

TAX TIPS FOR THE

# AGRICULTURAL INDUSTRY



Business



Publication 66

July 2004

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# Tax Tips for the Agricultural Industry

Publication 66 • July 2004

## New Information, April 2006

*Please keep this page with your July 2004 copy of the publication.*

This page reflects recent clarifications to our interpretation of the applicable law and regulations.

### Page 24, "Farming"

*Delete current paragraph:*

~~The partial tax exemption may apply to diesel sales to certain farmers and ranchers. The farmer and rancher must be in the business of conducting "farming activities" and use the diesel in those activities. The partial tax exemption generally does not apply to sales to people who perform farming activities for others on a contract basis.~~

*and replace with the following:*

The partial exemption may apply to diesel sales to the following people who use diesel fuel in carrying out "farming activities," as described in the next section:

- Farmers or ranchers in the business of conducting farming activities.
- People who conduct farming activities for those farmers or ranchers on a contract basis, such as aerial operators who apply fertilizers, seeds, or pesticides to agricultural or horticultural products owned by farmers or ranchers.

### Page 24, "Qualifying farming activities"

*Delete first bullet:*

- ~~• Cultivating land, when the products produced from the land are owned and offered for sale by the farmer~~

*And replace with the following bullet:*

- Cultivating land

### Page 25, Under the paragraph listing the "Activities not qualifying as farming activities"

*Delete second bullet:*

- ~~• Raising or harvesting plants or animals owned by someone else.~~

*And replace with:*

- Activities that are not directly part of cultivating, harvesting, or raising plants or animals, such as construction, repair, or maintenance of farm equipment or buildings

*Under "Examples of diesel used in farming activities," delete paragraph that begins "Please note:".*

## Preface

This pamphlet is designed to help retailers and their customers understand California's Sales and Use Tax Law and Regulations as they apply to the sale and purchase of agriculture-related supplies, equipment, machinery, and diesel fuel. It discusses the sale and purchase of food animals, feed, seeds, plants, rootstock, and fertilizer, and LPG used on farms and in residences. It also explains the various special sales and use tax exemptions that apply.

If you cannot find the information you are looking for in this booklet, please contact our Information Center. Staff will be glad to answer your questions. Telephone numbers are on page 43.

For general information about sales and use taxes, the obligations of seller's permit holders, and filing sales and use tax returns, please see *Your California Seller's Permit*, Board of Equalization publication 73. It includes information on obtaining a permit; using a resale certificate; collecting and reporting sales and use taxes; buying, selling, and discontinuing a business; and keeping records. Information on obtaining this and other publications begins on page 43.

**Other taxes and fees.** Businesses that sell farm and related supplies often need to register for other tax and fee programs, including fuel tax programs, the California tire fee, and the underground storage tank maintenance fee. For a program list and contact information, see page 45.

We welcome your suggestions for improving this or any other tax tip publication. You may use the reader survey on page 47 to comment, or write:

Audit and Information Section, MIC:44  
State Board of Equalization  
P.O. Box 942879  
Sacramento CA 94279-0044

### ■ Some feed sellers do not need seller's permits

Feed sellers do not need to hold a seller's permit or pay sales tax if the only product they sell is feed for any of the following:

- Food animals (see page 1).
- Nonfood animals that are to be sold in the owner's business operations.
- Breeding animals whose offspring will be sold in the owner's business operations.

Hay growers fall in this category provided they either

- Produce their hay for sale only to beef cattle feedlots or dairies.
- Sell their hay exclusively through a farmer-owned cooperative.

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*Note:* This pamphlet summarizes the law and applicable regulations in effect when the pamphlet was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this pamphlet and the law, the law is controlling.

# 1. Animals, Feed, and Related Supplies

*A retailer is responsible for paying sales tax on sales of animal-related products such as tack, cages, and pet supplies. However, some sales of animals and supplies may not be taxable. This chapter discusses how tax applies to retail sales of animals, feed, veterinary drugs, bedding, and litter. General information on the application of sales tax, including sales for resale, is found in our publication 73, Your California Seller's Permit, and in various "Tax Fact" publications. See page 43 for more information.*

## Animals, birds, and insects

### ■ Food animals

Tax does not apply to retail sales of "food animals." Food animals are considered to be those animals, birds, or insects commonly used in producing food, such as meat products, fish or seafood, dairy products, eggs, and honey.

