NC STATE UNIVERSITY College of Agriculture and Life Sciences

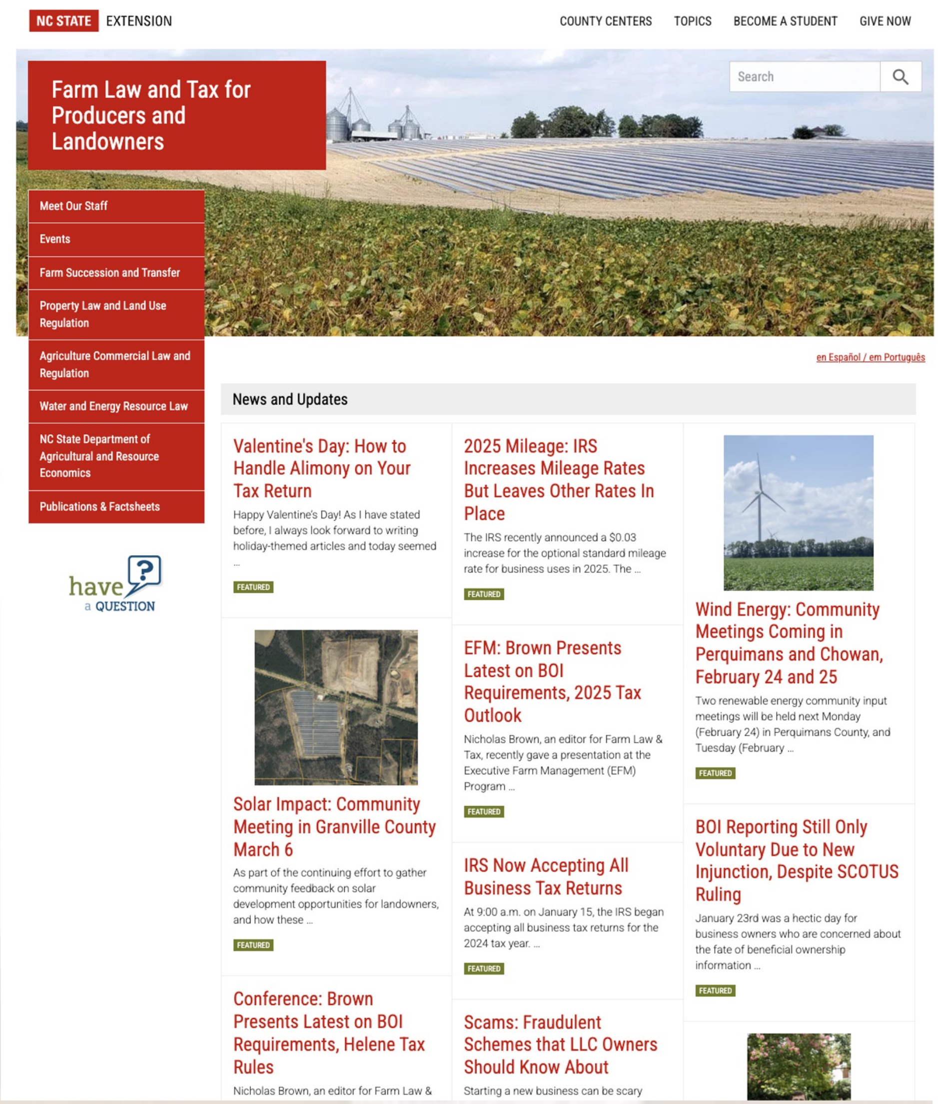
Farm Law and Tax for Operators and Landowners

Farm Sales Taxes and Exemptions

Robert Andrew Branan, JD
Associate Extension Professor
Department of Agriculture and Resource Economics
North Carolina State University
rabrana2@ncsu.edu

NC STATE UNIVERSITY College of Agriculture and Life Sciences

https://farmlaw.ces.ncsu.edu/


NC STATE EXTENSION
COUNTY CENTERS TOPICS BECOME A STUDENT GIVE NOW

Farm Law and Tax for Producers and Landowners

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have a QUESTION

en Español / em Português

News and Updates

Valentine's Day: How to Handle Alimony on Your Tax Return
Happy Valentine's Day! As I have stated before, I always look forward to writing holiday-themed articles and today seemed …
FEATURED

