction sites – temporary heat, electric, plumbing (provided such are not free-standing)	X	
Custom closets – repair, maintain, install, or replace (other than “initial installation”)		Taxable
Demolition of a building or structure	X	
Debris removal from construction sites, dumpsters, and other structures	X	Exempt
Dog station install, replace, repair, maintain		Taxable
Dog station “initial installation”	X	
Epoxy coatings – apply on real property	X	
Elevators – “initial installation” or complete replacement	X	
Escalator – “initial installation” or complete replacement	X	
Elevators and escalators – repair, maintain, install, or replace a component part		Taxable
Fire sprinkler system connected to water supply systems – installation or replacement	X	
Fire sprinkler system connected to water supply systems – repair, maintain, install, or replace component parts		Taxable
Fire or smoke detectors – “initial installation”	X	
Fire or smoke detectors – install, replace, repair, maintain		Taxable
Replace, maintain, or repair gas pumps/dispensers		Taxable
Install a plastic vapor barrier		Taxable
Fire, water, and wind damage (*see appropriate section for work performed)	X*	Taxable*
Cleaning of tangible property including where the service is related to fire, water, and wind damage		Taxable
Hurricane shutters – repair, maintain, install, or replace for existing real property		Taxable
Insulation – “initial installation”	X	
Insulation – repair, maintain, or install – generally		Taxable
Installation or replacement of: attic fans (portable), independent smoke, heat, or carbon monoxide detectors, mail boxes (installed on wall or post), flagpole		Taxable

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Miscellaneous (Cont'd)		
Mailbox – repair, maintain, install, replace (other than “initial installation”)		Taxable
Playset – repair, maintain, install, or replace (generally other than “initial installation”)		Taxable
Satellite dishes – repair, maintain, install, or replace		Taxable
Reconstruction of damaged real property (other than a single repair, maintenance, and installation service)	X	
Storage shed constructed on-site attached to foundation	X	
Storage shed (pre-fabricated) placed on skids, ground, or otherwise not attached to a permanent foundation (sales of pre-fabricated storage sheds are sales of tangible personal property)		Taxable <i>(Separately Stated Installation Charges Identified as Such on the Invoice or Documentation Given to the Real Property Contractor at the Time of the Sale are Exempt)</i>
Storage tanks – repair, maintain, install, or replace (other than install or replace septic tanks)		Taxable
Trash can installation to real property		Taxable
Vaults – that are enclosed with walls or other material and become part of a building or structure	X	
Water fountain for human consumption (wall or floor mounted – other than “initial installation”)		Taxable
Moving Services		
Service for hire to transport or relocate a person’s existing belongings to or from any destination		Exempt
Painting or Wallpapering		
Painting real property generally (cabinets, decks, doors, floors, shutters, porches, walls, etc.)	X	
Painting that is incidental to repair, maintenance, and installation services		Taxable
Wallpapering real property	X	
Patios		
Installation or complete replacement of: blacktop patios, concrete patios, flagstone patios, block patios, brick patios, wood patios	X	
Waterproofing, staining, or painting existing patios, new patios, or replacement patios	X	
Repair or patch holes or cracks		Taxable
Replace sections of concrete patios (other than cracks, holes, and similar issues)		Taxable
Replacement of blocks and flagstones		Taxable

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Pest Related Services		
Pest control services (application of pesticides to real property) including service contracts where the purpose and obligation of the contract is to apply pesticide to real property		Exempt
Heat treatment to remove bed bugs		Exempt
Removal of pests, wildlife, and other animals from real property (removal services)		Exempt
Remove and install insulation impregnated with an insecticide (i.e., a product must have EPA Pesticide Registration Number)		Taxable
Moisture control, service performed that is the actual removal of water from crawlspace (does not include installation of moisture control (vapor) barrier in existing crawlspace)		Exempt
Remove and replace existing insulation and apply pesticide to real property for the treatment of pests		Exempt
Install moisture (vapor) control barrier in existing crawlspace		Taxable
Painting Real Property		
Exterior painting of buildings and structures		Exempt
Existing signs attached to real property		Exempt
Painting signage on real property		Exempt
Painting fire hydrants		Exempt
Painting water towers		Exempt
Painting interior rooms and walls where such is not incidental to repair, maintenance, and installation services		Exempt
Plumbing - Piping		
New additions (expansions) to piping system (includes a change in the design of plumbing that adjusts the size or capacity where a permit is required under the NC State Building Code)	X	
Backflow testing (safety requirement to prevent contamination), other than to maintain the backflow		Exempt
Repair or maintain backflow		Taxable
Excavation required for installation or complete replacement of piping systems	X	
Repair of pipes or fittings		Taxable