Food animals include, but are not limited to

- Cattle
- Game birds
- Chickens
- Sheep
- Bees
- Fish and shellfish
- Swine
- Pigeons
- Turkeys
- Rabbits
- Ostriches and emus

*Please note:* In addition to the food animal definitions in the Sales and Use Tax Law, certain animals identified by the California Department of Food and Agriculture (CDFA) are automatically considered food animals. The animals must be identified as livestock or poultry intended for human consumption, in CDFA regulations adopted under sections 18848 and 25408 of the state Food and Agricultural Code. For information regarding those classifications, please call the CDFA (see the government section of the telephone book) or visit the agency's website at [www.cdfa.ca.gov](http://www.cdfa.ca.gov).

### ■ Nonfood animals

Sales tax generally applies to retail sales of animals, birds, reptiles, and insects that do not meet the definition of food animals, whether they are used for working stock, for breeding, as pets, or for other purposes.

*For more details on this topic, you may wish to obtain a copy of Regulation 1587, Animal Life, Feed, Drugs, and Medicines. See page 43 for ordering information.*

Please note: *If you sell nothing other than feed for food animals and/or feed for the nonfood animals described in the bullets on this page, you do not need to hold a seller's permit or pay sales tax on your sales. Special rules apply to hay growers (see Preface).*

Nonfood animals include animals such as

- Dogs and cats
- Tropical fish
- Snakes
- Earthworms
- Beneficial insects, such as ladybugs
- Horses
- Pet birds
- Monkeys
- Chinchillas and mink
- Rodents: Guinea pigs, rats, hamsters, and mice

## Feed

### ■ Feed defined

For sales and use tax purposes, feed includes grain, hay, seed, kibble, and similar products. Feed also includes items with nutrient value, such as

- Cod liver oil
- Salt
- Bone meal
- Calcium carbonate
- Double purpose limestone granulars
- Oyster shell

Feed sales may be taxable, as explained under "Sales of Feed," below.

### *Items not considered feed*

Although the following non-nutrient items may be fed to animals, they are not considered feed. Generally, sales of these items are taxable:

- Sand
- Charcoal
- Granite grit
- Sulfur
- Medicines (see page 3)

### ■ Sales of feed

#### *Feed for food animals*

Tax does not apply to sales of feed for food animals, as defined on the previous page. Retailers should itemize all invoices that include a nontaxable feed sale.

#### **Exemption certificates**

Some feed, like alfalfa, can be used for either food or nonfood animals. If a retailer sells feed of this type for consumption by food animals, the retailer should obtain a feed exemption certificate from the buyer. This can be done in advance or at the time a purchase is made. A sample certificate is found on page 31.

**Exceptions.** Retailers do not need to obtain exemption certificates for the

nontaxable sale of any of the following:

- Feed ordinarily used only in the production of meat, dairy, or poultry products used as food.
- Two or fewer standard sacks of grain, four or fewer bales of hay (for use as feed), or both.
- Feed bearing a manufacturer's label indicating that it is intended for food animals.

**Exemption certificate alternatives.** Instead of keeping separate exemption certificates on file, retailers may wish to incorporate a facsimile into their actual invoices. The facsimile may be preprinted directly on the invoice or added with a rubber stamp as needed. In either case, the buyer should complete the required information at the time of the sale rather than filing a separate form.

Retailers who use separate certificates should include on the invoice or receipt the name and address of the buyer as listed on the exemption certificate on file.

### *Feed for nonfood animals*

Tax generally applies to sales of feed for nonfood animals, unless the feed is sold for either of the following purposes:

- To feed animals that will be sold in the purchaser's business operations.
- To feed breeding animals whose offspring will be sold in the purchaser's business operations.

