



AGRICULTURAL EXEMPTIONS

January 2023 Tax Webinar

Thanks for joining us!

We will begin at 9:00 am (CST)

➤ **Please check your audio settings. See below for resources in case you experience audio or other technical difficulties:**

- Contact WebEx Support <https://help.webex.com/contact/>
- Link to Technical Service Resource Guide <https://www.cisco.com/c/en/us/support/web/tac/technical-services-resource-guide.html>
- Try leaving and then re-entering the event

View a recording of today's presentation!

tn.gov/revenue > Taxpayer Education > Tax Webinars

<https://www.tn.gov/revenue/taxpayer-education/tax-webinars.html>

The webinar recording will be posted in the "Webinar Video Library" the day after the event.

➤ **Please submit specific account-related questions or any questions that do not get addressed in this webinar to us directly!**

- www.tn.gov/Revenue
- Revenue.support@tn.gov
- 615.253.0600 (M-F 8-4:30 CST)



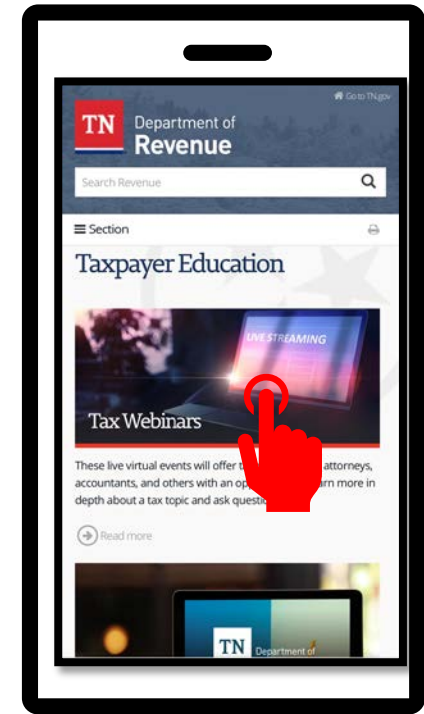
Agricultural Exemptions by Tax Type

Sales Tax - Farmers, timber harvesters, and nursery operators may qualify to make certain purchases exempt from sales tax.

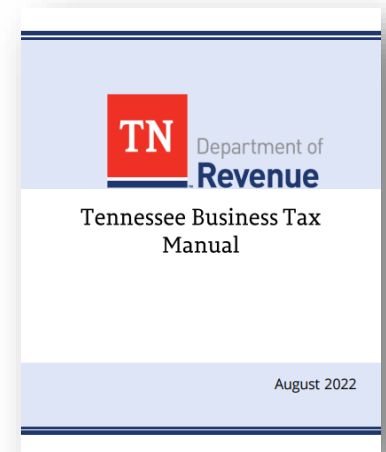
F&E Tax - Certain LLCs, LPs, or LLPs engaged in farming are exempt from F&E tax if they are an obligated member entity (OME) or a family owned non corporate entity (FONCE.)

Business Tax - Business tax applies to gross sales, including persons selling farm, nursery, and related products; however, there is an exemption for the sale of livestock, horses, poultry, nursery stock, and other farm products sold directly from the farm and produced directly by the producer, breeder, or trainer.

MORE INFO:
[Webinar Video Archive](#)
(OME & FONCE)



MORE INFO: [Business Tax Manual](#)
(p.117)



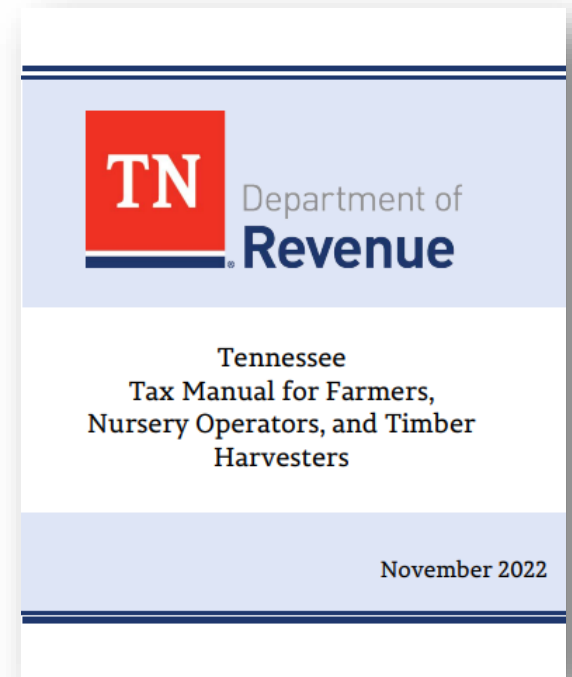
Recent Legislation – Expansion of the Sales Tax Exemption

Beginning 1/1/23, qualifying farmers, timber harvesters, and nursery operators may purchase most items of tangible personal property (TPP) used primarily (more than 50%) in agricultural operations EXEMPT FROM SALES TAX.

