

**Revenue Information Bulletin 23-027**  
**February 6, 2024**  
**Sales and Use Tax**

**Commercial Farmer Registration**

**Modification of Definition of Commercial Farmer**

Act 427 of the 2023 Regular Session of the Louisiana Legislature (“Act 427”) modifies the definition of commercial farmer in La. R.S. 47:301(30). Specifically, Act 427 removes the requirement that taxpayers seeking to qualify as commercial farmers be assigned specified North American Industry Classification Systems (NAICS) codes. Act 427 also eliminates the requirement that applicants report income and expenses on a federal Schedule F form or other similar federal tax form.

The revised definition of commercial farmer retains the requirement that the taxpayer be regularly and occupationally engaged in the commercial production of food, agricultural commodities or agricultural products for sale. The exemption is specifically prohibited when the activity is not engaged in for profit. Lessor landowners who lease immovable property for agricultural use to, and maintain a joint venture contractual relationship with someone who qualifies as a commercial farmer, still qualify as a commercial farmer.

The new definition of commercial farmer was effective August 1, 2023. For additional guidance, see the examples listed on Exhibit A attached hereto.

**Commercial Farmer Registration Process**

*Commercial Farmer Registration Only*

Persons or entities that want to register as a commercial farmer must submit a completed Form R-1085, *Commercial Farmer Registration Application or Renewal*. If approved, Form R-1091, *Commercial Farmer Registration Certificate* will be issued to the taxpayer. Attaching a copy of this registration certificate to applicable exemption certificates allows the commercial farmer to claim exemptions from sales tax for seeds, fertilizer, pesticides, animal feed and fuel used in the production of food and fiber for resale. This certificate also exempts the first \$50,000 of the sales price of qualifying farm equipment and machinery that is used as an integral part of the production, processing and storing of food and fiber. A more

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detailed listing of the available exemptions can be found on the back of the registration certificate.

### *Agricultural Manufacturer and Commercial Farmer Registration*

A commercial farmer that also wants to register as an agricultural manufacturer may do so by completing Form R-1085B, *Agricultural Manufacturer Registration Application or Renewal*. To register as an agricultural manufacturer a copy of the applicant's most recently filed IRS Schedule F (or other federal tax form used to report farm income) must be attached to the application. If approved, Form R-85009, *Agricultural Manufacturer Commercial Farmer Registration Certificate* will be issued. Attaching a copy of this registration certificate to applicable exemption certificates will allow the agricultural manufacturer/commercial farmer to claim exemptions from sales tax for seeds, fertilizer, pesticides, animal feed and fuel used in the production of food and fiber for resale, as well as the sales price of qualifying farm equipment and machinery that is used as an integral part of the production, processing and storing of food and fiber. A more detailed listing of the available exemptions can be found on the back of the registration certificate.

### *Current Commercial Farmers and Agricultural Manufacturers*

Persons or entities that are already certified as commercial farmers and/or agricultural manufacturers prior to the effective date of August 1, 2023 can continue to use their current certifications until the stated expiration date. Prior to the expiration date, those persons or entities must reapply using the forms and process discussed above.

Questions concerning this publication can be directed to [sales.inquiries@la.gov](mailto:sales.inquiries@la.gov).

**Richard Nelson**  
**Secretary**

## EXHIBIT A – EXAMPLES

1. Farmer A raises chickens and vegetables. The farmer and his family consume or give away all of the eggs and vegetables raised. Farmer A is not a commercial farmer as he does not sell any of his produce or intend to earn a profit on those sales.
2. Farmer B raises cattle, which he sells to third parties. Farmer B maintains business records and separate bank accounts for his cattle operations. Farmer B follows a business plan for his cattle farm and devotes 100% of his work time to the cattle farming operations. Farmer B expects to make a profit from his cattle operation. Farmer B is a commercial farmer.
3. Farmer C raises cattle, which he sells to third parties. Farmer C maintains business records and separate bank accounts for his cattle operations. Farmer C follows a business plan for his cattle farm and devotes 100% of his work time to the cattle farming operation. Farmer C expected to make a profit from his cattle operation, but lost most of his cattle this year to disease. Farmer C is a commercial farmer because he intends to make a profit and has historically made a profit from his cattle operations.
4. Farmer D raises cattle, which he sells to third parties. Farmer D maintains business records and separate bank accounts for his cattle operations. Farmer D follows a business plan for his cattle farm and devotes 50% of his work time to the cattle farming operation. Farmer D earns an equal amount of income from another non- farming activity. Farmer D expects to make a profit from his cattle operation and has for 4 of the past 5 years. Farmer D is a commercial farmer. Another source of income outside of the farm is permissible as long as Farmer D is not “farming” solely as a means to reduce his tax obligations.
5. Farmer E raises horses, which he sells to third parties. Farmer E does not maintain business records and separate bank accounts for his horse operations. Farmer E does not have a business plan for his horse farm and devotes 20% of his work time to the horse farming operation. Farmer E earns twice as much income from another non-farming activity. Farmer E has not made a profit from his horse farm in the last 5 years. Farmer E is not a commercial farmer as Farmer E does not appear to have a profit motive and appears to be “farming” solely to reduce his tax obligations.
6. Farmer F owns hundreds of acres of immovable property where he plants, cultivates, and harvests timber. Farmer F only recognizes revenue during interim cuttings and at the conclusion of a ten-year growing period. Farmer F reports minor losses from timber farming operations in most years, but reports material revenues once or twice every ten years. Farmer F is a commercial farmer even though he reports a loss from timber farming operations in most years.

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