

## Sales/Use/Indirect:

### North Carolina: Facilitation of Money Deposits for Telecom’s Customers is Taxable Prepaid Wireless Calling Services

*Case No. 2023 NCBC 39*, N.C. Business Ct. (6/2/23). In a case involving an in-state authorized dealer for a prepaid wireless service provider and whether its actions in facilitating the deposit of money into the customer accounts of the wireless service provider are taxable under North Carolina law, the North Carolina Business Court held that such actions do constitute the taxable sale of prepaid wireless calling services as defined in N.C. Gen. Stat. § 105-164.3(27a) because, among other reasons, these real time replenishments (“RTRs”) convey the right to purchase wireless services – regardless of whether or not they are in fact used to purchase such services versus tangible personal property (*e.g.*, computer tablets, ringtones, and insurance) [note: see *State Tax Matters*, Issue 2023-20, for details on a North Carolina Office of Administrative Hearings (OAH) ruling from May 2022 involving a similar issue, but which concluded otherwise; in this respect, this recent North Carolina Business Court case reverses the prior OAH decision]. Please contact us with any questions.

**URL:** <https://www.nccourts.gov/assets/documents/opinions/2023%20NCBC%2039.pdf>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230519\\_13.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230519_13.html)

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