



**Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com**

IMPORTANT NOTICE: BOOKBINDING SERVICES

The sales price of or the gross receipts derived from the retail sale of bookbinding services by a retailer on or after March 1, 2016, are subject to the general 4.75% State, applicable local (2.00% or 2.25%), and applicable transit (0.50%) rates of sales and use tax. The Department referred to the taxability of receipts from bookbinding as repair, maintenance, and installation services in the [Important Notice: Sales and Use Tax Technical Bulletins and March 1, 2016 Tax Changes](#), issued February 22, 2016, and is available on the Department's website.

The retail sale of or the gross receipts derived from bookbinding services subject to sales and use tax include charges by a retailer or wholesale merchant to bind books, magazines, or other printed matter belonging to other persons. A retailer or wholesale merchant, who does not collect the applicable sales or use tax on the sales price of or gross receipts derived from bookbinding, sold to a purchaser remains liable for the tax due unless the retailer or wholesale merchant maintains proper records to establish a sale is exempt from sales or use tax.

Purchases for Resale

Purchases of tangible personal property by a retailer or wholesale merchant that will become a part of the customer's bound item, should be purchased by the retailer or wholesale merchant exempt from sales and use tax by issuing a properly completed [Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption](#), or other exemption information required per N.C. Gen. Stat. § 105-164.28, to the seller. Examples of such purchases of tangible personal property may include: cloth, leather, cardboard, glue, thread or other such items of tangible personal property.

Technical References

Administrative rule 17 NCAC 07B .4710, Bookbinders, in Title 17 of the North Carolina Administrative Code, Subchapter 7B – State Sales and Use Tax, is repealed effective June 1, 2016. This administrative rule is repealed as a result of legislation enacted by the General Assembly that invalidates part or all of the rule. Additionally, Sales and Use Tax Technical Bulletin Section 7-15 will be updated by the Department to reflect the changes discussed herein.

Assistance

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in the rate of tax, statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.