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## Racehorses - Exemption Form ST-126

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### Introduction

You may purchase a thoroughbred or standardbred racehorse exempt from sales tax using [Form ST-126](#), *Exemption Certificate for the Purchase of a Racehorse*, if the racehorse:

- is registered with the Jockey Club, the United States Trotting Association, the National Steeplechase and Hunt Association, or is no more than 24 months old and is eligible to be registered with one of these associations; and
- is purchased with the intent of entering the horse in a racing event on which pari-mutuel wagering is authorized by law.

The exemption **does not apply** to:

- a quarter horse; or
- a horse that is considered to be at least four years old and has never raced in an event on which pari-mutuel wagering is authorized by law.

### How to use Form ST-126

The purchaser must complete [Form ST-126](#) and give it to the seller no later than 90 days after the transfer of the horse. A separate form is required for each racehorse purchased.

In addition to other sales tax recordkeeping requirements, the seller must retain documentary proof of the horse's age for three years. See Tax Bulletin [Recordkeeping Requirements for Sales Tax Vendors \(TB-ST-770\)](#).

### Penalties

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- a penalty equal to 100% of the tax due;
- a \$50 penalty for each fraudulent exemption certificate issued;
- criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- revocation of your *Certificate of Authority*, if you are required to be registered for sales tax purposes.

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

**References and other useful information**

**Tax Law:** Sections 1115(a)(29) and 1145(a)(5)

**Regulations:** Section 527.14

**Memoranda:** [TSB-M-95\(6\)S](#), *Sales Tax Exemption for Purchases of Racehorses*

**Bulletins:**

[Exemption Certificates for Sales Tax \(TB-ST-240\)](#)

[Racehorses \(TB-ST-755\)](#)

[Recordkeeping Requirements for Sales Tax Vendors \(TB-ST-770\)](#)

[Sales and Use Tax Penalties \(TB-ST-805\)](#)