Examples include kibble sales to pet stores who feed puppies they will sell, and bone meal sales to bird breeders who will sell their birds' chicks.

The retailer should obtain a feed exemption certificate from the purchaser for this type of nontaxable feed sale (see page 29). Otherwise, the retailer must pay tax on the sale.

For information on feed sales to boarding and training facilities, see page 6.

## Drugs and medicines

### ■ Drugs and medicines, defined

"Drugs and medicines" are products intended to prevent or control disease in animals. This includes all livestock drugs approved by the U.S. Food and Drug Administration that are defined and registered in compliance with sections 14292, 14206, and 14281 of the California Food and Agricultural Code. Drugs and medicines include, but are not limited to

- Legend drugs
- Pills and capsules

Feed sellers:  
*Be sure to read the margin note on the previous page and the Preface for exemptions that may apply to you.*

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If you are unsure whether a product you sell is considered a drug or medicine as defined for sales and use tax purposes, please contact us (see page 43).

- Liquid medications
- Injected drugs, including vaccines
- Ointments
- Intravenous fluids
- Medicated soaps

In addition, vitamins and insecticides labeled for livestock, including poultry, are considered drugs and medicines when administered directly to the animals or in their feed or water (see table below). Under certain circumstances, oxygen is also considered a drug or medicine (see next page).

■ **Certain sales of drugs and medicines may not be taxable**

Under certain circumstances, tax does not apply to a retailer’s sale, or a buyer’s use or purchase of drugs or medicines that will be administered to animals. The product must be intended for the prevention or control of disease in any of the following:

- Food animals, as defined on page 1.
- Animals to be sold as part of business operations (see *Please note*, below).
- Breeding animals whose offspring will be sold as part of business operations (see *Please note*, below).

*Please note:* For nonfood animals, the drug or medicine must be intended for administration as an additive to the animals’ food or water. The table below summarizes how tax applies to transactions involving drugs and medicines.

***Applying tax to transactions involving animal drugs and medicines (not including oxygen)***

Type of Animal	Drug or Medicine Administered	
	in Feed or Water	Directly <sup>1</sup>
Food animal	Nontaxable	Nontaxable
Nonfood animal, if it or its offspring will be sold in the regular course of business	Nontaxable	Taxable
Other nonfood animal	Taxable	Taxable

<sup>1</sup> Oral, hypodermic, external, or topical application, including injections, implants, drenches, repellents, and pour-ons.

For more details on animal drugs and medicines, you may wish to obtain a copy of Regulation 1587, Animal Life, Feed, Drugs, and Medicines. See page 43 for ordering information.

## *Oxygen*

Tax does not apply to the sale or use of oxygen administered to food animals primarily to prevent or control disease. This includes oxygen injected into ponds or tanks that house or hold aquatic species raised, kept, or used as food—for example, oxygen injected into trout farm ponds. However, tax does apply to the sale or use of oxygen administered to nonfood animals, even if the animals are being held for sale by a business—for example, oxygen pumped into tropical fish tanks at a pet store.

### *Supporting documentation*

When a retailer makes a nontaxable sale of a drug, medicine, or oxygen, the sale should be supported by a drug exemption certificate completed by the purchaser (see sample page 31). The retailer may wish to incorporate a facsimile of such a certificate into actual sales invoices rather than keeping separate certificates on file for each purchaser. The retailer can preprint the facsimile directly on the invoice or add it with a rubber stamp as needed. In either case, the purchaser in a nontaxable drug or medicine sale should complete the required information at the time of sale rather than filing a separate form with the retailer.

## **Sales to veterinarians**

Veterinarians are considered retailers of products in some instances and end users (“consumers”) in others. Veterinarians may give retailers a resale certificate when buying products they will sell at retail. But when veterinarians purchase items they will consume in their practice, those sales are generally taxable. Veterinarians may also provide a drug or feed exemption certificate for purchases of feed or drugs that will be used in a nontaxable manner, as previously described. For more information, see publication 36, *Tax Tips for Veterinarians*.

