



MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-17-001

February 1, 2017

NOTICE TO ALL FARMERS AND DEALERS OF FARM TRACTORS AND FARM IMPLEMENTS

This notice is being updated to provide clarity on farm implements that qualify for the 1½% rate of tax. Senate Bill 2606 of the 2009 Regular Session of the Mississippi Legislature amended Miss. Code Ann. Section 27-65-17 to provide for a reduced 1½% rate of sales tax on sales of farm tractors, farm implements and parts and labor used to maintain and/or repair such farm tractors and farm implements when sold to farmers for agricultural purposes. The 1½% rate of sales tax on farm tractors, implements and parts and labor become effective July 1, 2009.

A farmer is an individual or company who grows agricultural products for market on land owned or leased by such individual or company.

A farm tractor is self-propelled equipment which performs no farm function other than to move, draw or furnish power to other implements which may be attached. All parts and labor purchased by a farmer for the maintenance and/or repair of farm tractors are subject to the reduced 1½% rate of sales tax. Tractors purchased for non-agricultural purposes such as earth moving activities are subject to the full 7% rate of sales tax.

Four wheelers and all-terrain vehicles sold to and used by a farmer to pull, push or furnish power to farm implements qualify as farm tractors and are subject to the reduced 1½% rate of sales tax. Four wheelers and all-terrain vehicles purchased for non-agricultural purposes or sold to someone other than a farmer are subject to the regular retail rate of tax.

A farm implement is a complete unit that performs a specialized mechanical function and is identifiable as a specific piece of equipment that is ordinarily and customarily used on a farm. All parts and labor purchased by a farmer for the maintenance and/or repair of farm implements are subject to the reduced 1½% rate of sales tax.

Implements that qualify for the 1½% rate of sales tax include, but are not limited to:

- Bush hogs
- Combines
- Combine headers
- Cotton pickers
- Above ground irrigation equipment including center pivot systems, pumps, motors and pipe
- Fertilizer spreaders
- Cotton trailers – used only in the field (not tagged for highway use)
- Self-propelled sprayers
- Fish aerators
- Dozers – must be used for agricultural purposes only
- Track hoes – must be used for agricultural purposes only

Items that don't qualify for the reduced 1½% rate include, but are not limited to:

- Trucks and other vehicles required to be tagged for road use
- Lawn mowers/finishing mowers – unless used by sod farmers
- Water well drilling for irrigation systems and water supply systems (3½% contractor's tax when greater than \$10,000)
- Any structures deemed to be real property such as grain bins or building structures (3½% contractor's tax when greater than \$10,000)

Farmers purchasing farm tractors, farm implements and parts and labor for the maintenance and/or repair of farm tractors and farm implements are required to complete and have notarized a Farmer's Affidavit. The Farmer's Affidavit form is available online at www.dor.ms.gov. The farmer should supply copies of their completed and notarized Farmer's Affidavit to each vendor where qualified items are purchased at the 1½% rate of sales tax. The Farmer's Affidavit expires December 31 of each year, and a new Farmer's Affidavit should be completed each following year and provided to each vendor.

Items sold at auction are considered retail sales and subject to sales tax at the same rates that apply to other retail sales. Auction companies selling farm tractors, implements and parts at the reduced 1½% rate of sales tax are required to obtain a copy of a notarized Farmer's Affidavit from the customer to substantiate charging the reduced rate.