2025 Mileage: IRS Increases Mileage Rates But Leaves Other Rates In Place
The IRS recently announced a $0.03 increase for the optional standard mileage rate for business uses in 2025. The …
FEATURED

Wind Energy: Community Meetings Coming in Perquimans and Chowan, February 24 and 25
Two renewable energy community input meetings will be held next Monday (February 24) in Perquimans County, and Tuesday (February …
FEATURED

Solar Impact: Community Meeting in Granville County March 6
As part of the continuing effort to gather community feedback on solar development opportunities for landowners, and how these …
FEATURED

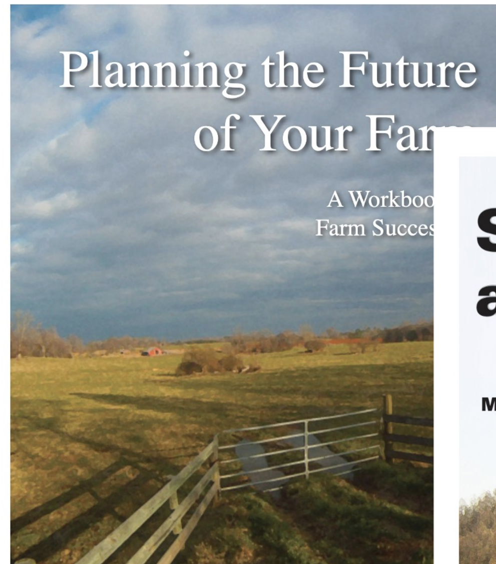
EFM: Brown Presents Latest on BOI Requirements, 2025 Tax Outlook
Nicholas Brown, an editor for Farm Law & Tax, recently gave a presentation at the Executive Farm Management (EFM) Program …
FEATURED

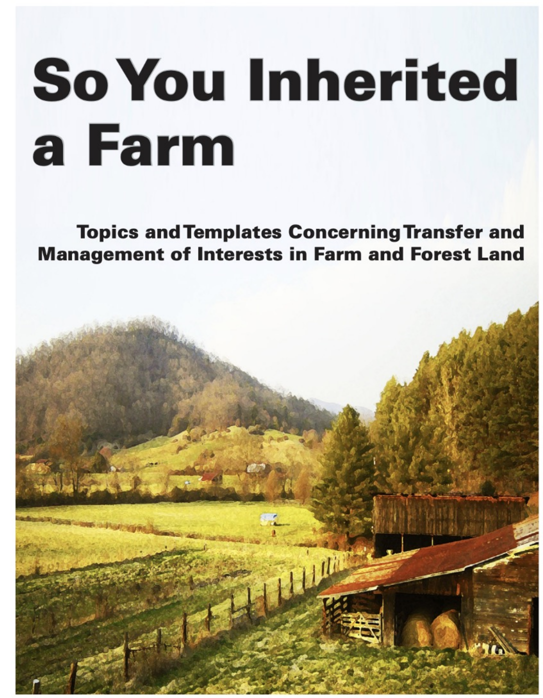
IRS Now Accepting All Business Tax Returns
At 9:00 a.m. on January 15, the IRS began accepting all business tax returns for the 2024 tax year. …
FEATURED

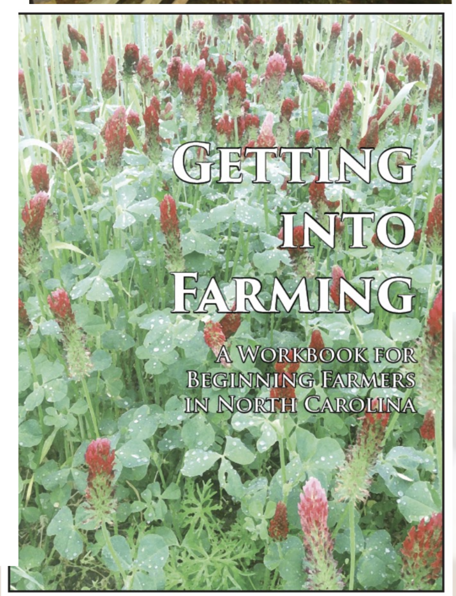
BOI Reporting Still Only Voluntary Due to New Injunction, Despite SCOTUS Ruling
January 23rd was a hectic day for business owners who are concerned about the fate of beneficial ownership information …
FEATURED