In addition, certain sales of equipment and machinery to veterinarians may be exempt from the state general fund portion of the sales and use tax, currently 5.25 percent. For more information, see chapter 4, “Farm Equipment and Machinery,” starting on page 14.

## **Bedding and litter**

Tax applies to sales of most animal bedding and litter. However, some retail sales of bedding and litter may be fully or partially exempt from tax. Tax does not apply to the sale, use, or storage of wood shavings, sawdust, rice hulls, or other products used as litter for poultry or egg production and ultimately resold or incorporated into fertilizer products. In addition, a sale of bedding or

litter to a rancher or farmer may be exempt from the state general fund portion of the sales tax, currently 5.25 percent (see chapter 4, "Farm Equipment and Machinery," starting on page 14).

*Note:* For information on sales of fertilizer, including animal bedding mixed with manure, see chapter 2, "Farm and Garden Supplies," which begins on page 8.

## Sales of feed and other items to boarding and training facilities

General rules for applying tax to sales of feed and other items to boarding or training facilities are described below. Please note, however, that sales of equipment and machinery to a training or boarding facility that boards animals owned by ranchers and farmers may qualify for the partial tax exemption described in chapter 4, "Farm Equipment and Machinery" (see page 14).

### ■ Facilities that charge a flat fee

Tax generally applies to sales of feed, grains, hay, or other merchandise to a training or boarding facility that charges customers a flat fee. The facility is considered to be the consumer of the feed and other taxable items included in its periodic charge rather than the retailer of those items. Consequently, the facility cannot use a resale certificate to purchase those items.

*Example:* An equestrian center charges customers a flat fee of \$500 a month for boarding a horse, which includes a stall, pasture access, feed, stall cleaning, and access to the center's facilities. The center is considered to be the consumer of feed and stall bedding it purchases because it does not invoice customers separately for those items. Retailers must report tax on sales of feed and bedding to the equestrian center.

**Exception:** The facility's purchase of feed for the following animals it boards are not taxable: food animals, animals that will be sold in the animal owner's business operations, and breeding animals whose offspring will be sold in the breeder's business operations.

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### ■ Facilities that itemize charges for taxable sales of merchandise

A boarding or training facility is considered the retailer of feed or other taxable merchandise it itemizes on customer invoices. As a retailer, the facility may use a resale certificate when making purchases of items it will resell.

*Example:* A horse training ranch charges its customers \$300 a month for facility use and training services. In addition, it charges each customer an itemized amount each month for feed. The ranch is considered the retailer of feed sold in this manner and must pay sales tax on those sales. The ranch's feed suppliers would not be required to pay tax on feed sales to the ranch, provided they obtain a valid resale certificate.

## 2. Farm and Garden Supplies

*A retailer is responsible for paying tax on sales of many items used for ranching, farming, and gardening. However, sales of certain ranch, farm, and garden supplies such as seeds, fertilizer, and plants or plant stock may not be taxable. This chapter describes how retailers should apply tax to sales of these items, as well as to sales of items such as soil amendments, pesticides, and beneficial insects. More information is available in Regulation 1588, Seeds, Plants, and Fertilizer (see ordering information on page 43).*

### Seed

Retail seed sales are generally taxable. However, tax does not apply when

- The seeds, or the products grown from them, will be used as food or as feed for food animals (see page 1). Examples include vegetable seeds and seeds used to grow grain or pasture grasses for cattle.
- The buyer will resell the seeds or the products grown from them.

### Plants, rootlings, rootings, and root stock

Sales of ornamental and landscaping plants, rootlings, rootings, and root stock are generally taxable. However, tax does not apply to the sale if the plants will produce either of the following:

- Food such as vegetables, fruit (including grapes), grains, edible seeds or berries, olives, or nuts.
- Products the purchaser will resell, such as flowers.

If a customer is purchasing a nonfood plant and intends to resell the plant or its products, the customer should give the retailer a resale certificate for the plant (example: a florist purchasing poinsettias). For more information on sales for resale, see publication 103, *Sales for Resale*, available from our Information Center (see page 43).

