

**Revenue Information Bulletin**  
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**Sales Tax**

**Act 464 of 2009 Concerning Sales Tax Exemption Certificates for Farm Equipment Purchases**

Effective July 1, 2009, Act 464 of the Regular Session of the 2009 Louisiana Legislature amends the sales tax exemption for farm equipment authorized by Louisiana Revised Statute 47:305.25 to provide with respect to exemption certificates presented to selling dealers in connection with the exemption.

The amendments to La R.S. 47:305.25(A) provide that the purchaser or the representative of the purchaser of eligible farm equipment shall provide on an exemption certificate a certification that the purchaser is a farmer or is purchasing for an agricultural facility.

In order for purchasers to be authorized to claim this exemption provided by R.S. 47:305.25 on the first \$50,000 of the sales price of eligible commercial farm equipment, purchasers must apply to the Louisiana Department of Revenue (LDR) for certification of their eligibility for the partial exemption. The department has published [Form R-1085](#) for use in making this application. When the purchaser's application is approved, the purchaser must submit to the vendor a copy of the approved application, along with sales tax exemption certificate [Form R-1060](#) in order to document a claim of sales tax exemption on the first \$50,000 of the price of eligible items. After the purchaser presents the properly completed certificate to the selling dealer, the LDR will not hold the selling dealer responsible for the remittance of taxes for the sole reason that the purchaser is subsequently determined not to be a commercial farmer or to have used the property for a purpose other than commercial farming.

Under La. R.S. 47:305.25, the following classes of property are not subject to state sales tax on the first \$50,000 of the sales price of each item:

- Rubber-tired farm tractors, cane harvesters, cane loaders, cotton pickers, combines, hay balers, and attachments and sprayers. This exemption includes all attachments and implements to be used for commercial agricultural purposes with a rubber-tired tractor, including particularly clippers, cultivators, discs, plows, and spreaders.
- Irrigation wells, drives, motors, and equipment.

The following classes of property are subject to one percent state sales tax on the first \$50,000 of their sale prices under the partial suspension of state sales tax exemptions as provided by La. R.S. 47:321(H):

- Other farm implements and equipment used for agricultural purposes in the production of food and fiber.
- On-the-farm facilities used to dry or store grain or any materials used to construct such on the farm facilities.

When a purchase is made through the presentation of the R-1085 and R-1060 certificates, the vendor must collect and the purchaser must remit the full four percent rate of state sales tax on any portion of the sales price of an eligible item that is in excess of \$50,000.

A commercial farmer who is classified under Sector 11 of the North American Industry Classification Code, and who has been approved by the department as a manufacturer, can purchase machinery and equipment that is eligible for depreciation for federal income tax purposes, and that is used as an integral part of the production, processing, and storing of food, fiber, or timber, without regard to the \$50,000 exemption cap provided by R.S. 47:305.25. In order to be recognized as a “manufacturer”, as defined by R.S. 47:301(3)(i)(ii)(bb), a person must submit application [Form R-1070](#) to the department. Approved applicants will receive individualized exemption certificates for presentation to their vendors in lieu of the state sales tax on purchases of eligible “machinery and equipment”.

Purchasers are not authorized to present, and dealers are not authorized to accept, sales tax exemption certificates in lieu of the tax on purchases and sales of tangible personal property that is not commercial farm equipment. Dealers are responsible for properly administering this sales tax exemption and may be held liable for payment of the sales tax if the exemption certificate is improperly accepted for equipment that clearly does not qualify for exemption under the statute.

Questions concerning this legislation should be directed to the Louisiana Department of Revenue’s Special Programs Division at 225-219-7356, Option 3, or by email to [sales.inquiries@la.gov](mailto:sales.inquiries@la.gov).

Cynthia Bridges  
Secretary