Conference: Brown Presents Latest on BOI Requirements, Helene Tax Rules
Nicholas Brown, an editor for Farm Law &

Scams: Fraudulent Schemes that LLC Owners Should Know About
Starting a new business can be scary







This web portal is supported by the Sustainable Agriculture and Resource Education Professional Development Program Land Summit Professional Development grant (Award #531905)

SARE

NC STATE EXTENSION

Farming/Forestry and Taxes

- **Property Tax**
  - How do I qualify my land to reduce my property tax bill?
- **Income Tax**
  - How to I offset income with allowable deductions related to farming?
- **Capital Gains Tax**
  - How do I minimize tax on *sale* of my property?
- **Estate and Gift Tax**
  - How much tax is paid on gifts and inheritances?
  - Does a recipient pay a tax on a gift?
- **Sales Tax**
  - When and how much must I pay sales tax on a farm or food product sale?
  - When can I not paying sales tax on farm input purchases? qualify for farm exemption
  - Draft Article: **Sales Tax: Exemptions for Farm Product Sales**

From NC Department of Revenue

- A complicated topic: "reality vs. enforcement"
- Questions to department on sales tax: **919-754-2500**, Select Sales and Use Tax **Option 3** for help with Sales and Use
  - will receive verbal guidance
- For a **written determination**: cost is $500
  - Written determinations on sales and use tax
    - Private letter rulings
  - Authority: NCGS §105-264.2
    - "A written determination **applies the tax law to a specific set of existing facts** furnished by a particular taxpayer. A written determination is **applicable only to the individual taxpayer addressed** and as such has **no precedential value** except to the taxpayer to whom the determination is issued"
  - Redacted publication on NCDOR site
- Helpful video on how to file: https://www.youtube.com/watch?v=2LAJsa3voj4

South Dakota v. Wayfair (2018)

[585 U.S. ___ (2018)]

- Economic Nexus (over internet) for ‘market facilitator’ required to collect taxes
  - if sell over 100K *or* 200 items, then must register in NC and collect sales tax
  - of if a marketplace facilitator (ebay, farm auctions), farm equip at auctions are taxable if no certificate of resale (items produced/purchased in another state)
- NCGS §105-164.4J imposed tax on **marketplace facilitators**… if didn’t have during pandemic, NC would have had a revenue deficit (rural taxes particularly benefited by getting the local rate)
- if buying on Amazon, you are paying tax remitted to NC… all online sales are now taxed
- +4 digit on zip code (e-commerce **shopping cart**), 5 digit zip code more targeted to geographic county….
- **Q: How does this law impact**
  - **Aggregated Sales (e.g. ‘farm to vacation’)**
  - **CSAs?**

Items to Discuss

- How are sales taxes applied generally
- What produced items are exempt from sales tax
- Producer vs. Retailer distinction
- Registration and record-keeping requirements
- Farmers Market basic responsibilities
- Non-food items: nursery and flowers
- Qualifying farmer certificate

The Schedule F

- The "gold standard" for qualifying for farm exemptions in state law (PUV, QFC)
- Best evidence of "farm production"
- Thoroughly explained in IRS Publication 225
- Given the penalties for tax evasion and false reporting (under 26 USC §7206) ($100,000, 3 years imprisonment), it is given prima facie proof of income from farming for program purposes
- Not all income from land is Schedule F
  - e.g. fees from agritourism, rental income
- if representing a landowner, would require showing before entering a lease

Food Defined

"Food" is defined as "Substances that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. The substances may be in liquid, concentrated, solid, frozen, dried, or dehydrated form. The term does not include an alcoholic beverage, as defined in G.S. 105-113.68, or a tobacco product, as defined in G.S. 105-113.4."

Food is generally taxed at rate of 2% unless sold by its producer (exempt) or is considered prepared food (taxed at 7%+ depending on county)

See 105-164.3(89)

Step One: Sales Taxes Generally

§ 105-164.4. Tax imposed on retailers and certain facilitators
(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and three-quarters percent (4.75%): . . . (plus county + transit rate)

- Is the sale subject to general rate? (4.75% + local rate)
- Is the sale exempt from sales tax?
- Is the sale subject to the 2% local food tax?