### Fertilizer

#### ■ Fertilizer defined

The term “fertilizer,” for sales and use tax purposes, includes all of the following:

- Commercial fertilizers (as defined in section 14522 of the Food and Agricultural Code).
- Agricultural minerals (as defined in section 14512 of the Food and Agricultural Code).

- Cover crops that will be plowed under to fertilize land.
- Manure. Manure is considered to be (1) waste from any domestic animal or fowl; (2) domestic animal or fowl waste mixed only with materials used for sanitary purposes, or with materials used for bedding or feeding purposes for the animal or fowl; and (3) manure mixed with preservative materials.

### ■ Fertilizer sales

Tax does not apply to the sale of fertilizer to be applied to land, including foliar application to plants, provided the land is used to produce any of the following:

- Food.
- Feed for food animals, including pasture grasses.
- Products to be sold by the purchaser.

Other retail fertilizer sales are taxable.

*Note:* If a retailer sells a combination insecticide/fertilizer, the portion of the total sales price representing the price of the fertilizer is not taxable if the fertilizer is used as described above.

#### *Documenting nontaxable fertilizer sales*

Retailers should obtain a written statement from a purchaser who buys fertilizer for a nontaxable use. The statement does not have to be in any particular form, but must include all of the following:

- Date.
- Name, signature, and address of buyer or buyer's authorized representative.
- The purchaser's seller's permit number or a notation that a permit is not required.
- Description of fertilizer purchased. (For example: one ton soft rock phosphate.)
- Statement describing how the fertilizer will be used that clearly indicates why its purchase should not be taxable. (For example: Phosphate will be applied to land used for growing tomatoes.)

Invoices for nontaxable fertilizer sales should specify the name of the purchaser as shown on the statement.

## Soil amendments

Tax applies to the sale of the following materials:

- Soil amendments, as defined in Food and Agricultural Code section 14522. See *Note*, below.
- Auxiliary soil and plant substances, as defined in Food and Agricultural Code section 14513.

*Note:* “Manures sold without guarantees for plant nutrients” qualify as fertilizers for sales and use tax purposes even though they are listed as soil amendments in the code section noted above.

## Pesticides and insecticides

Sales of insecticides and pesticides are taxable. However, when those materials are mixed with fertilizer, the portion of the sales price representing the price of the fertilizer is not taxable if the fertilizer is used in a tax-exempt manner (see “Fertilizer sales” on the previous page).

## Earthworms and beneficial insects

Tax generally applies to sales of earthworms and beneficial insects such as parasitic wasps and ladybugs. However, people who raise such organisms can buy feed for them without paying sales tax, provided they give the retailer a feed exemption certificate (see example on page 31).

## 3. Liquefied Petroleum Gas (LPG)

*Certain sales and purchases of liquefied petroleum gas (LPG) are exempt from sales and use tax, as explained in this chapter. For more information, see Regulation 1533, Liquefied Petroleum Gas, available from our website and Information Center (see page 43 for ordering information).*

### LPG exemption in general

A sale of LPG is exempt from sales and use tax when the LPG is delivered directly into a tank that holds 30 gallons or more *and* the LPG is sold for use in either of these activities:

- Household use in a primary residence not connected to gas pipes or mains.
- Certain uses in the commercial production or harvesting of agricultural or horticultural products.

Both exemptions are explained in more detail below.

### Household use of LPG

Household use of LPG includes activities such as cooking, heating, water heating, and lighting. The use must occur in a person's primary residence, which is defined as the home where the person lives for the greatest part of a calendar year. Primary residences include all of the following:

- Houses
- Apartments, condominiums, and town houses
- Mobile homes
- Farmworker housing

However, primary residences do not include dwellings used for vacations or other temporary stays; offices, warehouses, and other places of business; and workshops.

The exemption applies to sales of LPG the seller delivers into individual home LPG tanks or central tanks that provide fuel to community, ranch, or employee housing.

#### ■ Exemption certificate

To obtain the exemption, the LPG buyer should provide the LPG retailer with a completed, timely exemption certificate. Anyone who owns, rents, or manages

a primary residence may make the purchase and file the certificate. A sample certificate and filing requirements are in Appendix A, which begins on page 29.

