



**Sales and Use Tax Division
North Carolina Department of Revenue
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www.dornc.com**

IMPORTANT NOTICE:
CERTAIN PURCHASES BY A CONTRACTOR TO FULFILL A CONTRACT
WITH A QUALIFYING OR CONDITIONAL FARMER (REVISITED)

House Bill 41 (Session Law 2015-6), signed into law April 9, 2015 by Governor McCrory, adds new subsection (c) to N.C. Gen. Stat. § 105-164.13E. This new subsection has a retroactive effective date of July 1, 2014.

N.C. Gen. Stat. § 105-164.13E(c) provides that as of July 1, 2014, a “qualifying item listed in subdivisions (5), (8), and (9) of [N.C. Gen. Stat. § 105-164.13E(a)] purchased to fulfill a contract with a person who holds a qualifying farmer exemption certificate or a conditional farmer exemption certificate issued under G.S. 105-164.28A is exempt from sales and use tax to the same extent as if purchased directly by the person who holds the exemption certificate.” A contractor that purchases one of the items allowed an exemption under N.C. Gen. Stat. § 105-164.13E(a)(5), (8), and (9) must provide an exemption certificate to the retailer that includes the name of the qualifying farmer or conditional farmer exemption certificate holder and the qualifying farmer or conditional farmer exemption certificate number issued to the certificate holder. For purposes of N.C. Gen. Stat. § 105-164.13E(c), the term “contractor” includes a general contractor, a subcontractor, or a builder.

The enacted legislation provides that a contractor who paid sales and use tax on a qualifying item exempt from sales and use tax pursuant to N.C. Gen. Stat. § 105-164.13E(c) prior to April 9, 2015, may request a refund of such tax from the retailer. The retailer may, upon issuance of the refund or credit of such tax, request a refund for the overpayment of tax from the Department under N.C. Gen. Stat. § 105-164.11(a)(1).

For a contractor to make a purchase pursuant to N.C. Gen. Stat. § 105-164.13E(c) without payment of sales or use tax, the contractor should provide [Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption](#), to the retailer and insert the name of the qualifying farmer or conditional farmer, the qualifying or conditional farmer’s address, and the six digit exemption certificate number issued to the holder of such certificate on Line “L Other (*explain*)” under section number five of the form. A qualifying farmer exemption certificate number issued by the Department begins with the numeral seven and a conditional farmer exemption certificate number issued by the Department begins with the numeral eight. [Click here](#) to view an example.

The qualifying items that may be purchased by a contractor without payment of sales or use tax to fulfill a contract with a person who holds a qualifying farmer or conditional farmer exemption certificate pursuant to N.C. Gen. Stat. § 105-164.13E(a)(5), (8), or (9) are:

- (1) A grain, feed, or soybean storage facility and parts and accessories attached to the facility.
- (2) A commercially manufactured facility to be used for commercial purposes for housing, raising, or feeding animals or for housing equipment necessary for these commercial activities. The exemption also applies to commercially

manufactured equipment, and parts and accessories for the equipment, used in the facility.

- (3) Building materials, supplies, fixtures, and equipment that become a part of and are used in the construction, repair, or improvement of an enclosure or a structure specifically designed, constructed, and used for housing, raising, or feeding animals or for housing equipment necessary for one of these commercial activities. The exemption also applies to commercially manufactured equipment, and parts and accessories for the equipment, used in the enclosure or a structure.
- (4) A bulk tobacco barn or rack, parts and accessories attached to the tobacco barn or rack, and any similar apparatus, part, or accessory used to cure or dry tobacco or another crop.

The subject of this notice was previously addressed in the [Important Notice: Purchases by Contractors to Fulfill Contracts with a Qualifying or Conditional Farmer](#) published November 18, 2014. The content of the notice dated November 18, 2014 for the most part was superseded at the time S.L. 2015-6 became law on April 9, 2015.

Assistance

Questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.