



Sales and Use Tax for the Agricultural and Farming Industry

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us

Minnesota Business Tax Education

November 2025

Disclaimer

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at salesuse.edu@state.mn.us, 651-296-6181, or 1-800-657-3777 (toll-free).



Minnesota Business Tax Education Program

Providing education opportunities about Minnesota tax laws.

Course Description

This course covers how Minnesota Sales and Use Tax laws apply to the agricultural and farming industry in Minnesota.

The taxability of items and services depends on their exact use in each situation.

- What items are exempt?
- What items are taxable?

Course Objectives

After completing this course, you will be able to:

- Apply the basic sales and use tax concepts for Minnesota and its local taxing jurisdictions to your business
- Identify how to use and when to accept an exemption certificate
- Distinguish how Minnesota sales and use tax law applies to the agricultural and farming industry
- Locate several resources that answer your sales and use tax questions

What is agricultural production?

A series of activities that result in a product that will ultimately be sold at retail. The process

- **Begins** when you purchase or breed a qualifying animal, or you prepare the soil for planting crops
- **Ends** when you place the livestock or crops into finished goods inventory

Who qualifies for the agricultural production exemption?

- Animal farms and ranches
- Breeding operations
- Crop farms
- Fish farms
- Greenhouses and nurseries
- Sod farms
- Tree farms

General Sourcing Rules



**Seller's
Address**



**Delivery
Address**



**Billing
Address**

[MN Stat. 297A.668, Subd. 2](#)

Sourcing to Seller's Address



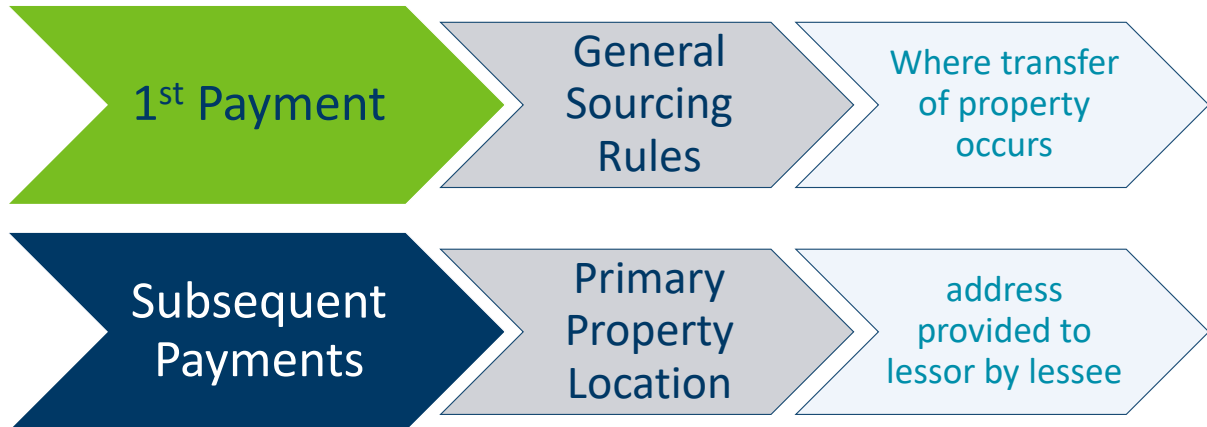
Sourcing to Delivery Address



Sourcing to Billing Address



Sourcing Rules for Leases or Rentals of TPP



What is the tax rate?



Local Taxes



Local taxes are added to the state general sales tax rate to compute the total tax rate.

- City tax
- County or County Transit tax
- Special local tax
- Motor vehicle \$20 excise tax

m DEPARTMENT OF REVENUE

Search for...

Individuals **Businesses** Tax Professionals Governments Policy & Research Fraud

Businesses

We offer information and resources to help businesses:

- File and pay Minnesota taxes and fees
- Get a Minnesota Tax ID Number
- Calculate sales tax rates
- Manage tax accounts and business information
- Learn about other business taxes and fees

Top Tasks [+]

Business Tax Resources [+]

Business Taxes and Fees [-]

[All Business Taxes and Fees](#)

[Alcoholic Beverage Tax](#)

[Cannabis Tax](#)

[Cigarette and Tobacco Taxes](#)

[Corporation Franchise Tax](#)

[Environmental Taxes and Fees](#)

[Estate Tax](#)

[Fiduciary Tax](#)

[Gambling Taxes](#)

[Insurance Taxes](#)

[Mining and Mineral Taxes](#)

[Minnesota Care Taxes](#)

[Mortgage Registry and Deed Tax](#)

[Partnership Tax](#)

[Petroleum Tax](#)

[Property Taxes](#)

[S Corporation Tax](#)

Sales and Use Tax

[Solar Energy Production Tax](#)

[Unrelated Business Income Tax](#)

[Wind Energy Production Tax](#)

[Withholding Tax](#)

Contact Info

EMAIL
Contact form

PHONE
651-282-5225
800-657-3605

HOURS [+]

ADDRESS [+]

