

SECTION 52 - EXEMPTION ADMINISTRATION**52-1 STREAMLINED SALES AND USE TAX AGREEMENT CERTIFICATE OF EXEMPTION, FORM E-595E**

Effective January 1, 2005, most of the Department's exemption certificates are discontinued and should no longer be accepted by a vendor. **Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption**, is to be used for purchases for resale or other exempt purchases. With certain limited exceptions, the Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E, requires either a sales and use tax registration number or an exemption number.

The following forms are discontinued and should no longer be accepted by a vendor on and after January 1, 2005:

1. Form E-526, Logging or Pulpwood Certificate;
2. Form E-558, Commercial Fisherman's Certificate;
3. Form E-567, Veterinarian's Certificate;
4. Form E-575, Manufacturers' Certificate;
5. Form E-580, Contractor's and Subcontractor's Certificate;
6. Form E-590, Certificate of Resale;
7. Form E-599, Agricultural Certificate;
8. Form E-599U, Electricity and Piped Natural Gas Certificate; and
9. Form E-599Y, Ice Certificate.

History Note: Authority G.S. 105-164.28; 105-164.28A; 105-264;
Issued: July 1, 2005;
Revised: July 1, 2007.

52-2 APPLICATION FOR EXEMPTION NUMBER

For all types of exemption numbers except a sales and use tax registration number, an **Application for Exemption Number for Qualified Purchases, Form E-595EA**, is to be completed and submitted to the Department. The Department will mail the applicant a notice bearing the assigned exemption number. **Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment, and Manufacturing Fuel Tax**, must be completed and submitted to the Department when applying for a sales and use tax registration number.

History Note: Authority G.S. 105-164.28; 105-164.28A; 105-264;
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52-3 SALES FOR RESALE

Effective January 1, 2005, a purchaser of property for resale is required to issue **Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption**, to a vendor in order to exclude the sale from sales or use tax. A vendor who accepted a **Certificate of Resale, Form E-590**, from a purchaser prior to January 1, 2005 is not required to obtain a Form E-595E. If a purchaser is required to submit revisions, Form E-595E must be issued. A purchaser's sales and use tax registration number and other information required under G.S. 105-164.28 must be entered on the certificate.

History Note: Authority G.S. 105-164.13; 105-164.28; 105-164.28A; 105-264;
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52-4 OTHER EXEMPT SALES**A. Manufacturers**

A manufacturer is required to issue **Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption**, to a vendor when making a purchase of property that is exempt from tax. A manufacturer must enter its sales and use tax registration number on the certificate. A manufacturer that is not registered with the Department for sales and use tax or privilege tax purposes will be required to register with the Department to obtain a sales and use tax registration number by submitting **Form NC-BR, Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment, and Manufacturing Fuel Tax**. Some items exempt from sales or use tax may be subject to the privilege tax. For more information regarding the privilege tax, refer to Section 56 of the Sales and Use Tax Technical Bulletins.

B. Farmers, Commercial Fishermen, Loggers, and Veterinarians

A farmer, commercial fisherman, logger, or veterinarian making a purchase of tangible personal property that is exempt from sales or use tax is required to issue Form E-595E to a vendor as authority for not collecting the tax. A taxpayer that is registered to remit sales or use tax to the Department must enter the assigned sales and use tax registration number on the certificate. A taxpayer that is not required to register for sales and use tax purposes must obtain an exemption number from the Department, and the exemption number assigned by the Department must be entered on Form E-595E when the completed form is furnished to a vendor.

History Note: Authority G.S. 105-164.4; 105-164.4A; 105-164.6; 105-164.13;
105-164.28; 105-164.28A; 105-264;
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52-5 LIABILITY**A. Over-the-Counter Sales**

When a customer makes a qualifying purchase as indicated on the **Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption**, and furnishes a properly completed Certificate of Exemption to a vendor, the vendor is relieved of the liability for any additional tax that is subsequently determined to be due, and the purchaser has assumed liability for the tax. In the absence of proper documentation to support an exemption from tax, the vendor will be held liable for any additional tax determined to be due.

The Certificate of Exemption should be prepared in duplicate and retained by the purchaser and the vendor in their permanent records. A purchaser making occasional or infrequent purchases of tangible personal property that is eligible for an exemption should furnish a copy of the certificate with each purchase order. A purchaser who makes frequent purchases of the same type property from a vendor is only required to issue a single certificate to that vendor. A copy of a completed Certificate of Exemption should not be sent to the Department of Revenue unless requested by the Department.

B. Remote Sales

For a sale for resale, a vendor is relieved of liability for any additional tax that is subsequently determined to be due when the vendor secures a sales and use tax registration number from a purchaser that matches the number on the Department's registry in lieu of obtaining a completed certificate. For a sale exempt from tax other than as a sale for resale, the liability is relieved when

the vendor secures the information as to a purchaser's type of business, reason for exemption, and exemption number in lieu of obtaining an exemption certificate. The registry of sales and use tax registration numbers and a registry of exemption numbers is available on the Department's website at www.dornc.com. A vendor may choose to review the appropriate registry subsequent to the completion of a sale.

History Note: Authority G.S. 105-164.4; 105-164.4A; 105-164.6; 105-164.13;
105-164.28; 105-164.28A; 105-264;
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52-6 EXCLUDED TRANSACTIONS

Certain purchasers, such as the United States Government or the State of North Carolina, are not required to furnish a **Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption**. Purchase requisitions, affidavits from purchasing officers, and applicable credit cards issued by the United States Government are acceptable documentation for exempting purchases by federal agencies and instrumentalities. Purchases by the State of North Carolina are exempt from sales or use tax. Purchase orders or other documentation bearing the assigned State agency exemption number are acceptable.

Note: For additional information on State agencies, refer to Sales and Use Tax Technical Bulletin 18-1.

History Note: Authority G.S. 105-164.13; 105-164.28; 105-164.28A; 105-264;
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