([Notice# 22-14](#))

- QUALIFYING/APPLYING FOR THE EXEMPTION CERTIFICATE
- WHAT PRODUCTS MAY/MAY NOT BE PURCHASED USING CERTIFICATE
- RENEWING THE CERTIFICATE
- FAQ

[MORE INFO: Ag Manual](#)





TENNESSEE DEPARTMENT OF REVENUE
Application for Agricultural
Sales and Use Tax Exemption

RV-F1308401 (1/23)

1. Entity Name _____ FEIN/SSN/SOS# _____

2. Mailing Address _____
Street City State ZIP Code

3. Entity Phone No. _____ Email Address _____

4. Farm Location _____
Street City County

5. Entity Contact _____
Name Email Address

6. Type of Entity Farmer Timber Harvester Nursery Operator

7. Type of Ownership
 a. Partnership d. Sole Proprietorship g. Marital Joint Ownership *(must provide SSN for joint owners)*
 b. Professional LLC e. Limited Partnership h. Limited Liability Company
 c. S Corporation f. Other Professional Corporation i. Corporation

8. Applicant must meet at least one of the following criteria to qualify for the agricultural exemption. Check all that apply. **You must submit proper documentation with the application (see instructions).**
- a. The owner or lessee of agricultural land from which \$1,500 or more of agricultural products were produced and sold during the year, including payments from government sources.
 - b. In the business of providing for-hire custom agricultural services for the plowing, planting, harvesting, growing, raising, or processing of agricultural products or for the maintenance of agricultural land.
 - c. The owner of land that qualifies for taxation under the provisions of the Agricultural Forest and Open Space Land Act of 1976 (Tenn. Code Ann. § 67-5-1001 *et seq.*).
 - d. Have a federal income tax return that contains one or more of the following:
 - i. Business activity on IRS Schedule F (Profit or Loss from Farming)
 - ii. Farm rental activity on IRS Form 4835 (Farm Rental Income and Expenses) or Schedule E (Supplemental Income and Loss)
 - e. Otherwise establish to the satisfaction of the Commissioner of Revenue that you are actively engaged in the business of raising, harvesting, or otherwise producing agricultural commodities as defined in Tenn. Code Ann. § 67-6-301 (c)(2).

Affidavit of Applicant

Under penalties of perjury, I declare to the best of my knowledge this information is true and correct. I understand any authority given from this application is limited to purchases of tangible personal property used primarily in agricultural operations as authorized in Tenn Code Ann. § 67-6-207. The use of this authority for purposes other than those authorized by law may result in the assessment of additional taxes, penalties, and interest.

Print Name _____ Title _____

Signature _____ Date _____

**Ag
 Exemption
 Certificate:
 Applying**

[PAPER APPLICATION](#)



NOTE: HOLDERS OF CURRENT AG CARDS **DO NOT HAVE TO REAPPLY** DUE TO RECENT LAW CHANGES.

Qualifying and Supporting Documentation Required

- 1. Owner or lessee of agricultural land from which \$1,500 or more of agricultural products were produced and sold during the year, including payments from government sources.**
 - REQ DOC: proof of payments (i.e. receipt/bill of sale in applicants name) and/or copies of tax returns reflecting income information
- 2. Provides for-hire custom agricultural services of plowing, planting, harvesting, growing, raising, or processing of agricultural products or for the maintenance of agricultural land.**
 - REQ DOC: copies of Form 1099 from the last years filing

QUALIFYING: Supporting Documentation Required

- 3. The owner of land qualifies for taxation under the provisions of the Agricultural Forest and Open Space Land Act of 1976.**
 - REQ DOC: copy of the qualification of the land under the Agricultural Forest and Open Space Land Act

- 4. Have a federal income tax return that contains one or more of the following:**
 - a) Business Activity on IRS Schedule F
 - REQ DOC: copy of Schedule F
 - b) Farm rental activity on IRS Form 4835
 - REQ DOC: copy of Form 4835 or Schedule F or Schedule E

QUALIFYING: Supporting Documentation Required

5. Otherwise establish active engagement in the business of raising, harvesting, or otherwise producing agricultural commodities.

- REQ DOC:
 - ✓ Date the land was acquired
 - ✓ Number of acres under cultivation and/or breed and number of livestock being raised
 - ✓ Projected date of first sale of agricultural product
 - ✓ Projected income from agricultural product
 - ✓ Marketing plan (how will you sell your agricultural product?)

Ag Exemption Certificate Info

- For faster response, send fully completed application form and ALL supporting documentation to Revenue.Support@tn.gov
- Receipt of a certificate serves as the notice of sales tax-exempt status

Ag Exemption Certificate Renewal

Agricultural Exemption Certificates expire every 4 years, regardless of the commence date of the location/certificate.