Print Page

Related Content

Collection Information
Annual Tax Statistics
Revenue Notices

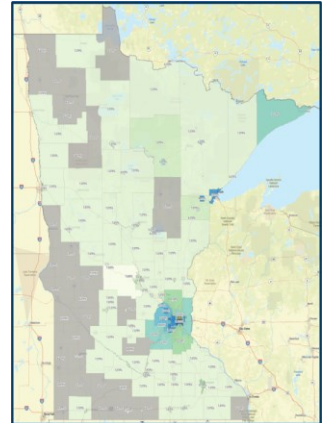
Last Updated

May 24, 2023

Tools to Find Tax Rates

We offer a variety of tools including:

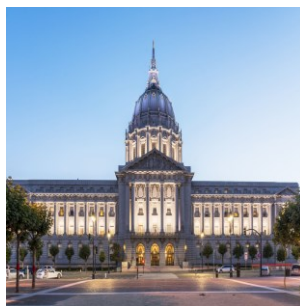
- Sales Tax Rate Calculator
- Sales Tax Rate Map
- Sales Tax API (Application Program Interface)
- Sales Tax Rate Spreadsheet
- Local Sales Tax Rates
- Twin Cities Area Local Tax Rates



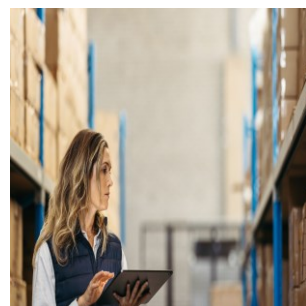
Exempt Transactions



Product-Based



Entity-Based



Use-Based

Product-Based Exemptions



Clothing



Food and Food Ingredients



Drugs



Printing Industry

Entity-Based Exemptions

- Federal government agencies [Federal Government](#)
- Tribal governments [Tribal Governments and Members](#)
- Local governments [Local Government](#)
- Nonprofit organizations [Nonprofit Organizations](#)
- Minnesota government agencies [State Government Agencies](#)

Use-Based Exemptions

- Advertising materials shipped out of state [Advertising](#)
- Inventory purchased for resale [Retailers and Wholesalers](#)
- Items consumed in performing a taxable service [Taxable Services](#)
- Items used or consumed in agricultural production [Agricultural and Farming](#)
- Materials used or consumed in the manufacturing process [Industrial Production](#)

Authorization Letters and Permits

- Direct Pay
- Direct Selling
- Exempt Status (nonprofit exemption)
- Motor Carrier Direct Pay
- Resource Recovery Facility

Authorized Exemption Certificates

- Certificate of Exemption, Form ST3
- Certificate of Exemption, Form F0003
- Uniform Sales and Use Tax Certificate
- Other state's exemption certificates
- Self-prepared exemption certificate

Exemption Certificate Requirements

Name of Purchaser Smith Farms, LLC			
Business Address 98765 Tractor Trail	City Farmington	State MN	ZIP code 55024
Purchaser's Tax ID Number 1234567		State of Issue Minnesota	
If no tax ID number, FEIN		Driver's license number/State issued ID number	
Enter one of the following:		State of issue	
Name of seller from whom you are purchasing, leasing, or renting Jones Agricultural Supply			
Seller's Address 123 Main Street	City Farmington	State MN	ZIP code 55024
Type of Business			
<input type="checkbox"/> 01 Accommodation and food services	<input type="checkbox"/> 11 Transportation and warehousing		
<input checked="" type="checkbox"/> 02 Agricultural, forestry, fishing, hunting	<input type="checkbox"/> 12 Utilities		
<input type="checkbox"/> 03 Construction	<input type="checkbox"/> 13 Wholesale trade		
<input type="checkbox"/> 04 Finance and insurance	<input type="checkbox"/> 14 Business services		
<input type="checkbox"/> 05 Information, publishing and communications	<input type="checkbox"/> 15 Professional services		
<input type="checkbox"/> 06 Manufacturing	<input type="checkbox"/> 16 Education and health-care services		
<input type="checkbox"/> 07 Mining	<input type="checkbox"/> 17 Nonprofit organization		
<input type="checkbox"/> 08 Real estate	<input type="checkbox"/> 18 Government		
<input type="checkbox"/> 09 Rental and leasing	<input type="checkbox"/> 19 Not a business (explain)		
<input type="checkbox"/> 10 Retail trade	<input type="checkbox"/> 20 Other (explain)		
Reason for Exemption (See instructions)			
<input type="checkbox"/> A Federal government (department)	<input checked="" type="checkbox"/> J Agricultural production		
<input type="checkbox"/> B Specific government exemption	<input type="checkbox"/> K Industrial production/manufacturing		
<input type="checkbox"/> C Tribal government (name)	<input type="checkbox"/> L Direct pay authorization		
<input type="checkbox"/> D Foreign diplomat #	<input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically)		
<input type="checkbox"/> E Charitable organization #	<input type="checkbox"/> N Direct mail		
<input type="checkbox"/> F Educational organization #	<input type="checkbox"/> O Other (enter number from instructions)		
<input type="checkbox"/> G Religious organization #	<input type="checkbox"/> P Percentage exemption		
<input type="checkbox"/> H Resale	<input type="checkbox"/> Advertising (enter percentage) %		
<input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)	<input type="checkbox"/> Utilities (enter percentage) %		
	<input type="checkbox"/> Electricity (enter percentage) %		
I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$1000 under Minnesota law for each transaction for which this certificate is used.)			
Signature of Purchaser <i>Alex Smith</i>	Print Name Here Alex Smith	Title Owner	Date 07/22/2021