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Plumbing - Piping (Cont'd)		
Repair, maintain, install water softeners and well pumps		Taxable
Water wells – install, replace, or drill deeper	X	
Repair, maintain, or replace: air chambers, cabinets, relief valves, shutoff valves, storage tanks (other than replace septic tank), traps		Taxable
Thawing frozen pipes		Taxable
Installation of whole-house water filtration system (unless permit under the NC State Building Code required)		Taxable
“Initial installation” of whole-house water filtration system	X	
Installation of under sink water filtration system		Taxable
Unclog main drain pipes, water lines, and various plumbing fixtures, including snaking and hydro jetting		Taxable
Stop water leaks		Taxable
Plumbing - Sinks		
“Initial installation” of sinks and sink fittings	X	
Replacement of sinks and sink fittings		Taxable
Repair, maintain, or replace a component part: aerators, bottom cages, couplings, diverter assemblies, escutcheons, faucets, handles, handle assemblies, hose assemblies, hose guides, inlet seals, locknuts, connectors, packing nuts, seats, spouts, spray heads, stems, traps, washers		Taxable
Unclog sink drains		Taxable
Plumbing - Toilets		
“Initial installation” of toilets and fittings	X	
Replacement of toilets and fittings		Taxable
Repair, maintain, install, or replace a component part: float arms/balls, flush handles, guide arms, inlet valves, lift wires, plungers, tank balls, tank drains, toilet seals, toilet seats, trip sleeves, tubes, valve seats, washers		Taxable
Unclog toilet		Taxable
Plumbing - Tubs and Showers		
“Initial installation” (including fittings) of: shower stalls, tubs, tub enclosures	X	

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Plumbing - Tubs and Showers (Cont'd)		
Repair, maintain, replace or install (including necessary fittings) of: shower stalls, shower enclosures, tubs, tub enclosures		Taxable
Repair, maintain, install, or replace a component part: automatic diverters, cartridges, ears, faucets, faucet heads, handles, red flats, retainer clips, shower bases, shower heads, stems, stop tubes, traps, washers		Taxable
Unclog tub and/or shower drains		Taxable
Removal Services		
Asbestos removal		Exempt
Removal of waste, trash, debris, grease, snow, and other similar items from real property.		Exempt
Dehumidification of real property		Exempt
Extraction of water from real property		Exempt
Haul away debris		Exempt
Household and commercial trash collection services		Exempt
Other removal services generally for real property		Exempt
Roofs and Roofing Materials		
Installation of roofing systems	X	
Complete replacement of roofing systems	X	
Application of roof coating to existing roofs		Taxable
Repair, maintain, or replace (other than complete replacement) all types of roofs or roofing materials (asphalt, shingle, slate, tile, built-up, metal, single ply)		Taxable
Sealing roof vents		Taxable
Repair, maintain, or replace the following items or accessories: copings, cornices, drip edges, electric heating tape, expansion joints, flashings (all types), gravel stops and fascia, heating cables, louvers and screens, metal or composition valleys, metal ornaments, metal stacks, rain and draft deflectors, shingles (all types), skylights and scuttles, snow guards, and snow slides		Taxable
Security Systems		
"Initial installation" of security system	X	
Repair, maintain, install, or replace security system for existing real property		Taxable
Repair, maintain, install, or replace a component part or an accessory of any security system		Taxable

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Septic, Septage, and Sewer Systems		
Excavation for installation	X	
"Initial installation" of septic system: distribution boxes, dry wells, grease traps, leach fields, lines, seepage pits, septic tanks	X	
Clean or pump out septic tank or grease trap		Exempt
Replacement or installation of a septic tank or septic tank system	X	
Repair, maintain, or replace a component part: distribution boxes, dry wells, grease traps, leach fields, lines, pump, seepage pits		Taxable
Removal of septage from portable toilets		Taxable
Removal of septage from boats, aircraft, trains, and motor vehicles		Exempt
Signage		
Traffic signs (single sign and pole)		Taxable
"Initial installation" of signs on a building, structure, or fixture on land, including a billboard	X	
Repair, maintain, replace painted lettering or painted signage on a building, structure, or fixture on land	X	
Repair, maintain, or replace signage (other than painting)		Taxable
Stairs		
Eliminate squeaks		Taxable
Tighten loose balusters		Taxable
Repair, maintain, or replace: balusters, handrails, newels, risers, termite damage, treads, wet and dry rot, stair boards		Taxable
Sump Pumps		
Dig sump pump holes	X	
"Initial installation" of permanent sump pumps	X	
Repair, maintain, or install permanent sump pumps for existing real property		Taxable
Replace or install portable sump pumps for existing real property		Taxable
Repair, maintain, or replace (in permanent or portable sump pumps): floats, electrical cords, motors, piping and connectors, pump suction heads, shutoff switches		Taxable