- The next renewal is 12/31/23.
- New certificates should be mailed out in Nov./Dec. to the mailing address on file with TDOR.
 - Requests for renewed certificates will not be honored before 12/31/23
 - Mailing addresses may be updated on TNTAP. *If TDOR receives returned mail, the exemption will be canceled and taxpayer must reapply.*
- Once the agricultural exemption certificates is reissued, older exemption certificates are no longer valid.

NOTE: For business location changes, you must close the current location and open a new location in TNTAP and then apply for a new exemption.

Ag Exemption Certificate: Documentation for Exempt Purchases

One of the following documents must be submitted to the seller at the time of purchase:

- A copy of the TDOR Agricultural Sales and Use Tax Certificate of Exemption , **or**
- A copy of the wallet-sized exemption card provided by the TDOR, **or**
- A fully-completed Streamlined Sales and Use Tax Certificate of Exemption, which includes the exemption number on the certificate or card issued by the Department of Revenue

Sellers must keep a copy of one of these documents on file and include the buyer's name, address, and description of tax-exempt purchases for each invoice. Farmers, nursery operators, and timber harvesters should keep their original documents in a safe place for future use during the exemption period.

Ag Exemption Certificate: Items

Items qualifying include (but not limited to):

- ✓ Machinery, equipment, and other tangible personal property primarily used for producing farm or nursery products or harvesting timber
- ✓ Building/fencing material
- ✓ Repair services & warranties
- ✓ Software
- ✓ Grain bins and attachments to grain bins.
- ✓ Aircraft designed and used primarily for crop dusting
- ✓ Any trailers used to transport ag products
- ✓ And more!

Items must be purchased by the holder of the exemption.

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Ag Exemption Certificate: Items

Qualifying items must be used primarily (50%+) in agricultural operations.

“Agricultural Operations”:

- ✓ Land, buildings, and machinery used in the commercial production of “farm products” and “nursery stock”; and
- ✓ Activity carried on in connection with the commercial production of farm products and nursery stock.

“FARM PRODUCTS”: Forage and sod crops; grains and feed crops; dairy and dairy products; poultry and poultry products; livestock, including breeding and grazing; fruits; vegetables; flowers; seeds; grasses; forestry products; fish and other aquatic animals used for food; bees; equine; and all other plants and animals that produce food, feed, fiber, or fur.

“NURSERY STOCK”: Trees, shrubs, or other plants, or parts of such trees, shrubs, other plants, grown or kept for, or capable of, propagation, distribution, or sale on a commercial basis.

Ag Exemption Certificate: Items

“Agricultural Operations” **DOES NOT MEAN:**

- × Recreational or educational activities on land used for the commercial production of farm products and nursery stock, or
- × Entertainment activities conducted in conjunction with, but secondary to, commercial production of farm products and nursery stock, when such activities occur on land used for the commercial production of farm products and nursery stock

Ag Exemption Certificate: Items

These items do not qualify for the ag exemption:

- × Automobiles/trucks, as well as repair parts and labor
- × Household appliances
- × Gasoline or diesel used in vehicles operated upon public highways
- × Lawn mowers designed for residential use that are used 50% or more of the time for non-agricultural purposes such as mowing lawns and landscaped areas
- × General clothing items such as coveralls, overalls, and boots

Resources – www.TN.gov/Revenue

The screenshot shows the TN Department of Revenue website. At the top left is the TN logo and the text "Department of Revenue". To the right is a search bar labeled "Search Revenue". Below the header is a navigation menu with items: "How Do I...?", "E-filing Information", "Taxes", "Tax Resources", "Title and Registration", "Motor Carrier", and "Revenue News".

Three red boxes with arrows point to specific resources in the navigation menu:

- Tax Manuals and Important Notices** (points to "Tax Resources")
- Register/File/Pay/etc** (points to "E-filing Information")
- Help Articles** (points to "Revenue News")

Below the navigation menu are several promotional tiles:

- A large tile on the left for a "Next Quarterly Webinar for New Businesses is October 5" with a "Click here for more information." link.
- A tile for "TNTAP E-File & Pay" featuring a calculator and the TNTAP logo.
- A tile for "Questions? Revenue Help" with a hand writing on a chalkboard.
- A tile for "Taxes" featuring the state flag.
- A tile for "HOT TOPICS News and Publications" with the words "HOT TOPICS" in large letters.



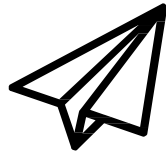
General Tax Info

CONTACT US!

Please submit
specific
account-
related
questions, or
any questions
directly to us!



www.tn.gov/Revenue



Revenue.support@tn.gov



General Call Center **615.253.0600**

Tax Registration **615.253.0601**



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Thanks for inviting us for the presentation!