The "Local Food Tax" is the local rate without the addition of the state rate

NCGS §105-164(13) Agricultural Group of exemptions

Farmers Market responsibilities are dependent on vendors classification as Producer or Retailer (or combination of both)

(NCDOR does not administer 'local prepared food rate' in Mecklenburg, Wake, Cumberland administered by local property tax office [county has its own portal for remittance {about 1%}])

Amount of Sales Tax - Retail Sales

- Payment of statewide rate + county rate on non-exempt sales
  - Statewide rate: 4.75%
  - County Rate: varies by county
- County by County list of total sales tax rates (statewide 4.75 + local) (List of county rates)
  - Graham local rate = 2.25% (7% - 4.75%)
  - Orange local rate = 2.25% + .5% transit (7.5% - 4.75%) (common in urban counties)
  - Pamlico local rate = 2.00% (6.75% - 4.75%)
- Tax calculation: rate x price = sale tax for that item
  - 7% x $9.99 = $0.69 (if .5 or above, must round up)

Sellers at "specialty markets"

§ 105-164.4. Tax imposed on ***retailers*** and certain facilitators (4b) **A person who sells tangible personal property at a specialty market**, other than the person's own household personal property, **is considered a *retailer* under this Article**. A tax at the general rate of tax is levied on the sales price of each article sold by the retailer at the specialty market. The term "specialty market" has the same meaning as defined in G.S. 66-250. (Tech Bulletin #30)

- NCDOR Resources
- Farm Product exemption will generally mean vendor is not a **retailer *(will depend on what they are selling)***

"Specialty Market" (Farmers Market)

NC Gen. Stat. 66-250

4) Specialty market. - **A location, other than a permanent retail store, where space is rented to others for the purpose of selling goods at retail or offering goods for sale at retai**l.

(5) Specialty market operator. - A person, other than the State or a unit of local government, who rents space, at a location other than a permanent retail store, to others for the purpose of selling goods at retail or offering goods for sale at retail.

(6) Specialty market vendor. - A person, other than a merchant with an established retail store in the county, who transports an inventory of goods to a specialty market and, at that location, displays the goods for sale and sells the goods at retail or offers the goods for sale at retail.

Farmers Market Responsibilities

§ 66-255. Specialty market or operator of an event registration list.

A specialty market operator or operator of an event where space is provided to a vendor **must maintain a daily registration list of all specialty market or other vendors** selling or offering goods for sale at the specialty market or other event. The registration list must clearly and legibly show each vendor's name, permanent address, and certificate of registration number. The specialty market operator or other event operator **must require each vendor to exhibit a valid certificate of registration for visual inspection** by the specialty market operator or other event operator at the time of registration, and **must require each vendor to keep the certificate of registration conspicuously and prominently displayed**, so as to be visible for inspection by patrons of the vendor at the places or locations at which the goods are offered for sale. Each daily registration list maintained pursuant to this section **must be retained by the specialty market operator or other event operator for no less than two years** and must at any time be made available upon request to any law enforcement officer or the Secretary of Revenue or the Secretary's duly authorized agent. For purposes of the registration list, the exemptions in G.S. 66-256 do not apply.

- **FM not required to keep vendor's sales records**

Farmers Market Responsibilities

- **must maintain a daily registration list of all specialty market or other vendors**
- **must require each vendor to exhibit a valid certificate of registration for visual inspection**
- **must require each vendor to keep the certificate of registration conspicuously and prominently displayed**
- **must [retain list] for no less than two years**

Farm Product Sales Exempt from Sales Tax

- § 105-164.13. Retail sales and use tax. ("Agricultural Group")
  - (3) Products of forests and mines in their original or unmanufactured state when such sales are made by the producer in the capacity of producer.
  - (4b) Products of a farm sold in their **original state** by the producer of the products **if the producer is *not primarily a retail merchant*** and ice used to preserve agriculture, aquaculture and commercial fishery products until the products are sold at retail.
  - (7) Sales of products of waters in their **original or unmanufactured state** when such sales are made by the producer ***in the capacity of producer***. Fish and seafoods are likewise exempt when sold by the fisherman in that capacity.
  - (8) Sales to a manufacturer of tangible personal property that enters into or becomes an **ingredient or component** part of tangible personal property that is manufactured.

