

County Clerks Notice

Sales to Farmers, Timber Harvesters, and Nursery Operators

Notice #07-19

Sales and Use Tax

December 2007



Highlights

- *Effective 1/1/2008 purchasers must have an Agricultural Sales and Use Tax Certificate of Exemption to make purchases exempt from tax*
- *The Agricultural Sales and Use Tax Certificate of Exemption has a unique exemption account number*
- *Procedural changes relating to livestock trailers and ATVs effective 1/1/2008*
- *Trucks, flat-bed trailers & semi-trailers used over the road continue to be taxable.*

INTRODUCTION

This notice is intended to provide the county clerks with information concerning significant changes in Tennessee sales and use tax laws related to agricultural tax exemptions. Tenn. Code Ann. § 67-6-207 has been amended to permit agricultural exemptions only to persons qualified as farmers, timber harvesters, and nursery operators.

Effective January 1, 2008, only persons who have been issued an Agricultural Sales and Use Tax Certificate of Exemption by the Department of Revenue are permitted to make agricultural purchases exempt from sales tax. The two most significant changes for county clerks relate to sales of:

- **Trailers used to transport livestock, as defined in Tenn. Code Ann. Section 44-18-101, and**
- **Purchases of all-terrain vehicles (ATVs)**

Each Agricultural Sales and Use Tax Certificate of Exemption will include the name of the qualified farmer, timber harvester or nursery operator on the face of the certificate. It will also include a unique sales tax exemption account number.

DISCUSSION

For county clerks, this change in the statute will require procedural changes with regard to livestock trailers and ATVs purchased by qualified farmers, timber harvesters, and nursery operators. **Effective January 1, 2008, the farmer and nursery operator affidavit previously used to make tax-exempt purchases is no longer valid.**

Livestock Trailers

- Only those holding an agricultural certificate of exemption may purchase a livestock trailer free of sales tax.
- Dealers will have primary responsibility for checking to ensure the proper certificate is presented before selling the trailer exempt from tax.
- If a person purchases from another person who is not a dealer and later comes to the clerk's office to register the trailer, the owner must present the agricultural certificate of exemption in order to be exempt from sales tax.
- Trucks, flat-bed trailers and semi-trailers that are used to transport farm products over the road to market, to transport machinery over the road between farms, or to pick up and carry supplies over the road to the farm remain taxable.

➤ *ATVs sold to persons issued an Agricultural Sales and Use Tax Certificate of Exemption are exempt*

➤ *The name on the certificate of exemption must match the title and registration.*

➤ *Clerks must make copies of the certificate of exemption to forward with the application*

ATVs

- Clerks will no longer be required to collect tax on the sale of ATVs made to persons issued an Agricultural Sales and Use Tax Certificate of Exemption by the Department of Revenue.
- Dealers will have primary responsibility for checking to ensure the proper certificate is presented before selling an ATV without collecting tax.
- Those without a certificate of exemption will not be permitted to purchase an ATV exempt from sales tax.
- If a person purchases from another person who is not a dealer and later comes to the clerk's office to register the ATV, the owner must present the agricultural certificate of exemption in order to be exempt from sales tax.

For both ATVs and livestock trailers, the exemption is available only when the name on the title and registration is identical to the name on the Agricultural Sales and Use Tax Certificate of Exemption.

To make using the certificate of exemption easier, the department also issued wallet-sized cards containing the same information as the certificate of exemption. The Clerks will need to make a copy of the agricultural certificate of exemption or card to forward along with the application, just as they currently do with other tax exemption certificates. Clerks may obtain, in place of a copy of the agricultural certificate of exemption or card, a fully completed Streamlined Sales Tax Certificate of Exemption form which must include the exemption account number appearing on the Agricultural Sales and Use Tax Certificate of Exemption.

Additional information is available on Revenue's Web site at the following link:

<http://www.tennessee.gov/revenue/misc/farmerexemption.htm>



References:

PC 602 (2007)
T.C.A. § 67-6-102
T.C.A. § 67-6-207

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.