- Purchaser's name and address
- Purchaser's Minnesota tax ID number
- Purchaser's type of business
- Reason for exemption
- Purchaser's signature (unless data is entered into an online order form or shopping cart)

Other Fields on the Exemption Certificate

m DEPARTMENT OF REVENUE
Form ST3, Certificate of Exemption

Purchaser: Complete this certificate and give it to the seller.
Seller: If this certificate is not completed, you must charge sales tax. Keep this certificate as part of your records.
This is a blanket certificate, unless one of the boxes below is checked. This certificate remains in force as long as the purchaser continues making purchases or until otherwise cancelled by the purchaser.

Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____

If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make purchases for a specific job. Enter the exempt entity name and specific project:
Exempt entity name _____ Project description _____

Name of Purchaser
Smith Farms, LLC

Business Address
98765 Tractor Trail City Farmington State MN ZIP code 55024

Purchaser's Tax ID Number
1234567 State of Issue Minnesota

If no tax ID number: FBIN _____ Driver's license number/Date issued ID number _____
Enter one of the following: _____ State of Issue Number _____

Name of seller from whom you are purchasing, leasing, or renting
Jones Agricultural Supply

Seller's Address
123 Main Street City Farmington State MN ZIP code 55024

- One-time exemption on a purchase
- Purchasing agent buying materials for an exempt job
- Seller's name and address

Purchaser's Responsibilities

- Know if you qualify to claim an exemption
- Complete an exemption certificate
- Give it to the seller at the time of purchase
- Pay any use tax, penalty, and interest if used incorrectly

Seller's Responsibilities

- Review all exemption certificates
- Keep exemption certificates as part of your business records
- Do not unlawfully solicit exemption certificates



Sales

Examples of Taxable Sales

- Animals sold as farm-working stock
- Animals sold as pets or to breed pets
- Hay bales to a contractor for erosion control
- Manure for purchasers to use on their lawns or gardens (flower, vegetable)
- Plants and seeds sold to purchasers for home vegetable gardens, lawns, or flower beds
- Plants, trees, and sod sold to person installing into real property
- Prepared food

Examples of Nontaxable Sales

- Feed for agricultural animals, including pets raised for sale, farm-working stock, and breeding stock
- Grain sold as feed to other agricultural producers
- Produce such as eggs, honey, fruits, and vegetables

Overview of Equipment Sales

Type of Equipment	Qualify for Exemption?
Qualifying "Farm Machinery"	Yes
Fencing	No
Grain Bins	No
Hand Tools	No
Snow blowers	No

Farm Auctions

Farm auctions are exempt from tax.

- Public auction
- Conducted by a licensed auctioneer
- Consist substantially of property used in the business of farming

[Isolated and Occasional Sales Publication](#)

Rentals and Leases of Farm Machinery

If you rent or lease **farm machinery** for use in agricultural production

- Lease amount is not taxable
- Lessee must provide a completed exemption certificate



Animals

Taxable Animals

- Breeding animals (unless the offspring will be exempt)
- Farm dogs used for security purposes
- Farm working stock (mules, oxen, herd dogs)
- Pets
- Show animals

Nontaxable Animals

- Agricultural animals
- Cervidae *
- Ratitae *
- Fur-bearing animals *
- Breeding stock *
- Horses
- Research animals

Agricultural Animals



Cervidae



Ratitae



Fur-Bearing Animals



Breeding Stock



Horses

Veterinary Practice Publication



Claiming the Horse Materials Exemption

Reason for Exemption (See Instructions)

- | | |
|---|--|
| <input type="checkbox"/> A Federal government (department) _____ | <input type="checkbox"/> J Agricultural production |
| <input type="checkbox"/> B Specific government exemption
_____ | <input type="checkbox"/> K Industrial production/manufacturing |
| <input type="checkbox"/> C Tribal government (name) _____ | <input type="checkbox"/> L Direct pay authorization |
| <input type="checkbox"/> D Foreign diplomat # _____ | <input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically) |
| <input type="checkbox"/> E Charitable organization # _____ | <input type="checkbox"/> N Direct mail |
| <input type="checkbox"/> F Educational organization # _____ | <input checked="" type="checkbox"/> O Other (enter number from instructions) #13 - Horse materials |
| <input type="checkbox"/> G Religious organization # _____ | <input type="checkbox"/> P Percentage exemption |
| <input type="checkbox"/> H Resale | <input type="checkbox"/> Advertising (enter percentage) _____% |
| <input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project) | <input type="checkbox"/> Utilities (enter percentage) _____% |
| | <input type="checkbox"/> Electricity (enter percentage) _____% |