## Agricultural use of LPG

Sales of LPG for agricultural use are exempt from sales and use tax when a qualified buyer purchases the LPG for commercial crop or livestock production or harvesting, as explained below.

### ■ Commercial crop or livestock production or harvesting

The LPG exemption applies only if the LPG is used in commercial crop or livestock *production* or *harvesting*. Examples include using LPG to fuel a tractor doing fieldwork, operate a forklift in the field, run a pump or wind machine, or warm livestock in a barn or plants in a greenhouse.

Nonagricultural uses of LPG, such as using LPG to run a vehicle for personal transportation—even on a ranch or farm—do not qualify for the exemption.

### ■ Qualified buyers

The LPG exemption applies only if the LPG is purchased by a qualified buyer—people whose businesses fall within certain Standard Industrial Classification (SIC) Codes. Qualified buyers include

- Ranchers, farmers, and other growers who operate a business described in SIC Codes 0111 to 0291. These codes cover most agricultural businesses, but do not include timber production.
- A person or employee who assists a qualified rancher, farmer, or other grower, as defined above, by performing a service described in SIC Codes 0711 to 0783. Examples include soil preparation, crop harvesting, crop market preparation, veterinary services, and farm labor and management.

For a full list of applicable SIC codes, see Appendix C, beginning on page 37.

### *Buyers who do not qualify for the LPG exemption*

The following buyers do not qualify for the LPG exemption:

- Food processors.
- People who grow crops or raise livestock for their own use or other non-commercial purposes.
- People involved in timber production and harvesting, including related tree farming and Christmas tree farming.
- People and businesses who provide accounting, marketing, legal, consulting, and similar administrative services to a farmer, rancher, or grower.

- 
- Repairers of farm equipment and machinery.
  - Construction contractors.

#### ■ Exemption certificate

To obtain the LPG exemption for agricultural use, the qualified buyer should give the LPG retailer a complete, timely exemption certificate. A sample certificate and filing requirements are in Appendix A, which begins on page 29.

## 4. Farm Equipment and Machinery

*In general, the sale of farm equipment and machinery is taxable. However, certain sales and purchases of farm equipment and machinery are partially exempt from sales and use tax, as explained in this chapter. For more information, see Regulation 1533.1, Farm Equipment and Machinery, available from our website and Information Center (see page 43 for ordering information).*

### Calculating tax when the partial exemption applies

The partial tax exemption for certain sales and purchases of farm equipment and machinery applies only to the state general fund portion of the sales tax, currently 5.25 percent (see *Please note*, below). To calculate the tax rate for a qualifying transaction, subtract 5.25 percent from the sales tax rate that would apply if the sale were fully taxable. For example, if the full tax rate that applies to a taxable sale is 7.25 percent, the tax rate for a qualifying sale is 2.00 percent (7.25 percent – 5.25 percent = 2.00 percent).

*Please note:* The rate for the general fund portion of the sales tax has been lower in the past and may change again after publication of this pamphlet. You must use the rate in effect at the time your sale occurs. Information on tax rate changes is available from our website or our Information Center (see page 43).

### Partial tax exemption basic requirements

The partial tax exemption applies to a sale or purchase only if the farm equipment and machinery meets three conditions defined in Regulation 1533.1. The item must be

- Sold to a “qualified person.”
- Used primarily or exclusively in “commercial agricultural production or harvesting.”
- Defined as “farm equipment and machinery.”

If *any one* of the conditions is not met, the partial tax exemption does not apply.

The following sections describe qualified persons, covered agricultural production and harvesting activities, and covered farm equipment and machinery.

## Qualified persons

The following buyers, whose businesses fall within specified Standard Industrial Classification (SIC) Codes, qualify for the partial tax exemption:

- Ranchers, farmers, and other growers who operate businesses described in SIC Codes 0111 to 0291. These codes cover most agricultural businesses, but do not include timber production.
- A person or employee who assists a qualified rancher, farmer, or grower, as defined above, by performing a service described in SIC Codes 0711 to 0783. Examples include soil preparation, crop harvesting, crop market preparation, veterinary services, and farm labor and management.

