

**MEMO**

TO: Heavy Equipment Rental Companies

FROM: Kimberly H. Simpson, Tax Administrator

As a result of recent legislative changes, heavy equipment held for short-term lease or rent will no longer be subject to property taxes. Instead, the legislature has authorized local governments to impose a gross receipts tax in lieu of the property tax. A copy of the statute is enclosed for your reference.

Durham County has passed the required resolution authorizing the gross receipts tax beginning in 2009. The amount of the tax is 1.2% for the County and .8% for municipalities. The tax is added to the amount charged for the short-term lease or rental, and submitted to the Durham County Tax Collector on a quarterly basis.

The effective date to begin charging the tax is January 1, 2009.

If you have heavy equipment that is subject to this legislative change, please remember to remove it from your Business Personal Property Listing in 2009. Also, please complete a Heavy Equipment Rental Tax Application (copy enclosed) and return to the Durham County Tax Office.

An instruction sheet and a collections report to assist in the quarterly filings is also enclosed.

Please call if you have any questions at 919-560-0300.