"not primarily a retailer" and "in the capacity as a producer"

- Sales and Use Tax Bulletin Section 9-1 E.1. defines a producer as persons **"selling primarily as producers when the total dollar sales volume of their produced farm products in the original state *regularly* exceeds 50% of total dollar sales volume of their purchased products and their produced products."**
- If a producer becomes a **retailer**, then all sales, regardless of product origin, *ALL* sales become subject to applicable sales tax. (SUTB 63-3.7)

Farmer vs. Retailer

- Such persons are selling primarily as producers when the total dollar sales volume of their produced farm products in the original state ***regularly*** **exceeds 50%** of the total dollar sales volume of their purchased products and their produced products. **Each sales location is calculated separately.**
  - **burden of record-keeping and proof is on the vendor**
- Such persons are selling primarily in their capacity as retailers when their total dollar sales volume of purchased products regularly exceeds 50% of the total dollar sales volume of their purchased and produced products.
- Such classification shall remain in effect until either category of sales on a regular basis has changed to another principal type.
- The total dollar sales volume to be used in determining the classification of producer or retailer **shall include all sales** of tangible personal property without regard to any items or sales that might otherwise be exempt from sales and use tax.

Farmer as Producer Record Keeping

- FM Vendor classified as **Producer**
  - sales of their produced products in the original state are exempt from tax
  - **retail sales of any farm products** or any other taxable merchandise **acquired by purchase for resale** are subject to the general State, applicable local, and applicable transit rates of sales and use tax.
    - All food is taxed at 2% local rate only
- Producer selling both their produced products and products not produced by them
  - must maintain separate records of sales of products produced by them
  - must maintain separate records of sales of products they have purchased products to resell
  - records must be maintained in a manner that can be accurately and conveniently checked by the agents of the Secretary
    - **Without records, all sales are subject to the general State, applicable local, and applicable transit rates of sales and use tax. (i.e. not even produced products are exempt) (SOURCE OF MOST DISPUTES)**
    - **SUTB 32**
    - **HAVE CERTIFICATE AVAILABLE**

Farmers Market Record-keeping

§ 66-255. Specialty market or operator of an event registration list. A specialty market operator or operator of an event where space is provided to a vendor must **maintain a daily registration list** of all specialty market or other vendors selling or offering goods for sale at the specialty market or other event. The registration list must clearly and legibly show each vendor's name, permanent address, and certificate of registration number. The specialty market operator or other event operator must require each vendor to exhibit a valid certificate of registration for visual inspection by the specialty market operator or other event operator at the time of registration, and must require each vendor to keep the certificate of registration conspicuously and prominently displayed, so as to be visible for inspection by patrons of the vendor at the places or locations at which the goods are offered for sale. Each daily registration list maintained pursuant to this section must be retained by the specialty market operator or other event operator for no less than two years and must at any time be made available upon request to any law enforcement officer or the Secretary of Revenue or the Secretary's duly authorized agent. For purposes of the registration list, the exemptions in G.S. 66-256 do not apply. (1996, 2nd Ex. Sess., c. 14, s. 24; 1998-121, s. 7; 2013-414, s. 31.)

Scenario 1: Producer + Neighbor

Paul operates Yesterday Farm, and sells products he grows at the local farmers market in Orange County.

1. Paul sells only produce from his farm. His total sales on that day are $1000. All sales exempt from sales tax.
2. Paul also buys and sells blueberries which he has purchased from Ringo's Octopus Garden Farm, which bring $300. **(note blueberries taxed at 2%)**
   a. Sales of other product represent $1000 + $300 = $1300; 300/1300 = 23%: Paul is not a "retail" merchant
   b. Paul must collect and remit (.02%) x $300 = $6.00 (for the blueberries)
   c. **Paul must keep separate product sale records**

Scenario 2: Aggregating Product (regular sales of other's products)

Paul has a great spot at the market, but needs more product.