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser

Alex Smith

Print Name Here

Alex Smith

Title

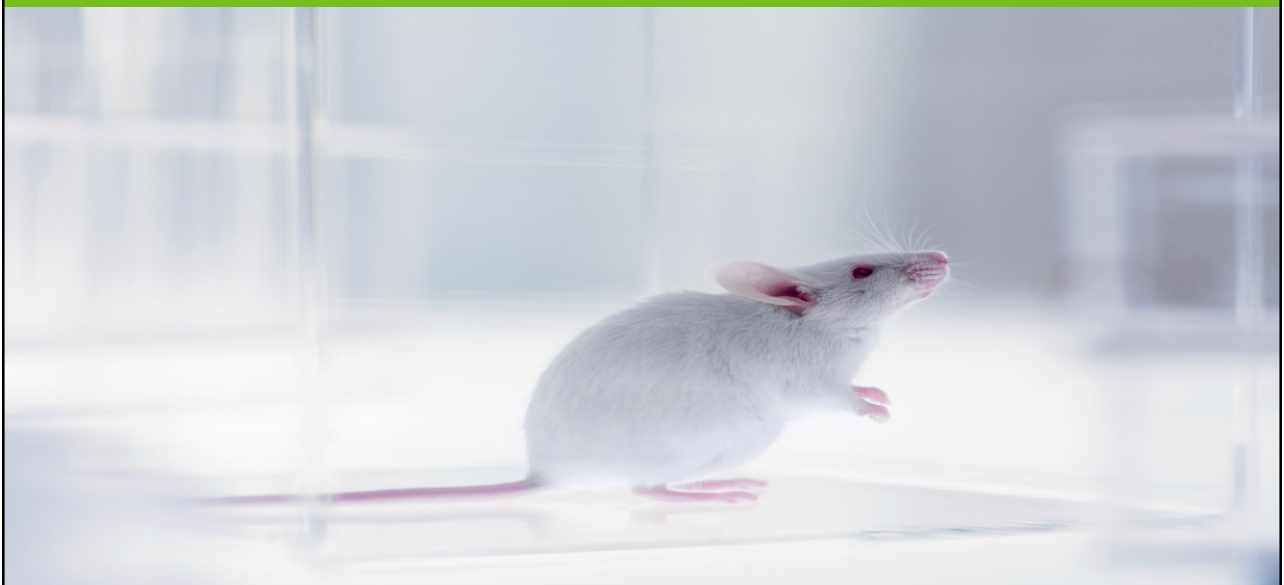
Owner

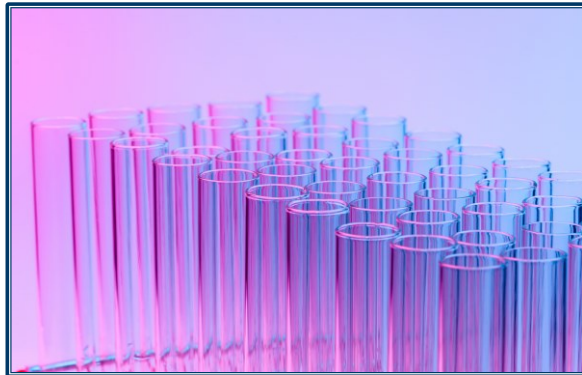
Date

July 22, 2021

Rev. 7/19

Research Animals





Animal Services and Supplies

Artificial Insemination – Nontaxable Items

- Artificial insemination services
- Items used and consumed in performing artificial insemination
 - Disposable inseminating gloves
 - Disposable catheters
 - Liquid nitrogen used to process agricultural semen
 - Semen

Artificial Insemination – Taxable Items

- Administrative and recordkeeping supplies
 - Charts
 - Office records
- Reusable items used in performing artificial insemination
 - Catheters
 - Insemination gloves

Feed, Feed Additives, and Feed Supplements

What type of animal is the feed for?	Is it taxable?
Agricultural animals raised for retail sale	No
Agricultural animals raised for your own consumption	Yes
Breeding stock	No
Farm working stock	No
Pets raised for sale	No
Pets, not for sale	Yes
Poultry raised for retail	No
Poultry raised for your own consumption	No

Claiming the Poultry Feed Exemption

Reason for Exemption (See Instructions)

- | | |
|---|--|
| <input type="checkbox"/> A Federal government (department) _____ | <input type="checkbox"/> J Agricultural production |
| <input type="checkbox"/> B Specific government exemption _____ | <input type="checkbox"/> K Industrial production/manufacturing |
| <input type="checkbox"/> C Tribal government (name) _____ | <input type="checkbox"/> L Direct pay authorization |
| <input type="checkbox"/> D Foreign diplomat # _____ | <input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically) |
| <input type="checkbox"/> E Charitable organization # _____ | <input type="checkbox"/> N Direct mail _____ |
| <input type="checkbox"/> F Educational organization # _____ | <input checked="" type="checkbox"/> O Other (enter number from instructions) #24 - Poultry feed |
| <input type="checkbox"/> G Religious organization # _____ | <input type="checkbox"/> P Percentage exemption |
| <input type="checkbox"/> H Resale | <input type="checkbox"/> Advertising (enter percentage) _____% |
| <input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project) | <input type="checkbox"/> Utilities (enter percentage) _____% |
| | <input type="checkbox"/> Electricity (enter percentage) _____% |

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser

Alex Smith

Print Name Here

Alex Smith

Title

Owner

Date

July 22, 2021

Rev. 7/19

Miscellaneous Items

Miscellaneous items may be purchased exempt from tax **IF** they are used in qualifying agricultural production activities.

