



Commercial Horticultural Farms need not pay sales tax!

If you are just starting out farming, or if you've been farming a while, an easy way to cut costs is to get sales tax exempt status for your farm. This means, if you have a farm, you don't have to pay New York state sales tax on items that you purchase for use in farming, for farm structure construction or maintenance and for some gas and utilities (not motor fuel) used in the running of your farm.

The first step is to make sure you qualify. Go to www.nebeginningfarmers.org and click on Publications in the green menu bar. Scroll down to the *Guide to Farming in NY* and click to view online in HTML version. A menu will appear. Click on #17: Sales Tax Exemptions and Refunds. Many of the forms you will need are links within this document.

Click on the link: www.tax.ny.gov/pdf/memos/sales/m00_8s.pdf which will take you to a document that has very good descriptions of what qualifies as a farm. It's very broad with no profit requirements (unless you are a commercial horse boarding operation) and covers anyone trying to make a living from the land whether by plants or animals or both.

Next you'll need to name your farm. It doesn't have to be anything fancy, just the way you want the IRS to refer to your farm. This is so you can get yourself a Federal Tax i.d. number also known as an Employer Identification Number (EIN). This doesn't mean that you have to hire anyone. Getting this number gives you the option of employing people later but mostly it gives the IRS a number to refer to you and your farm for their own administrative purposes, especially when you file your taxes.

Before you begin, make sure you know the date you started your farm or the date you acquired it.

Ways to get your EIN number:

1. Go to www.irs.gov and half-way down the page on the right under Tools, choose Apply for an EIN online. Read through the next page then click on Apply Online Now.

Some notes on selections you must make while completing the online form:

- a. select *Sole proprietor* – under **Type of Entity** if you have a small farm that is not incorporated or an LLC (limited liability company)
 - b. select *Started a new business* under **Reason for Applying** unless your farm was up and running when you bought it.
 - c. Enter your personal info including your Social Security Number
 - d. Answer a few more questions and within minutes you will receive your EIN number in an official document that you can print out. It's a good idea to save this form on your computer too.
2. Go to www.irs.gov and type **form SS-4** in the search engine in the upper right hand corner of the screen. The first search result is the form itself and the second result just below it, is the instructions. Print these out and fill the form out on paper then mail it in to the address mentioned in the instructions on page 2.



3. If you don't have computer access, call the IRS at 1-800-829-3676 to order forms, instructions and other publications free of charge.

Once you have your EIN number the next step is to fill out form ST-125, exempting you from paying sales tax on items for your farm.

How to proceed:

1. Go to: http://www.tax.ny.gov/pdf/current_forms/st/st125.pdf and print out several copies of this form.
2. Fill out one form for each business you anticipate purchasing items from for your farm.
3. Take you ST-125 forms and **bring your EIN number form you printed out** and go to each business's Customer Service desk. Explain you are there to set up sales tax exempt status for your farm. Most businesses are very familiar with this and it's a quick process. But each business handles things a bit differently.

Curtis Lumber:

- use ST-125 form, simply bring them a copy filled out completely and they will enter you in to their system
- if you forget your ST-125 form, they have them in store and you can fill one out there
- once entered, you will receive tax exempt status at all Curtis Lumber locations throughout the state.

Tractor Supply Company:

- bring a ST-125 form just in case but they don't require one
- they will enter your farm info; name, address and phone number
- when purchasing items simply tell them you are tax exempt and they will look up your account using your phone number
- anyone associated with the account can go in and give the phone number to purchase items tax exempt
- once entered, you will receive tax exempt status at TSCs nation wide

Wal-Mart:

- uses their own form which you fill out in the store but still requires you to bring the ST-125 form and have your EIN number form with you.
- they will enter you in their system immediately and issue you a card with their own internal tax exempt number for your farm
- up to two people can be listed with your account and each receives their own card
- cards are valid at all Wal-Mart stores, nation-wide.