

State of New Jersey
DIVISION OF TAXATION

Eligible Nonregistered Purchaser
(See Instructions)

Purchaser's New Jersey
Tax Registration Number

SALES TAX

FORM ST-7

FARMER'S EXEMPTION CERTIFICATE

To be completed by purchaser and given to and retained by seller.

The seller must collect the tax on a sale of taxable property or services unless the purchaser gives him a properly completed New Jersey exemption certificate.

TO _____ Date _____
(Name of Seller)

(Address)

Check applicable box:

- Single Purchase Certificate
- Blanket Certificate

(City) (State) (Zip)

The purchaser certifies that it is exempt from payment of the Sales and Use Tax on purchases to be made from the seller because the property or service is to be used for an exempt purpose described in N.J.S.A. 54:32B-8.16 of the Sales and Use Tax Act as follows:

"Sales of tangible personal property and production and conservation services to a farmer for use and consumption directly and primarily in the production, handling and preservation for sale of agricultural or horticultural commodities at the farming enterprise of that farmer."

Description of agricultural or horticultural commodities produced at the purchaser's farmer enterprise:

Description of tangible personal property or service purchased: _____

(Name of individual, partnership, association, or corporation)

(Business address)

By _____
(Signature of individual farm owner, partner, officer of corporation or other qualified representative)

INSTRUCTIONS

This certificate must be presented to a seller when making an exempt purchase. The farmer's exemption does not apply to purchases which will not be used directly and primarily in farm production. The purchases of automobiles, certain other motor vehicles, natural gas, electricity and any materials used to build a building or structure (except silos, greenhouses, grain bins and manure handling facilities) are taxable regardless of the intended use on a farm or by a farmer.

INSTRUCTIONS FOR USE OF FARMER'S EXEMPTION CERTIFICATE (ST-7)

1. Scope of Farmer's Exemption - This certificate may be used only by businesses that are treated as "farming enterprises" under N.J.S.A. 54:32B-8.16 of the Sales and Use Tax Act. A "farming enterprise" means an enterprise using land to raise agricultural or horticultural commodities for sale. Farming enterprises include, but are not limited to, enterprises producing dairy products, poultry, feed crops, fruit, vegetables, livestock, fur animals, timber, ornamental plants, bees and apiary products.

Note: For sales and use tax purposes, a "farming enterprise" does not include an enterprise that is primarily engaged in boarding or training horses or in selling agricultural or horticultural products produced by others.

The farmer's exemption applies only to sales of tangible personal property or services which will be used directly and primarily in agricultural or horticultural production. It does not apply to sales of: motor vehicles, natural gas, electricity, or property to be used to construct a building or structure (with the exception of silos, greenhouses, grain bins, or manure handling facilities).

Note: When purchasing a truck or truck tractor with a gross vehicle weight rating of more than 18,000 pounds which is registered with the New Jersey Division of Motor Vehicles as a farm vehicle or a commercial over-the-road truck with a gross vehicle weight rating over 26,000 pounds which is registered in New Jersey, the purchaser must use an Exempt Use Certificate (ST-4) rather than a Farmer's Exemption Certificate. See N.J.S.A. 54:32B-8.43.

2. Good Faith - In general, a vendor who accepts an exemption certificate in "good faith" is relieved of liability for collection or payment of tax upon the transaction covered by the certificate. The question of "good faith" is one of fact and depends upon a consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations applicable to the business in which it deals.

In order for "good faith" to be established, the following conditions must be met:

- (a) This certificate must contain no statement or entry which the seller or lessor knows, or has reason to know, is false or misleading.
- (b) This certificate must state a proper basis for the exemption.
- (c) This certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

The vendor may therefore accept this resale certificate in "good faith" as a basis for exempting sales to the signatory purchaser provided that:

- (a) The purchaser has entered all information required on the form.
- (b) The vendor has no reason to believe that the purchaser is not in the business of farming.
- (c) The vendor has no reason to believe that the goods purchased will not be used directly and primarily in producing farm products for sale.

3. Blanket Certificates - A vendor may permit a purchaser to file a blanket Farmer's Exemption Certificate to cover future purchases of similar items of tangible personal property. However, each subsequent sales slip or purchase invoice based on such blanket certificate must be clearly marked with the purchaser's name, address, and identification number.

4. Eligible Nonregistered Purchaser - If the purchaser is not required to be registered with the New Jersey Division of Taxation and does not have a New Jersey Tax Registration Number, the purchaser is required to place either his Federal Identification Number or, if a sole proprietor, the last three digits of his Social Security Number in the box at the top, right corner of the form marked "Eligible Nonregistered Purchaser." **Note:** Any New Jersey farmer who is not a sole proprietor, or who sells any goods or services subject to sales tax, or who is an employer, must be registered with the New Jersey Division of Taxation and therefore cannot be an "eligible nonregistered purchaser".

5. Improper Certificate - Sales transactions which are not supported by properly executed exemption certificates are deemed to be taxable retail sales. The burden of proof that the tax was not required to be collected is upon the seller.

6. Retention of Certificates - Certificates must be retained by the seller for a period of not less than four years from the date of the sale covered by the certificate.

REPRODUCTION OF FARMER'S EXEMPTION CERTIFICATES:

Private reproduction of both sides of these certificates may be made without the prior permission of the Division of Taxation.

HAVE A QUESTION?

Contact: NJ Division of Taxation, Technical Services, Information and Publications Branch, PO Box 281, Trenton, NJ 08695-0281. Customer Service Center (609) 292-6400.