Examples include:

- Bedding
- Hay



Veterinary Medicine and Services

Nontaxable items and services include:

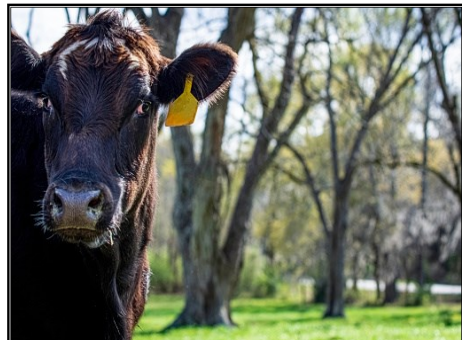
- Veterinary services for agricultural and other tax-exempt animals
- Drugs and medicines for agricultural and other tax-exempt animals
 - Calf boluses
 - Dehorning paste
 - Foot rot spray
 - Mastitis tubes
 - Terramycin powder



Nontaxable Consumable Materials and Supplies

Nontaxable consumable materials and supplies for agricultural animals include:

- Animal markers
- Antiseptics
- Horseshoes
- Insecticides
- Udder cream



[Veterinary Practice Publication](#)



Materials Consumed in Agricultural Production

Nontaxable Chemicals

You may buy chemicals exempt if they are used to:

- Fertilize agricultural crops
- Control weeds, disease, and insect infestation in agricultural crops
- Control or eradicate animal diseases for the health of nontaxable animals
- Disinfect nontaxable animals or their environment
- Sanitize or clean food processing machinery or equipment

Taxable Chemicals

You must pay tax on chemicals if they are used to:

- Clean animal dwellings
- Control odor
- Control weeds and disease for home garden and lawn
- Control insect infestation for home garden and lawn
- Fertilize home garden and lawn

Nontaxable Utilities Used in Production

Fuel, electricity, gas, and steam are nontaxable to:

- Heat and cool housing for agricultural animals
- Light housing for agricultural animals
- Ventilate facilities where agricultural animals are housed
- Dry grains

Claiming the Utilities Exemption

Reason for Exemption (See Instructions)

<input type="checkbox"/> A Federal government (department) _____	<input type="checkbox"/> J Agricultural production
<input type="checkbox"/> B Specific government exemption _____	<input type="checkbox"/> K Industrial production/manufacturing
<input type="checkbox"/> C Tribal government (name) _____	<input type="checkbox"/> L Direct pay authorization
<input type="checkbox"/> D Foreign diplomat # _____	<input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically)
<input type="checkbox"/> E Charitable organization # _____	<input type="checkbox"/> N Direct mail
<input type="checkbox"/> F Educational organization # _____	<input type="checkbox"/> O Other (enter number from instructions)
<input type="checkbox"/> G Religious organization # _____	<input checked="" type="checkbox"/> P Percentage exemption
<input type="checkbox"/> H Resale	<input type="checkbox"/> Advertising (enter percentage) _____ %
<input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)	<input type="checkbox"/> Utilities (enter percentage) _____ %
	<input checked="" type="checkbox"/> Electricity (enter percentage) <u>97</u> %

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser

Alex Smith

Print Name Here

Alex Smith

Title

Owner

Date

July 31, 2021

Rev. 7/19

[Utilities Used in Production Publication](#)

Taxable Utilities

Electricity, fuels, and gas are taxable if used for:

- Aerating grain to prevent spoilage, control insects, or to reduce dust and sweating
- General space heating and lighting for farm buildings that do not house agricultural animals
- Illuminating a yard light

Petroleum Products

Fuels, lubricants, and antifreeze are not taxable if used to:

- Produce agricultural products
- Dry grain
- Construct, maintain, or repair
 - Drainage ditches
 - Erosion control structures
 - Grass waterways
 - Tile drainage systems



Packaging Materials

- Nonreturnable packaging materials are not taxable
- Returnable containers used to package food products are not taxable
- Returnable containers used to package non-food items are taxable

Nontaxable Plants and Seeds

Plants and seeds used in agricultural production are not taxable.

- Plants to grow items sold at a farmer's market
- Seed to grow cash crops
- Seed to grow feed for agricultural animals
- Annuals and perennials grown in greenhouses
- Shrubs grown in nurseries

Taxable Plants and Seeds

Plants and seed used for personal use are taxable.