For a full list of applicable SIC codes, see Appendix C, beginning on page 37.

### *Buyers who do not qualify for the exemption*

The following buyers do not qualify for the partial exemption:

- People who grow crops or raise animals for their own use or for other noncommercial purposes.
- People involved in timber harvesting and production, including tree farming and Christmas tree farming.
- Food processors.
- People and businesses who provide accounting, marketing, legal, consulting, and similar administrative services to a farmer, rancher, or grower.
- Repairers of farm equipment and machinery.
- Construction contractors.

## Agricultural production and harvesting

### ■ Definition

The following activities are generally considered commercial agricultural production and harvesting for purposes of the partial tax exemption:

- Producing and harvesting crops, plants, vines, trees (except in forestry operations), sod, mushrooms, bulbs, flower seeds, vegetable seeds, and field crop seeds.
- Keeping, grazing, or feeding livestock for breeding, for increasing the livestock's value, or for the sale of the livestock or livestock products (including serums). "Livestock" includes cattle, hogs, sheep, goats, and poultry of all kinds, plus horses, rabbits, bees, pets, fish in captivity, and furbearing animals in captivity.

- Performing the following services for qualified persons on a contract or fee basis: soil preparation services, crop services (such as planting, chemical application, and harvesting), veterinary services, other animal services, farm labor and management services, and landscape and horticultural services.

### *Activities not considered agricultural production and harvesting*

Post-harvest activities of the types described in SIC Code Major Group 20 are generally not considered production and harvesting for purposes of the special tax exemption. These include manufacturing or processing

- Meat and dairy products
- Foods and beverages, including wine
- Vegetable and animal fats and oils
- Prepared animal and bird feed

### ■ Percentage of use required

The partial exemption applies only when the item purchased will be used primarily or exclusively in agricultural production or harvesting, as defined. The amount of use required depends on the type of equipment:

- Farm equipment other than vehicles regulated by the California Vehicle Code must be used *primarily*—50 percent or more of the time—in commercial agricultural production and harvesting. A list of the general types of equipment that qualify for the exemption is on the next page.
- Vehicles regulated by the California Vehicle Code must be used *exclusively*—100 percent of the time—in commercial agricultural production or harvesting. Please note that pickup trucks, heavy duty trucks, and tractor trucks generally *do not* qualify for the partial tax exemption. For more information on vehicles, see page 19 and Appendix B, beginning on page 35.

## Farm equipment and machinery, defined

### ■ Farm equipment and machinery other than vehicles

#### *Items not considered farm equipment and machinery*

The following items are not farm equipment and machinery for purposes of the partial tax exemption. Their sales are generally taxable.

- Items used primarily in administration, management, or marketing.
- Supply items not used in producing or harvesting agricultural products such as shop towels, cleaning agents, hand cleaners, and chemicals.

- Clothing, unless designed to protect the agricultural product or people who apply agricultural chemicals.