- Paul's sales of his product = $1000
- Paul's sales of Ringo's blueberries = $300*
- Paul adds to his stall:
  - Strawberries purchased from John's Strawberry Fields Farm, sold for $800*
  - Chestnuts (raw) purchased from George's Gently Weeping Farm for $200*
- Math: $2300 total sales, of which $1300 sales of product not produced by Paul… 1000/2300 = 56%
- Assuming this is "regular", Paul is technically a retail merchant because his sales of "purchased" products regularly exceeds 50%
  - He owes a sales tax remittance on ALL products as a retailer: all of these items are "food", so all are taxed at 2%
  - $2300 x .02 = $46

* Ringo, John and George owe no sales tax… why? (they sold as producers of their own product)

QUESTIONS/COMMENTS (so far)

Preview Summary

Exempt from sales tax:

food sold in original form by its producer

may be cut up and bagged

Subject to local 2% tax:

- *purchased* food re-sold in original form by person classified as producer
- food sold in altered form by its producer
- processed meat cuts/sausage
- spices added to raw product (honey, salted peanuts)
- baked goods sold (but not produced by) a retailer
- non-prepared foods sold by a retailer (including specialty [farmers] market)

Subject to state (4.75%) *and* local (2%) tax:

Prepared foods

Prepared Food

A food item is considered to be a "prepared food" and subject to the **State and local rates** of tax if one of the following conditions exists:

1. **sold in a heated state** or it is heated by the retailer, **or**
2. consists of two or more foods mixed or combined *by the retailer* for sale as a single item (not including foods containing raw eggs, fish, meat, or poultry that must be cooked by the consumer to prevent food borne illnesses, **or**
3. **sold with eating utensils** such as plates, knives, forks, spoons, glasses, cups, napkins, and straws that are provided by the retailer.

SUTB 32

Sales by Producer of Fruits and Vegetables

- Raw fruit, nuts and vegetables sold by their **producer** are exempt [G.S.105-164.13(4b)]
  - Raw veggies cut up and placed in bags to be sold by their producer are exempt.
  - Shelled butter beans or corn sold in plastic bags by their producer are exempt.
- If the producer ***adds anything such as seasoning***, no longer exempt, subject to 2% local tax.
- Fruits and veggies that qualify as a **prepared food** (jams and jellies) item are subject to 4.75% plus local sales tax.
- Raised cut flowers (not in arrangement), honey and firewood sales are **sales tax exempt**.
  - firewood must come from tree cut on farm!

Sales Tax on Meat

- Meat includes chicken, beef, lamb, veal, turkey, pork, rabbit
- Live animals: exempt from tax when sold by producer [G.S. 105-164.13(4b)]
- Cuts of meat (uncooked): **subject to 2% local rate** on food sold by producer or retailer.
- Processed meat: (e.g. *uncooked* sausage) **subject to 2% local rate** on food sold by producer *or* retailer.
- Cooked/smoked meat by producer *or* retailer: prepared food subject to 4.75% State and applicable local (county and transit) sales tax.

SUTB 32

Bakeries and Breads (Careful!)

1) **Breads, cakes, and similar bakery items are subject to the 2% local tax** unless the items are considered to be prepared foods

- bread selected and purchased at FM subject to the 2% county tax
- bread purchased in a grocery store is subject to the general State and applicable local rates of tax as a prepared food ***if*** the retailer (i.e. grocery store) made the bread; the retailer mixed or combined two or more foods for sale as a single item.

2) If bakery makes and sells bread, pie, etc, apply general State and applicable local rates of tax on their baked goods (consumed on site or off)

3) Bakery items purchased from a third party and resold without altering or heating are subject to the 2% local rate of tax unless the bakery provides eating utensils to customers. If eating utensils are provided, the food items constitute prepared foods and are subject to the general State and applicable local rates of tax. Utensils include plates, knives, forks, spoons, glasses, cups, napkins, and straws.

Processed Salads

Items such as pimiento cheese, cole slaw, and potato salad are subject to the 2% local tax unless the items are considered to be prepared foods, in which case they are subject to the general State and applicable local rates of tax. Examples:

- pimiento cheese, cole slaw, or potato salad selected from the refrigeration section of a grocery store is subject to the 2% county tax. (**presume same for FM)**
- same product purchased in the deli area of a grocery store is subject to the general State and applicable local rates of tax as prepared food *if* the retailer (i.e. grocery store) made the item; the retailer mixed or combined two or more foods for sale as a single item.

Nursery Sales

SUTB 63-2 B. Nursery stock that is not sold during the season in which it was purchased by a nursery operator, greenhouse operator, or qualifying or conditional farmer, but is retained until the next season and growth is added thereto by virtue of such retention, is considered to be a product of a farm and is exempt from sales and use tax when sold by such nursery operator, greenhouse operator, or qualifying or conditional farmer, *that is not selling primarily as a retailer.* (nurseries sell much more than plants)

- If producer provides landscaping service as a producer (of shrubs, etc), must separate items you produce on bill, otherwise total is taxed

SUTB 32

Flowers, etc.