- Flower beds
- Lawns
- Vegetable gardens

Federal and State Programs

- If purchased as part of a farm or conservation program, these items are not taxable:
 - Feed
 - Seeds
 - Trees
 - Fertilizers
 - Herbicides
- Equipment used in these programs do **not** qualify for the Farm Machinery Exemption

Waste Treatment

When treating waste generated as a result of the agricultural production process, there is an exemption for:

- Chemicals
- Materials
- Supplies



Machinery and Equipment

Farm Machinery Exemption

To qualify for the Farm Machinery Exemption, the item must be:

- New or used machinery, equipment, implements, accessories, or contrivances
- Used directly in agricultural production
- Used 50% or more of its operating time in agricultural production of tangible personal property intended to be sold ultimately at retail

What does farm machinery include?

Farm machinery includes:

- Machinery for the preparation, seeding, or cultivation of soil for growing agricultural crops
- Barn cleaners, milking systems, grain dryers, feeding systems, and similar installations
- Irrigation equipment sold exclusively for agricultural use

Repair and Replacement Parts

Repair and replacement parts for farm machinery are exempt from tax, including:

- Genuine manufacturer's parts (OEM parts)
- Generic or aftermarket parts

Exception: Replacement tires for qualifying farm machinery are taxable.

Accessory Tools and Equipment

To be exempt, accessory tools and equipment must:

- Be separate detachable units,
- Produce a direct effect on the agricultural product, **and**
- Have a useful life of less than 12 months

Generators

Generators are exempt if they are used to generate electricity to:

- Operate farm machinery
- Provide light that is essential to agricultural production
- Provide space heating that is essential to agricultural production

Manure Handling Systems – Exempt Components

Exempt components of a manure handling system include:

- Agitators
- Hoses
- Pumps
- Spreaders
- Valves

Manure Handling Systems – Building Structure

Taxable components of a manure handling system include:

- Concrete pits
- Slotted flooring
- Other items that are part of a livestock building structure

Exempt Grain Dryer Systems

Grain drying equipment used in agricultural production is exempt, including:

- Dryers
- Drying system components
- Similar types of equipment

Taxable Grain Systems Components

Taxable grain system components include:

- Grain bins
- Grain hoppers
- Grain legs
- Ladders connecting component parts
- Equipment used for storage of grain
- Silos



Aquaculture Production Equipment and Parts

Equipment used in aquaculture production qualifies for the Farm Machinery Exemption.



Claiming The Farm Machinery Exemption

Reason for Exemption (See Instructions)

- A Federal government (department) _____
- B Specific government exemption

- C Tribal government (name) _____
- D Foreign diplomat # _____
- E Charitable organization # _____
- F Educational organization # _____
- G Religious organization # _____
- H Resale
- I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)

- J Agricultural production
- K Industrial production/manufacturing
- L Direct pay authorization
- M Multiple points of use (services, digital goods, or computer software delivered electronically)
- N Direct mail
- O Other (enter number from instructions) **#9 - Farm machinery**
- P Percentage exemption
 - Advertising (enter percentage) _____ %
 - Utilities (enter percentage) _____ %
 - Electricity (enter percentage) _____ %

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of Authorized Purchaser

Alex Smith

Print Name Here

Alex Smith

Title

Owner

Date

July 22, 2021

Aircraft



Custom Farm Work

- Custom farm work performed for others is a nontaxable service. Examples include:
 - Custom combining
 - Harvesting
 - Planting
 - Spraying
- Machinery and equipment used to perform these nontaxable services qualify for the Farm Machinery Exemption.



Exempt Farm Machinery

Animal Equipment

Examples of exempt items include:

- Automatic feeding systems
- Calf hutches
- Power feed wagons
- Squeeze gates
- Waterers

Aquaculture Production Equipment

Examples of exempt items include:

- Air compressors
- Fertilizer spreaders
- Holding tanks
- Portable scales
- Pound nets

Crop Handling

Examples of exempt items include:

- Augers and auger cleaners
- Grain bin cleaners
- Grain dryers
- Grain moisture testers
- Stack movers

Dairy Equipment

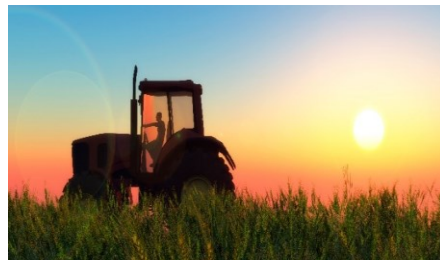
Examples of exempt items include:

- Bulk tank washer attachments
- Milking machines
- Milk coolers
- Milk meters
- Milking systems

Field Equipment – Planting, Cultivating, Harvesting

Examples of exempt items include:

- Balers
- GPS systems
- Planters
- Silage cutters, feeders, loaders, unloaders
- Tractors



Manure Handling

Examples of exempt items include:

- Barn cleaners
- Gutter cleaners
- Liquid manure spreaders
- Manure pumps
- Manure spreader

Miscellaneous

Examples of exempt items include:

