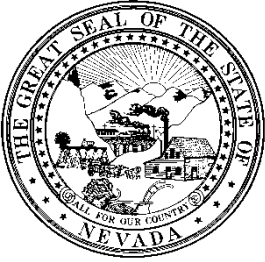


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# NEVADA DEPARTMENT OF TAXATION

<http://tax.nv.gov>



## Tax Bulletin SUT 14-0006

Issue Date: December 8, 2014

## Farmers and Agricultural Exemptions from Sales tax

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### Introduction

This bulletin provides sales tax information for farmers, farm equipment dealers and farm suppliers. It does not cover real or personal property tax issues.

### Statutes and/or Regulations referenced

NRS 372.280, NRS 372.281, NAC 372.540

### Agricultural Exemptions from Sales Tax

On January 1, 2007, NRS 372.281 became effective exempting farm machinery and equipment from sales tax. Prior to that date, farm machinery and equipment were not exempt from the 2% state portion of the sales tax.

#### **NRS 372.281 Farm machinery and equipment.**

1. There are exempted from the taxes imposed by this Act the gross receipts from the sale, storage, use or other consumption in a county of farm machinery and equipment.
2. As used in this section:
  - (a) "Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment. The term does not include:
    - (1) A vehicle required to be registered pursuant to the provisions of [chapter 482](#) or [706](#) of NRS; or
    - (2) Machinery or equipment only incidentally employed for agricultural purposes.
  - (b) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.
  - (c) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.

NRS 372.281 is very clear in exempting (1) specified farm-specific equipment and (2) equipment that is used in agriculture on a primary, not incidental, basis.

It does not exempt all items used on a farm, such as supplies, nor does it exempt farm machinery and equipment used for other purposes such as mining or construction. The exemption is for specific machinery and equipment. Machinery and equipment that has multiple uses, only one of which is use on a farm, does not qualify for the exemption because it is incidental to the agricultural use.

Examples of items that are not exempt are: a vehicle required to be registered pursuant to chapter 482 of the NRS (Motor Vehicles and Trailers: Licensing, Registration, Sales and Leases); tools; shop equipment; communication equipment; stationary fencing materials; building materials and supplies used in the construction of farm buildings; household equipment items used for residential purposes such as lawn mowers and snow blowers; wind turbines, domestic wells, PVC pipe not used in or for repair of an irrigation system; or materials or supplies which are consumed through the regular use of farm machinery and equipment, such as fuel, oil, cleaning agents and solutions.

If a consumer is unsure of whether the equipment or machinery that is being purchased is exempt from sales tax, you may request an advisory opinion from the Department pursuant to NAC 360.190.

There are also exemptions contained in NRS 372.280 that are tied to the sales tax exemption for food for human consumption.

**NRS 372.280 Animals and plants intended for human consumption; feed; fertilizer.** There are exempted from the taxes imposed by this chapter the gross receipts from sales of, and the storage, use or other consumption of:

1. Any form of animal life of a kind the products of which ordinarily constitute food for human consumption.
2. Feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business.
3. Seeds and annual plants the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business.
4. Fertilizer to be applied to land the products of which are to be used as food for human consumption or sold in the regular course of business.

Fertilizer includes commercial fertilizer, agricultural minerals, compost and manures. Chemical insecticides or herbicides are not fertilizer for purposes of NRS 372.280. If a chemical insecticide or herbicide is mixed with a fertilizer in one product, the fertilizer will be taxable unless the insecticide or herbicide is less than 10% of the product. NAC 372.045.

The term also does not include fertilizer sold to enrich land for growing cut flowers, shrubs, lawns, and plants, the products of which are not food for human consumption.

### **Baling wire / Twine**

Baling wire and twine used as a container for exempt feed is also exempt. Baling wire and twine used for hay to feed animals that are not to be sold in the regular course of business is not exempt unless it is sold for resale.

The NRS 372.280 exemption is further explained in NAC 372.540

### **NAC 372.540 Seeds and plants.**

1. The tax does not apply to sales of seeds, the products of which will be used as feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of the purchaser's business.
2. The tax applies to sales of non-annual plants, such as fruit trees and berry vines, whether or not the products will be sold or used as food for human consumption, unless the plants themselves, as distinguished from their products, are purchased for resale.

As such, purchases of fruit bearing trees are taxable even though the sale of the fruit is exempt.

**Documentation To Support Exempt Purchases.**

Attached to this bulletin are two affidavits that can be used for qualifying exempt purchases. As indicated on the affidavits, the seller must keep a copy of the affidavits in their records. The affidavits indicate what items may be purchased tax exempt and only those items may be purchases tax exempt for the purposes stated.

