

§ 105-164.20. Cash or accrual basis of reporting.

(a) **Basis Selected.** – Except as provided in subsection (b) of this section, a retailer may report sales on either the cash or accrual basis of accounting upon making application to the Secretary for permission to use the basis selected. Permission granted by the Secretary to report on a selected basis continues in effect until revoked by the Secretary or the taxpayer receives permission from the Secretary to change the basis selected.

(b) **Accrual Basis.** – For purposes of reporting and remitting sales tax under this Article, a retailer listed in this subsection must report the gross receipts it derives from the taxable transaction listed in this subsection on an accrual basis of accounting. The following retailers must report gross receipts as provided in this subsection:

- (1) A retailer who sells electricity, piped natural gas, or telecommunications service. A sale of electricity, piped natural gas, or telecommunications service is considered to accrue when the retailer bills its customer for the sale.
- (2) A retailer who derives gross receipts from a prepaid meal plan, notwithstanding that the retailer may report tax on the cash basis for other sales at retail and notwithstanding that the revenue has not been recognized for accounting purposes.
- (3) A retailer who sells or derives gross receipts from a service contract, as provided in G.S. 105-164.4I(d). (1957, c. 1340, s. 5; 1973, c. 476, s. 193; 1983 (Reg. Sess., 1984), c. 1097, s. 15; 1998-22, s. 7; 2001-430, s. 8; 2015-6, s. 2.14(b).)