- North Carolina Administrative Code 7B.2801 Florists; Nurserymen; Greenhouse Operators and Farmers.
  - (a) Retail sales of **wreaths, bouquets** and similar items are subject to the applicable statutory state and local sales or use tax.
  - (b) Retail sales of flowers, potted plants, shrubbery and similar nursery stock and retail sales of fruits, vegetables and other farm products are subject to the applicable statutory state and local sales or use tax *unless* the product in question is a **product of the farm** and is **sold in its original state** by the **producer of the product** who is **not primarily a retail merchant** at the location where the product is sold.
- **SUTB 32**

Registration for Remittance of Sales Tax – Display at Farmers Market

- Registration requirement G.S. 105-164.29(c)
- Application to **Farmers Market**:
  - Those who sell items other than unprocessed **agricultural products they actually produce** must now provide the farmers market manager a copy of their N.C. Dept. of Revenue "Certificate of Registration"
  - Those who sell items other than unprocessed agricultural products they actually produce must also display their NC Dept. of Revenue "Certificate of Registration" at the farmers market where it may be seen by their customers.
  - Generally, the farmers market will not inquire about a vendor's sales tax collections or their business with the N.C. Dept. of Revenue.
- registration for sales tax remittance (https://www.ncdor.gov/taxes-forms/business-registration/online-business-registration)
- Helpful NCDOR video (filing in multiple counties): https://www.youtube.com/watch?v=YmnKXmz-dic

Frequency of Payment

- **Quarterly** monthly tax liability is consistently less than $100/month
  - file a return quarterly and pay taxes due on or before the last day of the month following the end of the calendar quarter (e.g. April 30th, for the preceding calendar quarter of January, February, and March)
- **Monthly** total monthly tax liability is *consistently* between $100 and $20,000 per month
  - file a return monthly and pay taxes due on or before the 20th day of each month for all taxes due for the preceding calendar month.
- Monthly with prepayment: > $20,000
- Form E-500

Some Scenarios

- A goat dairy makes goat cheese with their own goats milk, and also buys cows milk to make cows milk cheese. They sell at their farm store, at local farmers markets, and wholesale to a local cooperative grocery store. **goat cheese, is different from a product from the farm, that is taxable at food rate 2%**
- A vegetable farmer has a CSA that includes vegetables grown on their farm and cut flower bouquets from a neighboring farm. They offer the CSA for pickup at a local farmers market and on their farm. **depends on the arranging, and may get into producer/retailer problems**
- A beef farmer sells at multiple farmers markets every week. One is a producers-only market, another allows them to resell other types of meat from other farmers (including meat that they import from outside of NC). **doesn't matter if selling theirs or anothers**
- An heirloom grain farmer decides to make baked goods sourced from grains they grow for customers to eat at the farmers market, like morning buns and muffins. These baked goods account for 15% of their market sales. **prepared food unless an 'artisan bakery' with its funky rule… a technical issue that causes problem in definition: (utensils includes napkins)…**

QUESTIONS (so far)

Qualified Farmer Exemption Certificate *Number*

No payment of sales tax on ***allowable*** farm input purchases

(NC DOR Website)

Farmer Input Exemption Certificate: Exempted Items

- Pesticides
- Baby chicks and poults
- Commercially built facility and Building materials for raising or feeding of animals
- Bulk tobacco barns, racks or accessories to cure or dry tobacco

See STUB 27-5 (p.108) (more expansive list)

- Fuel and Electricity (separate meters)
- Fertilizer, plastic mulch, seeds, lime, land plaster
- Farm machinery, repair parts and lubricants
- Containers
- Grain, feed, soybean storage facility and parts

NC Sales Tax Exemption - Purchases

- Tangible personal property, digital property, and services exempt from sales and use tax when purchased by a **qualifying farmer** for use in **farming operations**.
- A **qualifying farmer** is a farmer who has
  - an annual gross income for the preceding income tax year of ten thousand dollars **($10,000)** or more from farming operations
  - or who has an average annual gross income for the **three (3) preceding income tax years** of ten thousand dollars ($10,000) or more from farming operations.

