Sales and Use Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com

IMPORTANT NOTICE: PURCHASES BY CONTRACTORS TO FULFILL CERTAIN CONTRACTS WITH AN AGRICULTURAL EXEMPTION CERTIFICATE NUMBER HOLDER

This important notice provides guidance for a contractor making certain purchases to fulfill certain contracts entered into **prior to July 1, 2014** with an agricultural exemption certificate number holder who is not a qualifying or conditional farmer as of July 1, 2014. The information provided herein was previously published on November 18, 2014 in the *Important Notice: Certain Purchases by a Contractor to Fulfill Contracts with a Qualifying or Conditional Farmer.* The November 18, 2014 important notice is repealed contemporaneously with the issuance of this notice and removed from the Department's website due to a retroactive change made in Session Law 2015-6, signed into law on April 9, 2015, that effects certain contracts entered into, awarded or entered into or awarded pursuant to a bid made on or after July 1, 2014. For information regarding the retroactive change refer to the *Important Notice: Certain Purchases by a Contractor to Fulfill a Contract with a Qualifying or Conditional Farmer (Revisited)* published May 28, 2015.

A contractor that purchases a qualifying item listed below in former N.C. Gen. Stat. §§ 105-164.13(4c) & 105-164.13(4d) to fulfill a lump-sum or unit-price contract where such contract was entered into, awarded, or entered into or awarded pursuant to a bid made **prior to July 1, 2014** with an agricultural exemption certificate number holder, may continue to purchase such item without payment of sales or use tax on or after July 1, 2014. To purchase such qualifying items without payment of sales or use tax, Form E-589I, Affidavit to Exempt from Sales and Use Tax Certain Purchases of Tangible Personal Property by Contractors to Fulfill a Qualifying Contract with an Agricultural Exemption Certificate Number Holder, must be issued to a retailer by a contractor or subcontractor. Form E-589I is available on the Department's website, www.dornc.com.

N.C. Gen. Stat. §§ 105-164.13(4c) and 105-164.13(4d), repealed effective July 1, 2014, provided an exemption for the sale at retail and the use, storage, or consumption in this State of the following tangible personal property . . . from the sales and use tax imposed by Article 5 (Sales and Use Tax) of Chapter 105 of the N.C. General Statutes:

(4c) Any of the following items concerning the housing, raising, or feeding of animals:
   a. Commercially manufactured facilities to be used for commercial purposes for housing, raising, or feeding animals or for housing equipment necessary for these commercial activities.
   b. 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.
   c. Commercially manufactured equipment, and parts and accessories for the equipment, used in a facility that is exempt from tax under [N.C. Gen. Stat. §

105-164.13(4c)] or in an enclosure or a structure whose building materials are exempt from tax under [N.C. Gen. Stat. § 105-164.13(4c)].

(4d) Any of the following tobacco items:

a. The lease or rental of tobacco sheets used in handling tobacco in the warehouse and transporting tobacco to and from the warehouse.
b. A metal flue sold for use in curing tobacco, whether the flue is attached to a handfired furnace or used in connection with a mechanical burner.
c. 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.

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 a 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.