

COST OF DOING BUSINESS

Fayetteville & Cumberland County, North Carolina

Corporate Income Tax

- 4%

Franchise Tax

\$1.50 per \$1,000 of the largest of:

- Capital stock, surplus, and dividend profits
- Appraised value of tangible property in NC
- Actual investments in tangible property in NC

Unemployment Insurance Tax

- Standard beginning rate is 1.2%
- Taxable wage base = \$21,400
- Minimum rate 0%; Maximum rate 6.84%
- Average rate 1.7%

Workers Compensation

- Index rate = 1.85 per \$100 of payroll
- Self-insurance is permitted
- Insurance rates are lower than the standard for qualifying firms
- Clear-cut, on the job accident is a condition for benefit compensation
- Free accident prevention workshops designed for each product manufactured

Sales Tax

- North Carolina = 4.75%
- Cumberland County, NC = 2.25%

Property Tax

- Cumberland County = .74 cents per \$100 valuation
- City of Fayetteville = .4995 cents per \$100 valuation

Tax Advantages

- Industrial machinery and equipment is exempt from sales and use tax but is subject to an excise tax. The rate is 1% with a maximum of \$80 per item
- Parts and accessories to manufacturing machinery, which include most supplies used in the manufacturing process but not becoming a part of the manufactured product, including pollution abatement equipment, are taxed at 1%
- Purchases of ingredients or component parts of manufactured products are exempt from sales or use tax
- Packaging containers and items that become part of a manufactured product and are delivered with the product to the customer are exempt from sales and use tax
- Air courier services; Aircraft manufacturing; Bioprocessing; Financial services, securities operations and related systems development; Motor vehicle manufacturing; Paper-from-pulp manufacturing; Pharmaceutical and medical manufacturing and distribution; Semiconductor manufacturing; Solar electricity generating materials manufacturing; and Turbine manufacturing companies may receive a refund of sales taxes on purchases of building materials, fixtures and equipment if the facility costs at least \$50 million in Tier 1 counties and \$100 million in Tier 2 and 3 counties
- Sales of electricity to manufacturers and farmers are exempt from sales and use tax
- Sales of electricity and eligible business property to an internet datacenter or software publishing datacenter business that invests at least \$250 MM in private funds are exempt from sales and use tax
- Piped natural gas is exempt from sales and use tax but is subject to an excise tax. This tax rate is based on the number of therms of gas consumed in a month
- Fuel purchased by a manufacturer for use in connections with the operation of a manufacturing facility is not subject to privilege tax
- Computer software or digital property that becomes a component part of other computer software or digital property is exempt from sales and use tax