NC Sales Tax Exemption – Purchases (cont’d)

- An item is used in **farming operations** if it is used for the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals.
- For new operations
  - Gen. Stat. § 105-164.13E as rewritten allows certain persons engaged in farming operations that otherwise do not meet the definition of the term “qualifying farmer” to apply for a **conditional farmer exemption certificate**
- Google: **Form E-595QF, Application for Qualifying Farmer Exemption Certificate Number for Qualified Purchases**

New Farm - Conditional Farmer Exemption Certificate (Form E-595CF)

- A conditional farmer exemption certificate (CF) issued by the Department is valid for the income tax year in which the certificate is issued and the following two income tax years
- A person issued a CF must submit the required documentation to the Department within 90 days following the end of each income tax year covered by the CF.
- A conditional farmer exemption certificate **may not be extended or renewed** beyond the original three-year period (must file E-595CF if qualify)
- **Fifteen year bar on new QF application**
- **Not generally accepted as proof of Bona Fide Farm**

Conditional Farmer Exemption Certificate – Strict Requirements

- CF holder must maintain documentation of the **items purchased** and copies of State and federal income tax returns that reflect activities from farming operations for the period of time covered by the CF and for three years following the expiration of the CF
- NCDOR may require a person who was issued a CF number to provide any other verification information
- Failure to provide the information requested by NCDOR, or qualification failure in audit triggers liability for any taxes claimed as exempt, immediately due and payable with interest.
- **"Technical, but not enforced":** Additionally, where the person does not timely provide the information requested by the Department, the $250.00 misuse of exemption certificate penalty applies to each seller identified by the Department from which the person made a purchase

“buildings or structures sheltering or supporting the farm use and operation”

- A building or structure that is used for **agritourism** is a bona fide farm purpose if the building or structure is located on a property that
  - (i) is **owned** by a person who holds a **qualifying farmer sales tax exemption certificate** from the Department of Revenue pursuant to G.S. 105-164.13E(a) **or**
  - (ii) is ***enrolled*** in the **present-use value program** pursuant to G.S. 105-277.3.
- Failure to maintain the requirements of this subsection **for a period of three years** after the date the building or structure was originally classified as a bona fide purpose pursuant to this subdivision shall subject the building or structure to applicable zoning and development regulation ordinances adopted by a county pursuant to subsection (a) of this section in effect on the date the property no longer meets the requirements of this subsection. [NCGS **§ 160D-903(a)**]

Streamlined QFC in other States

- For purchase and resale of taxable items
- Streamline states: common definitions among states (e.g. food)
  - NC QFC is a streamlined state
- All 13 states have same definitions
  - (like the food definition)
- Effected in 2004, common definitions, etc.
  - (NY, TX, CA not streamlined)
- Just google ‘streamline state sales tax’:
  - Form: https://www.streamlinedsalestax.org/docs/default-source/forms/exemption-certificate.pdf
- Taxability matrix on NCDOR website
- NCDOR streamline certificate form

A few more scenario questions

Is the process for deferring taxes the same for each supplier, e.g. Is the tax form the same for all states? For example, I'm a nursery and buy pots, which will hold the plant I sell, but the supplier is in Tennessee.

if picking up and selling with plants, pots certificate of resale

if ship into NC, will get a resale certificate… this gives the retailer the authority not to charge sales tax (vendor is accepting responsibility for ST) (sales tax

An out of state farmer can get an NC number if qualify and get a certificate in NC

What is the recommended notation for recording the tax deferment in a ledger? **Youtube Video: https://www.youtube.com/watch?v=HnTVigrx3Sw**

E-595E form. If, initially, the company is not registered and uses their FEIN, but during the next 12 months becomes registered with NC State Department of Agriculture, does the company need to supply distributors with a new form? Or, when updating paper work the following year supply the distributor with the new NC State registered number.

What is the to the consumer sales tax exemptions? Fresh flowers, honey, jams, live plants, tubers, seeds, ceramics from clay found on the property? **will take each in turn**

Is there an acreage minimum/ maximum for agricultural status? **No, this is a Present Use Value property tax requirement**

THANKS FOR INVITING ME!

Robert Andrew Branan
Associate Extension Professor
Department of
Agriculture and Resource Economics
North Carolina State University
rabrana2@ncsu.edu

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