

Local Room Occupancy Taxes and Prepared Food and Beverage Taxes

Certain counties identified in N.C. Gen. Stat. § 153A-155 and certain municipalities identified in N.C. Gen. Stat. § 160A-215 are authorized by the General Assembly to levy a local room occupancy tax. A retailer who is required to remit to the Department of Revenue the State sales tax imposed by G.S. § 105-164.4(a)(3) on accommodations is required to remit a room occupancy tax to the taxing county or municipality on and after the effective date of the levy of the room occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. A rental agent or a facilitator, as defined in G.S. § 105-164.4(a)(3), has the same responsibility and liability under the room occupancy tax as the rental agent or facilitator has under the State sales tax on accommodations. The local room occupancy tax is payable to the local counties or municipalities authorizing the levy and should not be remitted to the Department of Revenue. For more information regarding registration, collections, and remittance of the local occupancy tax, contact the local county or municipal office.

Certain counties and municipalities are authorized by various acts of the General Assembly to levy a local prepared food and beverage tax. The tax shall be collected on the sales price of prepared food and beverages sold at retail for consumption on or off the premises by any retailer within the county or municipality that is subject to sales tax imposed by the State under G.S. § 105-164.4(a)(1). The local prepared food and beverage tax is payable to the local counties or municipalities authorizing the levy and should not be remitted to the Department of Revenue. For more information regarding registration, collections, and remittance of the local prepared food and beverage tax, contact the local county or municipal office.

N.C. Gen. Stat. § 105-264.1 provides that “[a]n interpretation by the Secretary [of Revenue] of a law administered by the Secretary applies to a local government when the local law refers to the State law to determine the application of the local law.” Because the room occupancy tax applies to the same gross receipts as that of the State sales tax on accommodations, interpretations by the Department of Revenue that affect the sales tax on accommodations also affect local room occupancy taxes. Because the prepared food and beverage tax applies to the same sales price of prepared food and beverages as the State sales tax, interpretations by the Department that affect the sales tax on prepared food and beverages also affect local prepared food and beverage taxes.

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