



# Application for Exemption Certificate for Replacement Parts and/or Services for Farm Machinery and Equipment

Unified Business Identifier (UBI)/Tax Reporting Account (TRA) Number (if applicable) \_\_\_\_\_

Social Security Number (SSN) or Federal Employer Identification Number (FEIN) \_\_\_\_\_

Type of Agricultural product grown, raised, or produced: \_\_\_\_\_

Type of Entity:  Individual  Corporation  Sole Proprietor  Partnership  Other (Explain)

Applicant Name \_\_\_\_\_

Farm Name \_\_\_\_\_

**Farm Address** \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**Mailing Address** \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone Number ( ) \_\_\_\_\_ E-mail Address \_\_\_\_\_

**For a farmer who had gross sales of agricultural products of at least \$10,000 per year:**

To receive an Exemption Certificate for Replacement Parts and/or Services for Farm Machinery and Equipment, a farmer growing, raising, or producing agricultural products must have had gross sales or a harvested value of those products of at least \$10,000 during the federal tax year immediately preceding the year before submitting this application. Please check one of the following:

- I have attached a copy of Schedule F of Form 1040, Form 1120, or other applicable form filed with the Internal Revenue Service for the tax year immediately preceding the year in which this application is submitted. This form indicates that my gross sales or harvested value of the agricultural products grown, raised, or produced by me was at least \$10,000; or
- I declare, under penalty of perjury, that I am an eligible farmer as provided in RCW 82.08.855(4).

**For a farmer who is new to farming or who is newly returned to farming:**

A farmer who has not farmed for the full federal tax year immediately preceding the year in which the farmer submits this application is eligible for an Exemption Certificate for Replacement Parts and/or Services for Farm Machinery and Equipment on the condition that the farmer meets one of the following requirements:

- Has gross sales or a harvested value of at least \$10,000 of agricultural products grown, raised, or produced by that person in the first full tax year in which the person engages in business as a farmer; or
  - If the person will not sell or harvest an agricultural product within the first full tax year, has an estimated value of at least \$10,000 of agricultural products grown, raised, or produced by that person at any time during the first full tax year in which the person engages in business as a farmer.
- I declare, under penalty of perjury that I am an eligible farmer as provided in RCW 82.08.855(4).

Applicant first engaged in the business of farming on \_\_\_\_\_  
(date)

I, the undersigned applicant, understand that:

- I may only use the exemption certificate issued to me when purchasing replacement parts for qualifying farm machinery and equipment, services to install exempt replacement parts, or services to repair qualifying farm machinery and equipment used primarily by an eligible farmer to grow, raise, or produce agricultural products for sale;
- I must keep records and make them available upon request to the Department to verify eligibility;
- I am subject to the retail sales or use tax and interest on purchases that do not qualify for the exemption; and
- Any person who knowingly makes a materially false statement on an application submitted under the provisions of RCW 82.08.855 and chapter 332, Laws of 2007, shall be guilty of perjury in the second degree under chapter 9A.72 RCW.

Dated at \_\_\_\_\_, Washington, this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
(Printed name of person submitting application)

\_\_\_\_\_  
(title)

\_\_\_\_\_  
(Signature of person submitting application)

Send the completed application to:

Department of Revenue  
Taxpayer Account Administration  
PO Box 47476  
Olympia, WA 98504-7476

**Keep a copy of this application and all attachments for your records**

### What is a replacement part for qualifying farm machinery and equipment?

RCW 82.08.85, 82.12.855, and Chapter 332, Laws of 2007, provide that neither retail sales nor use tax applies to purchases of replacement parts, charges for installing replacement parts, and charges for repairing qualifying farm machinery and equipment.

A replacement part is a part that replaces an existing part, or which is essential to maintain the working condition of a piece of qualifying farm machinery and equipment.

A replacement part **does not** include an item that may be desirable but is not essential for maintaining the working condition of a piece of qualifying farm machinery and equipment, unless the item replaces an existing part. A replacement part **does not** include paint, fuel, oil, grease, hydraulic fluids, anti-freeze, and similar items except when the seller adds these items when installing exempt replacement parts or making repairs to qualifying farm machinery and equipment.

### What is qualifying farm machinery and equipment?

Qualifying farm machinery and equipment is machinery and equipment used primarily (more than 50%) by an eligible farmer to grow, raise, or produce agricultural products for sale. This includes farm tractors as defined in RCW 46.04.180, farm vehicles as defined in RCW 46.04.181, and other farm implements.

Qualifying farm machinery and equipment **does not** include:

- Vehicles as defined in chapter 46.04 RCW (except those specifically noted above);
- Lawn tractors;
- All-terrain vehicles;
- Aircraft;
- Hand tools and hand-powered tools; and
- Property that has a useful life of less than one year.

### Who is an eligible farmer?

To be eligible for the sales and use tax exemptions, a person must be an "eligible farmer." RCW 82.04.213 provides that a farmer is a person who, on land the person owns or has a present right of possession, grows, raises, or produces agricultural products for sale.

A farmer is eligible for the tax exemptions if:

- The farmer's gross sales or harvested value of agricultural products grown, raised, or produced by the farmer were at least \$10,000 in the tax year immediately before applying for the exemption;
- The farmer possesses an exemption certificate that was transferred to the farmer because of a change in legal entity and the certificate expires before the new entity engages in farming for a full tax year, but only if the combined gross proceeds of sales or harvested value of agricultural products of the previous entity and new entity are at least \$10,000 in the tax year immediately before the farmer applies to renew the exemption certificate. For example, a farmer is a sole proprietor and possesses an exemption certificate issued by the Department. Six months before the certificate expires, the farmer reorganizes his farming business and is the only shareholder. Upon notification, the Department transfers the farmer's exemption certificate to the new entity for the remaining six months. After the exemption certificate expires, the new entity can apply to renew the certificate if, in the tax year immediately before applying to renew the certificate, the combined gross proceeds of sales of agricultural products by the farmer and the successor corporation is at least \$10,000;
- The farmer does not otherwise meet the definition of "eligible farmer," did not engage in farming for the full tax year immediately before applying for the exemption. In other words, the farmer is new to farming or newly returned to farming; or
- The applicant would otherwise be an eligible farmer except that they are not a "person" as defined in RCW 82.04.030. For example, a state university that grows, raises, or produces agricultural products for sale is an "eligible farmer" if its gross proceeds of sales of agricultural products is at least \$10,000 during the tax year immediately before applying for the exemption certificate, even though a state university is not a person under RCW 82.04.030.

A person that grows agricultural products for his or her own consumption, sells animals or substances in connection with operating a stockyard or a slaughter or packing house, or extracts, cultivates, or raises timber **is not** a farmer with respect to those activities and **is not** eligible for the sales and use tax exemptions for replacement parts for farm machinery and equipment.

### What is an agricultural product?

RCW 82.04.213 provides that an "agricultural product" is any product of plant cultivation or animal husbandry. Examples include:

- Products of horticulture, grain cultivation, vermiculture, viticulture, and aquaculture, as defined in RCW 15.85.020;
- Plantation Christmas trees;
- Short-rotation hardwoods, as defined in RCW 84.33.035;
- Animals, including birds and insects, and substances obtained from animals, birds and insects; and
- Turf

Pet animals **are not** agricultural products. Thus, persons who raise animal pets **are not** farmers and **are not** eligible for the exemptions.

RCW 16.70.020 provides that the following are pet animals:

- Dogs;
- Cats;
- Monkeys and other similar primates;
- Turtles;
- Psittacine (parrot family) birds;
- Skunks; and
- Any other species of wild or domestic animals sold or retained for the purpose of being kept as a household pet.