

SECTION 10 - FERTILIZER, SEEDS, FEED AND INSECTICIDES**10-1 SEEDS AND FERTILIZER**

- A. Sales of seeds to farmers for agricultural purposes are exempt from sales and use tax. The term “**seeds**” shall mean seeds in their generally accepted sense and includes flower seeds, sets, tubers, roots, tobacco plants, tomato plants, pepper plants, potato plants, and other small plants that are raised in beds or hothouses for transplanting. The term “**seeds**” shall not include potted plants, trees, shrubs, cut flowers, and other larger plants.
- B. Sales of commercial fertilizer, lime, and land plaster to farmers for agricultural purposes are exempt from the sales and use tax.
- C. The term “**agricultural,**” as used in this Bulletin, means cultivating the soil for the production of crops for sale in the regular course of business; the production of poultry, fish, or livestock for sale in the regular course of business; or the holding and management of poultry, fish or animals for the production of poultry, fish, and animal products for sale in the regular course of business. It includes beekeepers, dairy operators, poultry farmers, egg producers, fish farmers, livestock farmers, nurserymen, greenhouse operators, orchardmen, and other persons engaged in the business of producing agricultural products as described in this Bulletin for sale in the regular course of business. It does not include someone who merely cultivates the soil for the ornamental effects nor does it include home gardening or commercial activities other than the types described in this Bulletin.
- D. Plastic mulch and plant bed covers are exempt when sold to a farmer for agricultural purposes. **Effective January 1, 2006**, potting soil is exempt when sold to a farmer for agricultural purposes.

History Note: Authority G.S. 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: April 1, 2008; January 1, 2007; July 1, 2005;
February 1, 2004; June 1, 2002; October 15, 1998.

10-2 REMEDIES, VACCINES, MEDICATIONS, LITTER MATERIALS AND FEED FOR ANIMALS

- A. Sales of remedies, vaccines, medications, litter materials, and feed for animals, including cattle, horses, mules, sheep, chickens, turkeys, bees, and fish held or produced for commercial purposes are exempt from sales or use tax. All of the following drugs, including the constituent elements and ingredients used to produce the drugs, the packaging materials, and any instructions or information about the drugs included in the package with the drugs are exempt from sales and use tax: (i) prescription drugs (ii) over-the-counter drugs sold on prescription of physicians, dentists or veterinarians.
 - 1. For the purpose of this Bulletin, the following terms are defined:
 - a. “**Remedies**” and “**medications**” mean all medicines in the generally accepted sense of the term and also include tonics for internal use, vitamins, ointments, liniments, antiseptics, anesthetics, and other medicinal substances having preventive and curative properties in the prevention, treatment, or cure of disease in animals.
 - b. “**Feed**” includes dietary supplements, such as minerals, oyster shells, salt, bone meal, and other similar preparations or compounds to be fed directly or to be mixed with feed for animals for normal growth, maintenance, lactation, or reproduction, but does not include sand or grit.

- c. **“Commercial”** means held or produced for income or profit.
- B. Retail sales of sand or grit for use in the production of animals are subject to the general rate of State tax and any applicable local sales or use tax. Retail sales of over-the-counter remedies, vaccines, medications (unless sold on a prescription), and litter materials and feed for pets, such as birds, cats and dogs, are subject to the general rate of State tax and any applicable local sales or use tax.
- C. The exemption in the Sales and Use Tax Law for feed includes feed for animals held for commercial purposes, such as horses boarded at a stable. If the feed is not exempt, the merchant must collect the applicable tax on the sale.
- D. **Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E**

The Secretary of Revenue has authorized the use of the **Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E**, in connection with purchases of feed for animals held or produced for commercial purposes. Persons purchasing feed for animals held or produced for commercial purposes should furnish merchants a properly executed Certificate of Exemption. This Certificate of Exemption gives the merchant the authority to exempt the sale. Purchasers who may execute the Certificate of Exemption include commercial animal farmers as well as persons engaged in the business of boarding animals, operating riding stables, or conducting similar commercial activities. Merchants who do not use the Certificate of Exemption must maintain other written evidence adequate to support an exemption from tax under G.S. 105-164.13(2a).

A merchant should obtain a Certificate of Exemption for each sale of feed to a purchaser who only makes occasional or infrequent purchases or who purchases feed whose tax status is questionable. Only one Certificate of Exemption is necessary when the same purchaser makes frequent purchases of exempt feed from the same merchant.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: January 1, 2007; July 1, 2005; February 1, 2004;
June 1, 2002; October 1, 1999; October 15, 1998.

10-3 INSECTICIDES, HERBICIDES, ETC.

- A. Sales of rodenticides, insecticides, herbicides, fungicides, and pesticides, as herein defined, for use in the commercial production of animals and plants are not subject to the sales or use tax. For the purpose of this Bulletin the above items are defined as follows:
1. **“Insecticide”** means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any insects.
 2. **“Fungicide”** means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any fungi or plant disease.
 3. **“Herbicide”** means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any weed.
 4. **“Rodenticide”** means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating rodents.

5. "Pesticide" means any substance used to kill rats, mites, insects, fungi, and bacteria.

- B. Herbicides are exempt only when used as weed killers for the commercial production of plants. The other items herein defined are exempt only when purchased for the commercial production of plants or to spray, dust, dip, fumigate, or otherwise protect animals or their quarters against insects, diseases, or rodents.

History Note: Authority G.S. 105-164.13; 105-264;
Issued: June 1, 1996.

10-4 DEFOLIANTS, PLANT GROWTH INHIBITORS, ETC.

Sales of defoliants for use on cotton or other crops and plant growth inhibitors, regulators, or stimulators including systemic and contact or other sucker control agents for tobacco and other crops are exempt from sales and use taxes.

History Note: Authority G.S. 105-164.13; 105-264;
Issued: June 1, 1996.

10-5 HOUSEHOLD INSECTICIDES, ETC.

Sales of rodenticides, insecticides, herbicides, fungicides, and pesticides for household purposes are subject to the general rate of State tax and any applicable local sales or use tax. Sales of insecticides for use on lawns and golf courses are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
Issued: June 1, 1996;
Revised: June 1, 2002.

10-6 SALES OF INSECTICIDES AND HERBICIDES TO CONTRACTORS

Sales of insecticides and herbicides to contractors for use in performing contracts to clear highway rights-of-way are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
Issued: June 1, 1996;
Revised: June 1, 2002.

10-7 PROCESSED MANURE

Sales of processed poultry manure, cow manure, etc., to farmers for use as a fertilizer for agricultural purposes are not subject to the tax. Occasional or isolated sales by farmers of poultry manure, cow manure, etc., are exempt from tax.

History Note: Authority G.S. 105-164.3; 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: January 1, 2007; June 1, 2002.

10-8 BREAD USED FOR FEED

Bulk sales of bread for use as feed for animals held or produced for commercial purposes are exempt from tax. Bakeries or stores making such sales must show on the sales invoices that the

bread is being sold as feed and must reflect the name and address of the purchaser. If records are not kept supporting sales of this type, such sales will be considered taxable.

History Note: Authority G.S. 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: October 15, 1998.

10-9 RIDING STABLES

A riding stable is considered a commercial enterprise. Feed for horses owned by or boarded at a riding stable is therefore exempt from sales and use tax. Charges by riding stables for riding privileges are also exempt from the tax.

History Note: Authority G.S. 105-164.13; 105-264;
Issued: October 15, 1998.