

Florida Department of Revenue
Tax Information Publication

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Changes In Sales And Use Tax Exemptions For Agriculture Industry

Definitions of "Livestock" and "Farmer" Expanded Beginning July 1, 1998

The definition of "livestock" has been expanded to include fish raised for commercial purposes, including the sale of tropical fish.

The definition of "farmer" has also been expanded and now includes persons directly engaged in the business of producing crops, livestock, or other agricultural commodities. The term "farmer" also includes, but is not limited to, horse breeders, nurserymen, dairymen, poultry men, cattle ranchers, apiarists, and persons raising fish.

Proceeds from the Sale of Agricultural products by the Producer

The gross proceeds from the sale of livestock (now including fish raised for commercial purposes), poultry, and other farm products direct from the farm remain exempt from sales tax, provided such sales are made directly by the producers. When sales of livestock, poultry, or other farm products are made to consumers by any person other than a producer, they are not exempt from sales tax.

New Exemptions for the Agriculture Industry Beginning July 1, 1998

Generators used on poultry farms are exempt from sales tax. To qualify for the exemption, the purchaser must furnish the seller with a written statement that the generator is purchased for use on a poultry farm.

Growth enhancing or performance enhancing products for cattle are exempt from sales tax.

Flower seeds are also exempt from sales tax. Prior to July 1, 1998, flower seeds were exempt only when sold to commercial nurserymen or by the producer as an agricultural product.

Expansion of Partial Exemption for Farm Equipment Beginning October 1, 1998

The 3% sales tax rate (partial exemption) for farm equipment has been expanded to include "power-driven" farm equipment. Prior to this legislative change, only self-propelled or power-drawn farm equipment was afforded the partial exemption. The partial exemption now applies to the rental (previously taxed at 6%), as well as the sale, use, consumption, or storage for use in this state, of farm equipment used exclusively on a farm or in a forest in plowing, planting, cultivating, or harvesting crops or products as produced by agricultural industries, or for fire prevention and suppression work with respect to such crops or products. This exemption is not forfeited by moving farm equipment between farms or forests. Equipment used for processing activities does not qualify for the exemption.

The following definitions apply with regard to the partial exemption:

"Self-propelled farm equipment" means equipment that contains within itself the means for its own propulsion. Examples include tractors, combines, dozers, and skidders.

"Power-drawn farm equipment" means equipment that is pulled, dragged, or otherwise attached to self-propelled equipment. Examples include disks, harrows, hay balers, mowers, and plows.

"Power-driven farm equipment" means moving or stationary equipment that is dependent upon an external power source to perform its function. Examples include conveyors, augers, feeding systems, and pumps.

"Forest" means land stocked by trees of any size used in the

production of forest products, or forest land that has been harvested and is not currently developed for nonforest use.

The partial exemption shall not be allowed unless the purchaser furnishes the seller with a written statement that the equipment is purchased for exclusive use on a farm or in a forest in plowing, planting, cultivating, or harvesting crops or products as produced by agricultural industries, or for fire prevention and suppression work with respect to such crops or products.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, PO Box 7443, Tallahassee, FL 32314-7443.

Also, visit our Web site at <http://sun6.dms.state.fl.us/dor/> for forms and other information.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week using your fax machine handset and follow the instructions.

References:

Ch. 98-140, L.O.F.

Ch. 98-142, L.O.F.

Ch. 98-294, L.O.F.

Ch. 98-416, L.O.F.

s. 212.02, F.S.

s. 212.07(5), F.S.

s. 212.08(3), F.S.

FOOTNOTE 1. Agricultural industries include: aquaculture, horticulture, floriculture, viticulture, forestry, dairy, livestock, poultry, bees, and any and all forms of farm products and farm production.