

Revenue Information Bulletin No. 18-025

January 15, 2019

Sales Taxes

**Commercial Farmer Certification Process and
Related Information on Sales and Use Tax Exemptions**

The purpose of this bulletin is provide guidance on the new commercial farmer certification process and to explain the related exemption forms for sales and use tax exemptions. The certification and exemption forms discussed below are available on the Department of Revenue’s website.

Commercial Farmer

As provided by Act 378 of the 2017 Regular Session, a “commercial farmer” is a person, partnership, or corporation who meets the following three requirements:

1. Occupationally engaged in producing food or agricultural commodities for sale or for further use in producing food or such commodities for consumption or sale;
2. Regularly engaged in the commercial production for sale of vegetables, fruits, crops, livestock and other food or agricultural products; and
3. Report farm income and expenses on a federal Schedule F or similar federal tax form, including but not limited to, Forms 1065, 1120 and 1120S under a North American Industry Classification System (NAICS) Code beginning with 11.¹

Commercial Certification Process

Effective January 15, 2019, and in accordance with Act 378, the Louisiana Department of Revenue (“LDR”) will implement a new certification process in which persons or entities must be certified as a commercial farmer by LDR in order to claim certain sales and use tax exemptions.

For certification, commercial farmers must complete and submit Form R-1085, *Application for Certification as a Commercial Farmer*, and attach certain federal income tax documentation such as Schedule F. The application may be submitted in one of three methods:

1. Facsimile to: (225) 237-6765

¹ Additional information regarding qualifying as a commercial farmer and qualifying exemptions may be found in the Louisiana Administrative Code (LAC 61:I.4301, 4404, and 4408).

2. Mail to: Louisiana Department of Revenue
Revenue Processing Center
PO Box 4998
Baton Rouge, LA 70821-4998
3. Online via LDR's LaTAP system by accessing www.latap.revenue.louisiana.gov

If the application is approved, the person or entity will receive Form R-1091, *Commercial Farmer Certification*. Each certification will contain two pocket-size versions of the certification. Reprints of the certification may be requested through LDR's LaTAP system, by email (Sales.Inquires@la.gov), or by telephone (855-307-3893).

Farm-Related Exemption Certificates

Certain farm-related exemption certificates will be affected by the commercial farmer certification. In the following chart, the three farm-related exemption certification forms are provided:

Exemption Certificate Number	Certificate Name
R-1007	Farm-Related Products (Commercial Farmers Only)
R-1060	Farm Equipment Sales Tax Exemption Certificate
R-1065	Non-Road Utility Vehicles Used Exclusively on Commercial Farms

Current farmer exemption certificates remain valid through June 30, 2019. Beginning July 1, 2019, a copy of the R-1091, *Commercial Farmer Certification*, must be attached to the completed exemption certificate in order for the customer to receive an exemption from state sales and use tax on the purchase of these farm-related items.

A copy of the R-1091, *Commercial Farmer Certification*, must be attached to each applicable exemption certificate at the time of purchase. The following items may be eligible for exemption upon presentation of a valid commercial farmer certification:

1. Animal feed consumed only by livestock that are part of the purchaser's commercial or agricultural stock such as cattle, sheep, goat, poultry, etc. The exemption may not be claimed on feed for animals held for personal use. [R.S.47:301(10)(e) and 47:305(A)(3)]
2. Seed, fertilizers, or pesticides, including insecticides, herbicides, and fungicides used for planting or treatment of crops grown in commercial quantities for sale, or for consumption by livestock or livestock products that are for commercial sale. This exemption may not be claimed by persons growing vegetables, ornamental plants, lawns, etc., for their personal use. [R.S.47:301(10)(e), 47:305(D)(1)(f), 47:305.3, 47:305.8]
3. Polyroll tubing sold or used for commercial farm irrigation. [R.S. 47:305.25(A)(6), 47:305.63]

4. Containers used in the packaging for sale of farm products grown by the commercial farmer. The containers must be sold with the farm products. [R.S. 47:301(10)(a), 47:305(D)(1)(f)]
5. Pharmaceuticals registered with the Louisiana Department of Agriculture and Forestry and administered to livestock used for agricultural purposes. The pharmaceuticals must be administered to the livestock by the commercial farmer. [R.S. 47:301(16)(f)]
6. Feed and feed additives sold for agricultural or commercial purposes. Commercial purposes means purchasing, producing, or maintaining of animals, including breeding stock, for resale. [R.S. 47:305(A)(4)(a), 47:305(A)(4)(b)(i) & (iii)]
7. Diesel fuel, butane, propane, and other liquefied petroleum gases used for farm purposes such as a power source or as a heating fuel for equipment that is used directly in a commercial growing or livestock production operation. [R.S. 47:305.37]
8. The sales or rental price paid for qualifying machinery and equipment used as an integral part of the production, processing, and storing of food and fiber. The qualifying machinery and equipment must be purchased by a certified commercial farmer. [R.S.47:301(3)(i), 47:301(13)(c), 47:301(13)(k), 47:301(28)(a), 47:305.25]

Dealers may continue to accept the existing LDR approved farmer exemption certificates until July 1, 2019.

Dealers are responsible for properly administering the agricultural sales tax exemptions discussed herein. Dealers must request and retain from each commercial farmer a copy of the current commercial farmer certification and applicable exemption certificate. If a dealer fails to retain copies of the commercial farmer certification and the applicable exemption certificate, then the dealer will be held liable for payment of the sales and use taxes due.

Questions concerning this publication can be directed to sales.inquiries@la.gov.

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Secretary