While the Department prefers that a seller use the attached affidavit, the seller may also accept a resale certificate, or other documentation from the purchaser that clearly identifies the purchaser and indicates that the purchase is for resale or for another exempt use. The seller should also keep a copy of such documentation in their records.

**NEVADA DEPARTMENT OF TAXATION  
AFFIDAVIT OF PURCHASER OF FARM MACHINERY AND EQUIPMENT**

I, \_\_\_\_\_  
(Purchaser)

swear and affirm, that the following is true and correct:

I make this affidavit in support of any applicable tax-exempt purchases of farm machinery or equipment from:

\_\_\_\_\_  
(Retailer)

I am purchasing farm machinery or equipment to be employed more than incidentally for agricultural purposes (i.e. a farm tractor (a motor vehicle designed and used primarily for drawing an implement of husbandry); or implement of husbandry (a vehicle that is designed, adapted or used for agricultural purposes including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes); or piece of equipment used for irrigation; or a part used in the repair and maintenance of farm machinery and equipment.

I am not purchasing machinery or equipment only incidentally employed for agricultural purposes (i.e. machinery or equipment whose direct and primary function is for some other use than agricultural purposes); a vehicle required to be registered pursuant to Chapter 482 of the NRS (Motor Vehicles and Trailers: Licensing, Registration, Sales and Leases) or Chapter 706 of the NRS (Motor Carriers); tools; shop equipment; communication equipment; stationary fencing materials; building materials and supplies used in the construction of farm buildings; household equipment items used for residential purposes such as lawn mowers and snow blowers; or replacement parts used in the repair and maintenance of farm machinery and equipment which are consumed through the regular use of such equipment, such as fuel, oil, cleaning agents and solutions.

I will use this farm machinery and equipment for raising, harvesting and selling crops, fruit, flowers, timber or other products of the soil; feeding, breeding, management and sale of livestock, poultry, or the produce thereof; operating a feed lot; raising animals or bees; dairying and sale of dairy products; or any other use determined by the Department of Taxation to constitute agricultural purposes.

I understand that I am responsible for any applicable tax if any purchases made with the support of this affidavit are not purchases of farm machinery or equipment for agricultural purposes.

Signature of Purchaser \_\_\_\_\_

Name of Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Telephone Number \_\_\_\_\_

Date \_\_\_\_\_

NOTE: The retailer must retain the original copy of this affidavit.

**NEVADA DEPARTMENT OF TAXATION**  
**AFFIDAVIT OF PURCHASER OF ANIMAL FEED AND CERTAIN SUPPLIES**

I, \_\_\_\_\_  
**(Purchaser)**

swear and affirm, that the following is true and correct:

I make this affidavit in support of any applicable tax-exempt purchases of animal feed and baling wire and twine from:

\_\_\_\_\_  
**(Retailer)**  
(Please check those that apply)

1. \_\_\_\_\_ I am engaged in the production of animal life of a kind the products of which ordinarily constitute food for human consumption and the feed I purchase is for those animals. Such animals include cattle, sheep, goats, pigs, chicken, ducks, geese, turkeys and other animals used for human consumption, but do not include horses, mules, or donkeys.

2. \_\_\_\_\_ I am engaged in selling animal life of a kind the products of which ordinarily constitute food for human consumption and the feed I purchase is for those animals. Such animals include cattle, sheep, goats, pigs, chicken, ducks, geese, turkeys and other animals used for human consumption, but do not include horses, mules, or donkeys.

3. \_\_\_\_\_ I am purchasing the baling wire or twine in order to bind hay, feed or other contents that I will later sell together with the baling wire or twine.

4. \_\_\_\_\_ I am engaged in the selling or production of animal life of a kind the products of which ordinarily constitute food for human consumption as well as horses, donkey or mules. The feed I purchase is for both types of animals in the amounts indicated below

Animals ordinarily constituting food for human consumption \_\_\_\_\_%

Horses, donkeys, mules or other animals not ordinarily constituting food for human consumption \_\_\_\_\_%

5. \_\_\_\_\_ I am purchasing fertilizer to be applied to land the products of which are to be used as food for human consumption or sold in the regular course of business.

This certificate shall be considered a part of each purchase I make unless I otherwise specify. This certificate shall be good unless revoked in writing. I understand that I am responsible for any applicable tax if any purchases made with the support of this affidavit are not for the purpose indicated.

Signature of Purchaser \_\_\_\_\_

Name of Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Telephone Number \_\_\_\_\_ DATE \_\_\_\_\_

NOTE: The retailer must retain the original copy of this affidavit.