

Revenue Notice # 94-16

Used Farm Machinery

(Update: Revenue Notice #94-16 has been revoked by Revenue Notice #99-14.)

'Used farm machinery' means any used farm machinery as defined in M.S. 297A.01, Subd. 15, that qualifies for the 2.5% rate that has been subject to a prior retail sale, lease, or rental, to a different person for entity.

Demos: A farm machine that has been used only for demonstration purposes is not 'used' machinery.

Leases: Pre-existing leases of used farm machinery are not subject to sales tax for lease periods from July 1, 1994 through June 30, 1995. Leases of used farm machinery executed between July 1, 1994 and June 30, 1995 are also not subject to sales tax for those periods. However, lease periods after June 30, 1995 are subject to sales tax.

Renewable leases: If the farm machinery was used when initially leased, lease payments for a renewed lease are exempt for lease periods from July 1, 1994 through June 30, 1995.

If the farm machinery was new when initially leased, lease payments for a renewed lease are still taxable as a lease of new farm machinery on the lessee is the same person.

Logging equipment: M.S. 297A.01, Subd. 15 defines Farm Machinery to include 'logging equipment'. Therefore, the above guidelines apply to sales of used logging equipment.

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