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May 25, 2012

Dear Valued Contractor:

Earlier this month we issued general communication to our vendors regarding the NC direct pay permit and other sales tax exemptions held by Research Triangle Institute (RTI). This letter includes supplemental information regarding NC sales tax paid by contractors on construction materials.

As a nonprofit entity, RTI is eligible for a refund of NC sales tax paid on building materials, supplies, fixtures and equipment which become part of or annexed to a building or structure owned or leased by RTI. In order to claim the refund, RTI must maintain documentation of these taxes on certified statements from the contractor or subcontractor who purchased the items.

****Notice of change in accounting process****

Requirement for separate application for reimbursement of NC sales tax on construction materials

- As of June 1, 2012, contractors will be required to document these taxes on a **separate payment application**. These taxes should not be included in any invoice or other payment application for contract services performed.
- RTI's standard application for reimbursement of NC sales tax on construction materials is available in excel format at www.rti.org/taxdocs
- Please be sure to complete both the summary and detail schedules, paying close attention to the rate applied to your purchases.
- Contractors are responsible for obtaining documentation of tax paid by subcontractors for inclusion in the application for reimbursement submitted to RTI.

Thank you for your continued cooperation and assistance in meeting these documentation requirements. We expect a smooth transition in adopting this new form because it is similar to those used by other NC nonprofits and local governments. However, should you have any questions or need additional information, please email rhoward@rti.org.

Research Triangle Institute
Corporate Tax Department

SUMMARY SCHEDULE

**RESEARCH TRIANGLE INSTITUTE
APPLICATION FOR REIMBURSEMENT OF NC STATE AND COUNTY SALES & USE TAX ON CONSTRUCTION MATERIALS**

Project Name: _____

General Contractor: _____

Subcontractor: _____

Period Covered: From _____
 To _____

Date Submitted: _____

Total Number of Pages Attached: _____

SUMMARY SCHEDULE - TOTALS BY RATE & JURISDICTION

<i>NC County Name</i>	<i>County Tax Rate</i>	<i>County Tax Paid</i>
Durham	2.25%	

The amounts on this page represent total sales and use tax reimbursement requested with this application. The amounts from the attached detail schedules should be totaled by rate and jurisdiction for inclusion in this summary schedule.

0 Total NC County Tax

<i>NC State Tax Rate</i>	<i>NC State Tax Paid</i>
4.75%	

0 Total NC State Tax

0 Total NC State & County Sales & Use Tax Reimbursement Requested

I hereby certify that, during the period stated above, the NC sales and use taxes were paid as listed above, with respect to building materials, supplies, fixtures and equipment which become a part of or annexed to a building or structure erected, altered or repaired for Research Triangle Institute. These amounts do not include tax on scaffolding, tools, equipment rentals, or any other items which do not become a part of, or annexed to, a building or structure erected, altered or repaired for Research Triangle Institute. To the best of my knowledge, the information provided here is true, correct and complete.

 Signature, Title and Date

As witnessed by :

 Notary Public Signature and Date

**RESEARCH TRIANGLE INSTITUTE
APPLICATION FOR REIMBURSEMENT OF NC STATE AND COUNTY SALES & USE TAX ON CONSTRUCTION MATERIALS**

Project Name: _____

Period Covered: From _____
 To _____

General Contractor: _____

Date Submitted: _____

Subcontractor: _____

NOTE - TOTAL THESE AMOUNTS BY RATE AND JURISDICTION FOR INCLUSION ON THE SUMMARY PAGE

Vendor Name	Invoice Number	Invoice Date	Item Purchased	Taxable Cost (excluding tax)	Total NC Sales/Use Tax Paid	NC State		NC County		
						Tax Paid	Tax Rate*	Tax Paid	Tax Rate*	County Name

* As of April 1, 2012, the standard rate for Durham county is 2.25% and the standard NC state rate is 4.75%. Other rates may apply based on county or purchase date.

I hereby certify that, during the period stated above, the NC sales and use taxes were paid as listed above, with respect to building materials, supplies, fixtures and equipment which become a part of or annexed to a building or structure erected, altered or repaired for Research Triangle Institute. These amounts do not include tax on scaffolding, tools, equipment rentals, or any other items which do not become a part of, or annexed to, a building or structure erected, altered or repaired for Research Triangle Institute. To the best of my knowledge, the information provided here is true, correct and complete.

 Signature, Title and Date

As witnessed by :

 Notary Public Signature and Date

RESEARCH TRIANGLE INSTITUTE

NC SALES & USE TAX TREATMENT WITH INSTRUCTIONS FOR SUBMITTING APPLICATION FOR REIMBURSEMENT OF NC TAX ON CONSTRUCTION MATERIALS

1 - General NC Sales & Use Tax

Research Triangle Institute (RTI) holds a direct pay permit (#00639) issued by the NC Department of Revenue which relieves vendors from the obligation to charge NC sales tax on sales to RTI. As such, you should not charge NC sales tax on invoices for goods sold directly to RTI.

2 - Sales & Use Tax Paid by Contractors

As a contractor to RTI, you may incur sales and use tax on the purchase of items used in performing the contract services. These taxes are categorized as either "Reimbursable" or "Non-Reimbursable." These categories are defined below with guidance on accounting treatment.

2(a) - Reimbursable NC Sales & Use Tax on Construction Materials

As a nonprofit entity, RTI is eligible for a refund of NC sales & use tax paid indirectly through contractors for building materials, supplies, fixtures, and equipment which becomes part of or annexed to a building or structure erected, altered, or repaired for RTI. As a contractor to RTI, you are required to provide separate documentation of these taxes by submitting an application for reimbursement of NC sales & use tax on construction materials. These taxes should not be included in any invoice or other application for payment for contract services performed.

In order to receive reimbursement for these taxes, the contractor should complete both the summary schedule and detail attachment of reimbursable NC sales and use tax paid. The totals reported by rate and jurisdiction on the summary schedule must agree with the total tax reported on the detail attachments in order to receive reimbursement.

Reimbursable tax paid by subcontractors – Subcontractors should complete and certify documentation of tax paid using the same forms, but will submit the documentation to the contractor rather than RTI. The application for reimbursement submitted to RTI by the contractor will include the tax paid by the subcontractor in the summary schedule, along with copies of subcontractor detail attachments. The contractor is responsible for reimbursing the subcontractor.

2(b) - Non-Reimbursable Tax

NC sales and use tax paid indirectly through contractors on other purchases, or sales and use tax paid to other states, does not qualify as reimbursable tax. Examples of non-reimbursable tax include NC sales and use tax paid on the purchase or rental of tools, equipment, scaffolding, disposable supplies or other items that do not become a part of or annexed to a building or structure erected, altered or repaired for RTI. RTI does not require separate documentation for these taxes. They should be included in your standard invoice or payment application for contract services performed.