



**Sales and Use Tax Division  
North Carolina Department of Revenue  
Post Office Box 25000  
Raleigh, North Carolina 27640-0001  
[www.dornc.com](http://www.dornc.com)**

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**IMPORTANT NOTICE:  
ANNUAL REQUIREMENTS FOR A CONDITIONAL FARMER EXEMPTION  
CERTIFICATE NUMBER HOLDER**

A person who is issued a conditional farmer exemption certificate is required to submit copies of applicable state and federal income tax returns to the Department within 90 days following the end of each income tax year covered by the conditional farmer exemption certificate. Where a conditional farmer exemption certificate holder files a proper state and federal income tax extension for an income tax year, such person must provide copies of applicable state and federal extensions and proof of payment of any taxes to the Department within 90 days following the end of each income tax year covered by the conditional farmer exemption certificate and will be required to provide to the Department copies of applicable state and federal income tax returns filed on or before the extended due date.

A conditional farmer exemption certificate issued by the Department is valid for the income tax year in which the certificate is issued and the following two income tax years, provided the person does not cease engaging in farming operations prior to the expiration of the conditional farmer exemption certificate and provided the holder of the exemption certificate provides the required information to the Department.

On an annual basis the Department plans to send a reminder to each conditional farmer exemption certificate holder of the requirement to provide copies of the holder's state and federal income tax returns. However, failure to receive a reminder from the Department does not extinguish the requirement for the conditional farmer exemption certificate holder to provide the tax returns to the Department as required by the statute. If copies of the state and federal income tax returns are not received within 90 days following the end of each income tax year including the extended due date of a tax year covered by the conditional farmer exemption certificate, the conditional farmer exemption certificate will be cancelled by the Department and the conditional farmer exemption certificate number will no longer be valid.

A person who fails to provide the required tax returns or other requested information in a timely manner, becomes liable for taxes at the general 4.75% State and applicable local and transit rates of sales and use tax on the purchase price of any item for which an exemption was claimed by the person. The taxes become due and payable at the expiration or cancellation of the conditional farmer exemption certificate, and interest accrues from the original date of each purchase. Additionally, where the person does not timely provide the information requested by the Department, the two hundred fifty dollar (\$250.00) misuse of exemption certificate penalty, per N.C. Gen. Stat. § 105-236(a)(5a),

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applies to each seller identified by the Department from which the person made a purchase.

A person that was issued a conditional farmer exemption certificate that is no longer valid or cancelled by the Department must give notice to each seller that may rely on the conditional farmer exemption certificate or number on or before the next purchase.

For more detailed instructions for submitting copies of the state and federal income tax returns or extensions, review the letter available on the Department's website at [http://www.dornnc.com/taxes/sales/sampleletter\\_for\\_impnotice032015.pdf](http://www.dornnc.com/taxes/sales/sampleletter_for_impnotice032015.pdf).

If you did not receive a reminder letter from the Department, send copies of the applicable state and federal income tax returns or copies of applicable state and federal extensions and proof of payment of any taxes along with a copy of this notice to the address or fax number below:

*NC Department of Revenue  
DPPD/Business Registration Unit  
Attention: Pat Chylinski and Joseph Noonan  
Post Office Box 871  
Raleigh, North Carolina 27602  
Fax: (919) 715-2999*

**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.*