- Bee keeping equipment
- Loaders
- Portable generators
- Portable scales used directly in agricultural production
- Tractor tracks



Nursery and Greenhouse

Examples of exempt items include:

- Capillary water mats
- Cultivators
- Flat and pot fillers
- Soil mixers
- Water wands

Poultry Equipment

Examples of exempt items include:

- Automatic egg graders
- Blood spot detectors
- Egg orientators
- Egg packers



Livestock Confinement Systems

Livestock Confinement Buildings

- The basic structure is treated as real property
 - Foundation
 - Walls
 - Roof
 - Electrical wiring that serves the general building
- Materials to build the basic structure are taxable
- Payments for leasing the building are not taxable

Exempt Livestock Confinement Equipment

Exempt items include:

- Certain livestock handling equipment
- Components for feeding and watering systems
- Ventilation systems that directly affect the health or productivity of the livestock
- Purchases of materials to build qualifying equipment

Taxable Livestock Confinement Equipment

- Taxable items are generally tangible personal property.
 - Free stall partitions
 - Gates
 - Interior pens
 - Poultry cages
 - Stalls
 - Slotted flooring
- Sales, leases, or rentals of these items are taxable.

Leases of Livestock Confinement Systems

- A lease must separate the components of the system into the three categories and properly apply sales tax.
 - Building
 - Exempt equipment
 - Taxable equipment
- If the charges are not separately stated, sales tax applies to the entire lease charge.

Livestock Confinement Fencing

- Most fencing materials are taxable.
- An exemption applies to 8-foot fencing for farmed cervidae.



Installation Into Real Property

Farm Machinery Installed Into Real Property

- Farm Machinery installed into real property qualifies for an exemption.
 - Feeding systems
 - Grain dryers
 - Irrigation equipment
- Repair and replacement parts for exempt equipment qualify for an exemption.
- Provide supplier with a completed exemption certificate.



Agricultural Services

Taxable Services Used in Agricultural Production

- Services used in agricultural production may be purchased exempt by the farmer.
 - Disinfecting services used to control disease for the health of agricultural animals
 - Electronic surveillance to ensure that turkeys are in good condition
 - Exterminating services used to control pests for the health and protection of agricultural animals
 - Spraying services for an apple orchard
- Provide supplier with a completed exemption certificate.

Purchases by Agricultural Services Businesses

Consumable materials used in providing these services can be purchased exempt:

- Disinfecting chemicals used to control disease for the health of agricultural animals
- Tapes for electronic surveillance to ensure turkeys are in good condition
- Exterminating chemicals used to control pests for the health and protection of agricultural animals
- Fertilizers, pesticides, insecticides, and weed killers used in spraying an apple orchard



Taxable Purchases

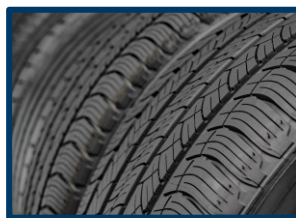
General Items

- Computer hardware and software
- Furniture and fixtures
- Office equipment and supplies
- Tree seedlings for windbreaks



Machinery and Equipment

- Lawnmowers (unless used to produce sod)
- Snow blowers
- Snowmobiles
- Tires
- Tools and shop equipment



Taxable Services

- Building cleaning and maintenance
- Detective and security services
- Lawn and garden care

[Taxable Services](#)

Miscellaneous Taxable Items

- All-terrain vehicles (ATVs)
- Drain tile
- Motor vehicles [Motor Vehicle](#)
- Component parts for grain hopper tanks and bins that will be installed into real property



Taxable Items Used in Agricultural Production

Building Materials and Supplies Used in Construction of Farm Buildings

Examples of taxable items include:

- Barns and pole barns
- Farrowing houses
- Machine Sheds
- Milk houses
- Silos

Communications Equipment

Examples of taxable items include:

- Cell phones
- Radio equipment
- Telephone equipment

Equipment Not Used Directly and Principally in Production

Examples of taxable items include:

- Backhoes
- Bird cannons
- Electric pest controllers
- Loading chutes
- Portable brooder houses
- Service tank pumps
- Storage tanks
- Water well heaters

Fencing Materials

Examples of taxable items include:

- Chicken cages
- Corral panels
- Fence posts
- Fencing materials
- Gate closers
- Pens
- Portable corrals
- Portable pens and stalls

Miscellaneous Equipment

Examples of taxable items include:

- Conveyors, carts, and trailers used in retail areas
- Drain tile
- Garden tillers and tractors
- Portable grain bins
- Tarps (canvas, plastic, etc.)
- Watering cans

Safety Equipment

Examples of taxable items include:

- Gas masks
- Goggles
- Respirators

Shop Equipment

Examples of taxable items include:

- Fuel storage tanks
- Hoists
- Welding equipment



Tools

Examples of taxable items include:

- Dehorner
- Hand tools
- Hive tools
- Pitch forks
- Shovels and spades



Capital Equipment and Industrial Production Exemptions

Minnesota Use Tax Worksheet

Company Name: _____

Use tax accrual sheet for the period of _____ through _____

Date	Invoice Number	Vendor	Taxable Amount
------	----------------	--------	----------------

_____	_____	_____	_____
-------	-------	-------	-------

_____	_____	_____	_____
-------	-------	-------	-------

_____	_____	_____	_____
-------	-------	-------	-------

Period total: _____

List the period total as "use tax purchases" when you file your Minnesota Sales and Use Tax return. Keep this worksheet in your files. If you owe local use tax or variable rate use tax, change the above worksheet to meet your needs and report the totals when you file your Sales and Use Tax return.

