

FAQ's for Form E595EA, Application for Exemption Number for Qualified Purchases

I am a farmer, commercial logger, commercial fisherman, or veterinarian and I need to apply for an exemption number. How do I apply?

Complete Form E-595EA, Application for Exemption Number for Qualified Purchases, located at http://www.dornrc.com/downloads/fillin/E595EA_webfill.pdf

As a nonresident farmer, commercial logger, commercial fisherman, or veterinarian that does not have a North Carolina sales and use tax exemption number do I need to apply for an exemption number for qualified purchases to purchase tangible personal property exempt from sales and use taxes in North Carolina?

Yes, any nonresident farmer, commercial logger, commercial fisherman, or veterinarian, that makes a qualifying purchase of tangible personal property and takes possession of such property in North Carolina must obtain an Exemption Number for Qualified Purchases and issue Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, to a vendor as the vendor's authority for not collecting the tax. In order for the Form E-595E to be valid, the form must include an exemption number issued by the Department. If you have a current North Carolina sales and use tax registration number, you are not required to obtain an Exemption Number for Qualified Purchases. Form E-595E can be located at http://www.dornrc.com/downloads/fillin/E595E_webfill.pdf

Where do I send the application?

The application should be sent to N.C. Department of Revenue, Post Office Box 25000, Raleigh N.C. 27640-00. The application may also be faxed to (919) 715-2999.

I need an exemption number immediately. What is the quickest way to obtain an exemption number?

Fax the application to (919) 715-2999. Upon receipt of the application by the Department, it should be processed and mailed within five business days and an exemption number will be issued provided you qualify and/or additional information is not needed to process the application.

I am not sure I qualify for an agricultural exemption number. What are the determining factors?

As a general rule, individuals must report farm income on federal Schedule F (Profit or Loss From Farming) on their Federal Income Tax return to qualify as a farmer. Corporate entities must report farm income on their corporate return to qualify for an agricultural exemption number. Examples of farm income are receipts from the sale of the following: farm crops, dairy products, eggs, or animals. Receipts from horse boarding facilities are also considered farm income.

Do I qualify for an agricultural exemption number as a farmer if I, as the landowner, lease my farm to a farmer?

Landowners that lease their farms on the cash rent basis do not qualify for an exemption number. Landowners who have a sharecrop agreement with a farmer may qualify for an agricultural exemption number provided the landowner shares in the risks of the farming activities and provided the items being purchased by the landowner qualify for an exemption.

Do I qualify for an agricultural exemption number as a landowner that only grows timber?

Yes.

As a landowner that only grows timber, what products qualify for a sales and use tax exemption?

Typically, the only products exempt from sales and use tax are fertilizer and herbicides used in the woodlot. At the time you receive your agricultural exemption number issued by the Department, a letter will be enclosed that explains the limitations of a landowner that only grows timber.

I am not sure I qualify for a commercial logging exemption number. What are the determining factors?

A commercial logger harvests raw forest products for transport to first market. As a general rule, individuals must report income from commercial logging activities on federal Schedule C (Profit or Loss From Business) on their Federal Income Tax Return. Corporate entities must report income from commercial logging activities on its corporate return.

I am not sure I qualify for a commercial fisherman exemption number. What are the determining factors?

A commercial fisherman holds a standard commercial fishing license issued under G.S. 113-168.2 or a shellfish license under G.S. 113-169.2. As a general rule, individuals must report income from commercial fishing activities on federal Schedule C (Profit or Loss From Business) on their Federal Income Tax Return. Corporate entities must report income from commercial fishing activities on its corporate return.

I am not sure I qualify for a veterinarian exemption number. What are the determining factors?

An individual who is a veterinarian must report income derived from veterinarian activities on federal Schedule C (Profit or Loss From Business) on their Federal Income Tax Return. Corporate entities must report income derived from veterinarian activities on its corporate return.

Do I qualify for an agricultural, commercial logging, commercial fisherman, or veterinarian exemption number if I just started one of the listed activities?

When you check the box “Just Started Within the Year” you will not have yet filed a federal Schedule C or federal Schedule F on your Federal Income Tax Return, but the Department will issue an exemption number. At a later date the Department may review your federal tax filings to verify you qualify for the exemption number.

I submitted my application two weeks ago and have not received an exemption number issued by the Department. How can I determine the status?

Contact the Taxpayer Assistance and Collection Center at 1-877-252-3052 (toll-free) to obtain the status of your application.

I lost my exemption card. How can I obtain a replacement card?

Contact the Taxpayer Assistance and Collection Center at 1-877-252-3052 (toll-free) or fax your request to (919) 715-2999. Include in the request, your name or company name, address, telephone number, and exemption number. If you do not know the exemption number, you must include your individual Social Security number or the Federal Identification number if the exemption number was issued to a corporate entity.

Where can I find more information on purchases eligible for exemption?

Farmer – Sales and Use Technical Bulletins 8, 9, 10

Commercial Fishermen – Sales and Use Technical Bulletins 8-19, 31-9

Commercial Loggers – Sales and Use Technical Bulletin 59-22

Veterinarians – Sales and Use Technical Bulletin 16

What do I present to the vendor as their authority not to charge sales or use tax on a qualifying purchase?

Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption, should be completed and provided to the vendor for qualifying purchases. Form E-595E can be obtained at the following link: http://www.dorn.com/downloads/fillin/E595E_webfill.pdf