

**§ 105-164.42L. Liability relief for erroneous information or insufficient notice by Department.**

(a) **Boundary and Rate Databases.** – The Secretary may develop databases that provide information on the boundaries of taxing districts and the tax rates applicable to those taxing districts. The databases may assign the proper tax rate and taxing district to each taxing area within the State. If more than one tax rate applies within a specific taxing area, the Secretary shall assign the lowest combined tax rate imposed within the specific taxing area. If the Secretary cannot determine the appropriate tax rate for a street address, the Secretary shall assign the lowest combined tax rate imposed within the street address's nine-digit zip code. But, if the Secretary cannot determine the appropriate tax rate for a street address's nine-digit zip code, the Secretary shall assign the lowest combined tax rate imposed within the street address's five-digit zip code.

A person who relies on the information provided in these databases is not liable for underpayments of tax attributable to erroneous information provided by the Secretary in those databases until 10 business days after the date of notification by the Secretary.

(b) **Taxability Matrix.** – The Secretary may develop a taxability matrix that provides information on the taxability of certain items or certain tax administration practices. A person who relies on the information provided in the taxability matrix is not liable for underpayments of tax attributable to erroneous information provided by the Secretary in the taxability matrix until 10 business days after the date of notification by the Secretary.

(c) **Rate Changes.** – A retailer is not liable for an underpayment of tax attributable to a rate change when the State fails to provide for at least 30 days between the enactment of the rate change and the effective date of the rate change if the conditions of this subsection are satisfied. However, if the State establishes the retailer fraudulently failed to collect tax at the new rate or solicited customers based on the immediately preceding effective rate, this liability relief does not apply. Both of the following conditions must be satisfied for liability relief:

- (1) The retailer collected tax at the immediately preceding rate.
- (2) The retailer's failure to collect at the newly effective rate does not extend beyond 30 days after the date of enactment of the new rate or the effective date applicable under G.S. 105-164.15A. (2005-276, s. 33.18; 2007-244, s. 5; 2013-414, s. 15; 2016-5, s. 3.17(a); 2019-169, s. 3.5(b).)