Use Tax

What is Use Tax?

- Applies to taxable **purchases** when sales tax was not charged
- Complement to sales tax
- Self-assessed
- Paid directly to the state

Do I Owe Use Tax?

Use tax is based on your purchase price of taxable items or services. This is true whether you buy taxable items:

- for your own business use without paying sales tax
- take them out of inventory and use them in a taxable manner
- donate them to a charitable organization

Accruing Use Tax

- Always self-assess the tax and remit it directly to the Department of Revenue
- Never add use tax to a vendor payment
- Record the amount of use tax accrued

Variable Rate Credit

What is a variable rate credit?

- Minnesota allows a credit for sales tax paid to another state
- Must be legally due to the other state to receive credit

Calculating Variable Rate

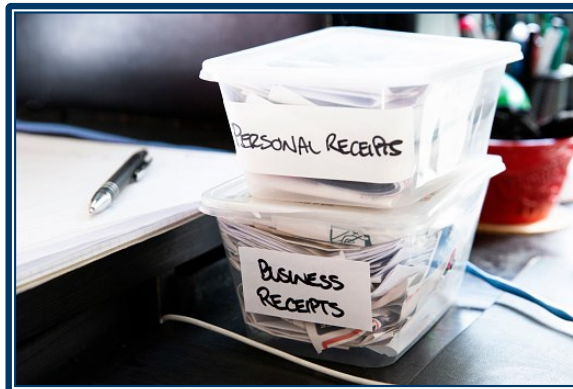
1. Calculate the applicable amount of tax due (variable rate X sales price).

2. Enter the amount as variable rate use tax on your sales and use tax return.

Minnesota sales tax rate	6.875%
Wisconsin state and local sales tax	<u>(5.500%)</u>
Variable rate tax due to Minnesota	1.375%

Use Tax Documentation

- Record this information for each transaction:
 - Date of purchase
 - Invoice number
 - Vendor's name
 - Description of item
 - Taxable amount
 - Amount of state and local sales and use tax paid
- Keep a copy of the backup documentation.



Recordkeeping Basics

Recordkeeping

Your records should include:

- Bills, receipts, invoices, cash-register tapes, and any other documents that support the entries in your books
- Exemption certificates
- Shipping documents
- Worksheets used to prepare your tax returns



Resources

Are you looking for additional resources?



Visit our website at www.revenue.state.mn.us

Filing a Sales and Use Tax Return: [Filing Information](#)

Sales and Use Tax Contact Information

- Sales taxability questions
Email: salesuse.tech@state.mn.us
- Sales and Use Tax account questions
Email: salesuse.tax@state.mn.us

- Telephone assistance

Phone: 651-296-6181 or 1-800-657-3777 (toll free)

[Get Sales Tax Help](#)



Other Division Contact Information

- Business Income Taxes
 - 651-556-3075
 - businessincome.tax@state.mn.us
- Withholding Tax
 - 651-282-9999 or 1-800-657-3594
 - withholding.tax@state.mn.us
- Business Registration
 - 651-282-5225 or 1-800-657-3605
 - business.registration@state.mn.us



mn DEPARTMENT OF REVENUE

About Us

Disaster Relief

Privacy and Security

Use of Information

Accessibility

Link Policy

Site Help

Voter Registration

Careers

Newsroom

Tax Law Changes

Contact Us

Other Languages

Taxpayer Rights

CONNECT WITH US



GET EMAIL UPDATES

Subscribe

© 2024 Minnesota Department of Revenue | [Equal Opportunity](#) | [State of Minnesota](#)

Email Updates with GovDelivery

SUBSCRIBE TO EMAIL UPDATES

Get the latest tax updates

- Choose the updates you want, by tax and publication type
- Choose notification frequency
- Sign in directly or use the Facebook or Google links



Course Review

Course Review

During this class, we discussed how to ...

- Apply the basic sales and use tax concepts for Minnesota and its local taxing jurisdictions to your business
- Identify how to use and when to accept an exemption certificate
- Distinguish how Minnesota Sales and Use Tax law applies to the agricultural and farming industry.
- Find several resources that answer your sales and use tax questions



Minnesota Business Tax Education

Thank you!

Permission of the Minnesota Department of Revenue must be secured before exhibiting, reproducing, distributing or making any other use of any part of this presentation.

Produced by the Minnesota Department of Revenue 600 North Robert Street, St. Paul, Minnesota 55146-6000

©Copyright 2025, Minnesota Department of Revenue, All Rights Reserved

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us