

## Chapter 02 Agricultural

### 100 Definitions

1. Farm Tractor, for the purpose of this regulation, is limited to self-propelled equipment which performs no farm function within itself other than to move, draw or furnish power to other implements which may be attached. The term farm tractor does not include self-powered units which perform specialized functions such as combines, cotton pickers, hay balers, sprayers, dusters and stationary power units.
2. Farm Implement— means a complete unit that performs a specialized mechanical function and which is identifiable as a specific piece of equipment that is ordinary and customarily used on a farm. The trade term whole goods is not synonymous with the tax term farm implements.
3. Farmer— means an individual or company who grows agricultural products for market on land owned or leased by such individual or company.
4. Agricultural products shall include field crops, truck and horticultural products, livestock and livestock products, poultry and poultry products and any other product of the soil or water produced on a commercial scale for market.
5. Agricultural purpose means the predominant or exclusive growing or raising of agricultural products on a farmer's own land or land leased by the farmer for growing or raising agricultural products.
6. A professional logger is a person, corporation, limited liability company or other entity, or an agent thereof, who possesses a professional logger's permit issued by the Mississippi Department of Revenue.
7. Dairy producer, for the purposes of this regulation, means any person engaged in the production of milk for commercial use.

### 101 Tax Rates

1. Sales of farm tractors to farmers for agricultural purposes are taxable at the special rate of 1½%. Sales of tractors to anyone other than a farmer are taxable at the regular retail rate of tax.
2. The sales of farm implements to farmers for use directly in the production of poultry, ratite, domesticated fish as defined in Miss. Code Ann. Section 69-7-501, livestock, livestock products, agricultural crops or ornamental plant crops or used for other agricultural purposes when used on the farm are subject to the special rate of 1 ½ %.
3. Parts and labor used to maintain and/or repair farm tractors or farm implements which would be taxed at the special rate of 1 ½ % are also subject to the special rate of 1 ½ %.
4. Any person purchasing at the reduced 1 ½ % rate of sales tax farm tractors and farm implements and/or parts and labor used in the maintenance or repair of farm tractors and/or farm implements may sign an affidavit attesting to the fact that they meet the above requirements. Retailers can accept this affidavit as evidence that the farmer qualifies for the reduced rate. This affidavit

expires annually. Once the affidavit expires, retailers must obtain a new one to ensure the farmer is still eligible for the reduced rate.

5. The 1 ½ % rate of tax also applies to sales to professional loggers on all equipment used in logging, pulpwood operations or tree farming which is either self-propelled or which is mounted so that it is permanently attached to other equipment which is self-propelled or permanently attached to other equipment drawn by a vehicle which is self-propelled. Parts and labor used to maintain and/or repair such equipment are also subject to the special rate of 1 ½ %. Loggers will also have to be certified according to Sustainable Forestry Initiative guidelines.
6. Sales of aerators to domestic fish farmers for use in the raising of domesticated fish as defined in Miss. Code Ann. Section 69-7-501 are taxed at the special 1 ½ % rate.
7. Sales of materials to a dairy producer used in the repair, renovation, addition to, expansion and/or improvement of buildings and related facilities used by a dairy producer shall be taxed at the rate of 3 ½ %.
8. Sales of three wheelers, four wheelers or other all terrain vehicles (ATVs) are taxable at the regular retail rate unless the unit has a power takeoff and such power take-off is used to power an attached piece of farm machinery and is used exclusively for agricultural purposes. If the unit meets these requirements and is approved by the Commissioner, then it will be subject to tax as a self-propelled farm implement.
9. All purchases of tools, supplies, machinery and equipment which are bought for use in operation of farm implement businesses and not for resale, or which do not become an integral part of equipment being repaired are taxable at the regular rate of sales or use tax.
10. All purchases of farm machinery, parts and other merchandise for resale are exempt from sales or use tax.
11. The following are intended as examples only of items sold to farmers that are not subject to the special reduced rate of tax:
  - a. Garden Tractor
  - b. Rotary Tiller
  - c. Power Saw
  - d. Lawn Mower
  - e. String Trimmer
  - f. Storage Bin which provides no function other than storage
  - g. Hand Tools
  - h. Manual Posthole Digger
  - i. Trailers for Highway use or any other vehicles which require a tag

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