



STATE OF TENNESSEE  
DEPARTMENT OF REVENUE  
ANDREW JACKSON STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37242

TO: All Agricultural Sales or Use Tax Exemption certificate holders  
FROM: Tennessee Department of Revenue  
SUBJECT: Non-qualifying purchases  
DATE: November 2013

The Department of Revenue would like to remind agricultural certificate holders that only certain types of farm equipment, machinery and other property can be purchased tax-free under state law (Tenn. Code Ann. § 67-6-207). A list of these items is on the back of this notice.

Agricultural certificate holders must pay tax on items that do not qualify for exemption. Such items include, but are not limited to:

- a) Clothing
- b) Automobiles, trucks, automotive oil, tires, parts and repair
- c) Trailers for use over the road, except livestock trailers (e.g., equipment trailers, utility trailers, flat-bed trailers, cargo trailers, grain trailers and ATV trailers)
- d) Materials that become real property when installed, including gravel, concrete, building materials, and fencing materials (other than temporary corral panels/gates and electric fencing)
- e) Water, for any use or purpose
- f) Household appliances (e.g., refrigerators, freezers, ranges, ovens)
- g) Lawn mowers
- h) Pet food and medications

If such non-qualifying purchases are made from sellers located outside Tennessee who do not collect state sales tax, agricultural certificate holders must self-assess and pay Tennessee use tax to the Department of Revenue based on the price of those purchases.

Agricultural certificate holders who make non-qualifying purchases of property without paying sales tax or use tax due are violating state law and should anticipate an assessment from the Department of Revenue that will include unpaid tax, interest and applicable penalties.

If you have any questions, please contact the Department of Revenue at our statewide toll-free number, 1-800-342-1003. Nashville and out-of-state callers may call (615) 253-0600. For additional information, you may also look at Important Notice #07-12, found on the Department's website at <https://www.tn.gov/content/dam/tn/revenue/documents/notices/sales/sales07-12.pdf>, or visit our web site at [www.TN.gov/revenue](http://www.TN.gov/revenue).

## Items That Qualify For the Agricultural Exemption

- Machinery, equipment or appliances used directly and principally for producing agricultural and nursery products for sale and consumption off the premises.
  - This does not include automobiles, trucks, household appliances or property which becomes real property when installed.
- Hay wagons, silage wagons and trailers used directly and principally in producing agricultural and nursery products for sale and consumption off the premises.
  - Trucks, flat-bed trailers and semi-trailers that are used to transport farm products over the road to market, to transport machinery over the road between farms or to pick up and carry supplies over the road to the farm do not qualify as farm machinery equipment and cannot be purchased without the payment of tax.
- Sales of all-terrain vehicles (ATVs) for use directly and principally in the production of agricultural or nursery products for sale and consumption off the premises.
- Equipment used exclusively for harvesting timber.
- Trailers used to transport livestock.
- Self-propelled fertilizer or chemical application equipment used to spread fertilizer or chemicals to aid in production of food or fiber for human or animal consumption.
- Tender beds and spreader beds, even if mounted on a truck.
- Grain bins and attachments.
- Aircraft designed and used for crop dusting.
- Systems for poultry environment control, for feeding and watering poultry as well as conveying eggs.
- Replacement parts or repair labor for repair of machinery, equipment and appliances.
- Gasoline and diesel fuel used for agricultural purposes as defined by state law (Tenn. Code Ann. § 67-6-102).
  - The purchase of dyed diesel fuel used in vehicles, which are not operated on public highways, and logging equipment that is used in cutting and harvesting trees are also not subject to sales tax.
- Electricity, natural gas and liquefied gas, including propane and butane used directly in producing food or fiber for human or animal consumption or aid in growing horticultural product for sale.
- Coal, wood, wood products or wood by-products or fuel oil, which is used as energy fuel in the production of food or fiber for human or animal consumption or in production of nursery or greenhouse crops.
- Seeds, seedlings, plants grown from seed and liners (cuttings) to produce food or fiber, including tobacco, for human or animal consumption.
- Fertilizer to be used to aid in the growth and development of seeds, seedlings or plants.
- Pesticides which are sold for the purpose of aiding in the production of food or fiber, including tobacco, for human or animal consumption.
- Containers for farm products and plastic or canvas used in the care and raising of plants, seeds or seedlings, and plastic or canvas used in covering feed bins, silos and other similar storage structures.
- Livestock and poultry feeds, drugs used for livestock and instruments used for the administration of such drugs.
- Any natural or artificial substance used in the reproduction of livestock.
- Adjuvants and surfactants solutions sold exclusively for the purpose of mixture with insecticides, pesticides, fungicides or herbicides or for use as a soil conditioner when used to aid in the growth and development of food or fiber, including tobacco, for human or animal consumption.
- Agri-sawdust.