

Farm Equipment and Machinery

Farm Equipment and Machinery Exemption Expanded

Pursuant to Public Chapter 1104 (2022), beginning January 1, 2023, qualified farmers and nursery operators may purchase building material, fencing material, warranties, and most other items of tangible personal property used *primarily* (more than 50%) in agricultural operations exempt from sales and use tax.

Automobiles, trucks, household appliances, and gasoline or diesel fuel used in vehicles operated upon public highways are not included in this exemption.

This notice does not address the exemption in its entirety, please consult the Department's [tax manual](#) for more details.

Agricultural Operations

Agricultural operations means:

- Land, buildings, and machinery used in the commercial production of farm products and nursery stock; and
- Activity carried on in connection with the commercial production of farm products and nursery stock.

Farm products means:

- Forage and sod crops; grains and feed crops; dairy and dairy products; poultry and poultry products; livestock, including breeding and grazing; fruits; vegetables; flowers; seeds; grasses; forestry products; fish and other aquatic animals used for food; bees; equine; and all other plants and animals that produce food, feed, fiber, or fur.

Nursery stock includes:

- Trees, shrubs, or other plants, or parts of such trees, shrubs, other plants, grown or kept for, or capable of, propagation, distribution, or sale on a commercial basis.

Qualified Farmers and Nursery Operators Must Provide Seller with Agricultural Sales and Use Tax Exemption Certificate

To purchase farm equipment and machinery exempt from sales tax, purchasers must present a copy of their agricultural exemption certificate to the seller. Alternatively, purchasers may present a fully completed Streamlined Sales Tax Certificate of Exemption form that includes the exemption number on the agricultural certificate issued by the Department.

Contractors Subject to Sales and Use Tax

Contractors and subcontractors who use property in the performance of a contract with a qualified farmer or nursery operator are subject to sales and use tax on such property. This is the case regardless of whether title to the property is in the name of the contractor, subcontractor, qualified farmer, or nursery operator. Contractors may not use the qualified farmer or nursery operator's tax-exempt status to purchase property tax-exempt.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-207; Public Chapter 1104 (2022).