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Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Swimming Pools		
Installation of in-ground swimming pool, including excavation work completed in connection with the installation	X	
Clean in-ground swimming pool walls or liner, vacuum in-ground pool to remove leaves or other debris		Taxable
Replacement of liner for in-ground swimming pool		Taxable
Replaster and/or retile in-ground swimming pool		Taxable
Repair, maintain, or replace the heater for in-ground swimming pool		Taxable
Installation or replacement of: above ground swimming pool including pumps, filters, heater for above ground swimming pool		Taxable
Repair or maintenance of above ground swimming pool, including: clean, liner, pump, and heaters		Taxable
Utilities		
Electrical distribution wire or cable - installation	X	
Fiber optic cable for distribution of video programming - installation	X	
Piped natural gas distribution infrastructure and underground system - installation	X	
Telephone distribution wire and cable - installation	X	
Repair, maintain, or install utility component parts other than for tangible personal property – generally (other than noted below)		Taxable
Repair, maintain, or install utility component parts, provided such are for a transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement		Exempt
Ventilation		
“Initial installation” of ventilation unit or system	X	
Installation or complete replacement of permanent: attic fans, exhaust fans, gable vents, roof vents, soffit vents, wind turbines	X	
Installation or replacement of portable attic or other type portable fans		Taxable
Repair, maintain, or replace a component part of an attic exhaust fan or dryer vent: bearings, blades, motors, shutters		Taxable

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Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Walls		
"Initial installation" of baseboards and trim	X	
"Initial installation" and finishing of drywall	X	
Fixing nail pops		Taxable
Patching cracks (other than as part of a painting service) including where painting is incidental to a taxable repair, maintenance, and installation service		Taxable
Painting new, existing, or completely replaced walls (including murals), except where wallpaper is incidental to a taxable repair, maintenance, and installation service	X	
Removal of a wall	X	
Wallpaper new, existing, or replaced walls, except where wallpaper is incidental to a taxable repair, maintenance, and installation service	X	
Waterproofing new, existing, or replaced walls (excludes items deemed painted materials)		Taxable
RegROUT ceramic tile		Taxable
Repair dents, split wallboard tape, termite damage, wet or dry rot		Taxable
Replace or repair ceramic features, damaged ceramic tiles, existing baseboards, existing molding, existing trim, wallboard panels, wood panels		Taxable
Stop water leaks		Taxable
Windows		
"Initial installation" of complete windows (frame/sash)	X	
Single or complete replacement of windows (frame/sash)		Taxable
"Initial installation" of window film or coating	X	
Installation or complete replacement of permanent combination storm windows		Taxable
Repair, maintain, install, or replace permanent window shutters for existing property		Taxable
Apply putty, window film, or coating to existing windows		Taxable
Caulk existing windows (interior/exterior)		Taxable
Eliminate sticking, lubricate sashes		Taxable
Install or replace drapery rods/hardware, shades, valances, venetian blinds, window quilts, and other window treatments (window treatments are generally sales of tangible personal property)		Taxable

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Transactions by Category	Capital Improvement Gross Receipts are Exempt from Sales and Use Tax Provided the Substantiation Requirements are Met	Repair, Maintenance, and Installation Services Sales Price or Gross Receipts are Taxable Unless Exemption Applies to the Gross Sales Price or Gross Receipts
Windows (Cont'd)		
Repair, maintain, or install: glass, windows, window frames, window sills		Taxable
Repair, maintain, or install: aprons, balances, frames, hardware (latches/handles/ locks, etc.), inside stops, parting strips, pocket covers, sash balances, sash cords, sash stiles, sash weights, sash weight pulleys, side casings, side jambs, stools, storm window panes or screens, window frames, window panes (glass or plastic), window sills, yoke or head jambs		Taxable

To the extent that there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to this directive, the provisions in this directive 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 directive conflicts with this directive, the provisions contained in this directive supersede.