



Farmers and Commercial Horse Boarding Operators - Exemption Form ST-125

Introduction

Farmers and commercial horse boarding operators may purchase certain items or services exempt from New York State and local sales and use taxes. To do so, they must use [Form ST-125](#), *Farmer's and Commercial Horse Boarding Operator's Exemption Certificate*. This bulletin explains:

- how to use the certificate,
- what kinds of property and services can be purchased exempt from sales tax using [Form ST-125](#), and
- penalties that may be imposed for misuse of the certificate.

How to use Form ST-125

If you are the purchaser, fill out [Form ST-125](#) and give it to the seller. You must give the seller a properly completed [Form ST-125](#) within 90 days after the delivery of the property or performance of the service. Sales tax exemption certificates may also be issued and accepted electronically. See [TSB-M-07\(1\)S](#), *Electronic Resale and Exemption Documents for Sales and Compensating Use Taxes*.

You may use [Form ST-125](#) as a single-purchase certificate, or as a blanket certificate covering the first and subsequent purchases of the same general type of property or service from the same seller.

[Form ST-125](#) can be used to make exempt purchases of property and services used *predominantly* (more than 50% of the time) either in farm production, in a commercial horse boarding operation, or in both. It can also be used to make exempt purchases of drugs or medicine for use on livestock and poultry used in farm production.

Farm production is the production of tangible personal property for sale by farming. *Farming* includes:

- agriculture, floriculture, horticulture, aquaculture, and silviculture;
- stock, dairy, poultry, fruit or vegetable, graping, truck, and tree farming;
- ranching;
- raising fur-bearing animals;
- operating orchards;
- raising, growing, and harvesting crops, livestock, and livestock products; and
- raising, growing, and harvesting woodland products including logs, timber, lumber, pulpwood, posts, and firewood.

A *commercial horse boarding operation* is a business that:

- operates on at least seven acres;
- boards at least 10 horses (regardless of ownership); and

- receives \$10,000 or more in gross receipts annually from fees generated from:
 - the boarding of horses; or
 - the production for sale of crops, livestock, and livestock products; or
 - both these activities.

Note: You cannot use [Form ST-125](#) to purchase motor fuel (gasoline) or diesel motor fuel exempt from tax. Use [Form FT-1004](#), *Certificate for Purchases of Non-Highway Diesel Motor Fuel or Residual Petroleum Product for Farmers and Commercial Horse Boarding Operations*, for certain purchases of diesel motor fuel. Use [Form FT-500](#), *Application for Refund of Sales Tax Paid on Petroleum Products*, to claim a refund of sales tax on certain purchases.

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 1101(b)(19) and (20); 1105(c)(3)(vi) and (5)(iii); 1115(a)(6), (15), (16); 1115(c)(2) ; and 1145(a)(5)

Regulations: Section 528.7

Memoranda:

[TSB-M-00\(8\)S](#), *Farmers and Commercial Horse Boarding Operations*
[TSB-M-00\(8.1\)S](#), *Amended Definitions of Commercial Horse Boarding Operation*
[TSB-M-07\(1\)S](#), *Electronic Resale and Exemption Documents for Sales and Compensating Use Taxes*
[TSB-M-18\(1\)S](#), *Summary of Sales and Use Tax Changes Enacted in the 2018-2019 Budget Bill*

Bulletins:

[Exemption Certificates for Sales Tax \(TB-ST-240\)](#)
[Recordkeeping Requirements for Sales Tax Vendors \(TB-ST-770\)](#)
[Sales and Use Tax Penalties \(TB-ST-805\)](#)