### *Items considered farm equipment and machinery*

In general, farm equipment and machinery includes, but is not limited to

- **Field production equipment** such as disks, harrows, land planes, cultivators, fertilizer and chemical applicators, hand tools such as shovels and hoes, and similar equipment.
- **Irrigation equipment** such as sprinkler pipe, drip systems, sprinkler or spray heads, siphons, pumps, and pressure tanks. Well casing and pipes that become part of real property may also qualify provided they are sold to a qualified person prior to installation. See the discussion of materials and fixtures, below.
- **Harvesting equipment** such as combines, swathers, and balers; harvest containers such as bins, trays, lugs, and gondolas; hand harvesting tools such as knives and shears; packing equipment such as sorters, conveyors, boxers, and coolers; and cleaning equipment such as cotton gins, shellers, and dehullers.
- **Repair or replacement parts for qualified equipment.** This includes parts intended to modify the equipment and grease, oil or other lubricants, coolants, and other fluids that are not used up in normal equipment operation. Fuel additives do not qualify.
- **Computers and software** used to operate, regulate, or control agricultural equipment.
- **Plant-support equipment** such as trellises, props for limbs, twine, and tree stakes.
- **Livestock-handling equipment** such as fences, corrals, loading chutes, squeeze chutes, portable panels, tack and rope, free stalls, and cages.
- **Dairying equipment** such as milking stalls, milking machines, piping, cooling tanks, and sanitation equipment.
- **Poultry and egg production equipment** such as feeding, watering and waste systems, fans, cages, and egg conveyors.
- **Equipment used temporarily to alter the growing environment for crops,** such as wind machines, row covers, cloches, hoop houses, hot caps, portable cold frames, or shade structures.
- **Certain materials and fixtures installed on real property when sold to a qualified person prior to installation.** This can include pipe, casing, and drilling supplies used to install agricultural wells; posts and wire for fencing or trellises; and underground water or drainage pipe for irrigation

or waste systems. It can also include building materials sold for constructing or repairing certain buildings for raising livestock or plants. See the following discussion.

### ■ Buildings for raising livestock and plants

Certain buildings are considered farm equipment for purposes of the partial tax exemption. They must be “single purpose agricultural or horticultural structures.” A single-purpose agricultural structure is for raising certain livestock. A single-purpose horticultural structure is for raising plants.

Multiple-use buildings or buildings designed for a purpose other than raising livestock or plants are not considered farm equipment for purposes of the partial tax exemption. For example, the partial exemption does not apply to sales or purchases of materials or fixtures for a storage building, machine or repair shop, or utility or pole barn.

#### *Livestock buildings*

To qualify as farm equipment, a livestock building must be

- Designed for breeding and raising livestock.
- Used exclusively for those purposes.
- Contain equipment needed to contain, raise, and feed livestock or their young

“Raising” includes egg production and milk harvesting.

Buildings, and materials used for their construction and repair, *do not* qualify as farm equipment when the buildings are

- Designed for raising and breeding horses, for example, stables and barns.
- Used for storing feed or machinery unless that use is only incidental.
- Designed for a particular type of livestock, but used for a different type of livestock, for example, a poultry barn converted to a pig barn.
- Intended solely for sheltering livestock, for example, shade barns.

#### *Horticultural buildings*

To qualify as farm equipment, a horticultural building must be

- Specifically designed for commercially raising plants or mushrooms, and
- Used primarily for that purpose.

Examples include greenhouses and flower production facilities.

Such a building may also house equipment needed to raise the plants or mushrooms. The building may be used only incidentally for nonproduction

activities. For example, a farmer may use a part of a greenhouse for packing tomatoes raised in it. However, if the farmer uses the greenhouse as a sales room for the tomatoes, it does not qualify for the partial exemption.

## ■ Vehicles

### *In general*

In general, a vehicle must meet two conditions to be considered farm equipment and machinery. It must be

- Designated as an *implement of husbandry* by the California Vehicle Code (see “Other qualifying vehicles, below”).
- Used *exclusively* in agricultural operations.

An implement of husbandry—a farm tractor, for example—is a vehicle used only for agricultural purposes that is *not* designed to transport people or property on a street or highway. However, the Vehicle Code specifically designates certain farm vehicles as implements of husbandry even though they may be designed for limited highway use. Examples include certain trailers, rigs, and wagons (see list in Appendix B, on page 35).

To determine whether vehicles designed for use on roads and highways qualify as implements of husbandry, the vehicle dealer or purchaser should contact the Department of Motor Vehicles.

*Please note:* Pickup trucks, heavy-duty trucks, and tractor trucks are *not* classified as implements of husbandry under the Vehicle Code and generally *do not* qualify for the partial tax exemption.

### Other qualifying vehicles

Agricultural aircraft, all-terrain vehicles and snowmobiles (OHVs), bale wagons, and cotton module movers may also qualify as farm equipment. The partial exemption applies when they are purchased by a qualified buyer and used exclusively in agricultural operations.

For information on documentation required for a partially exempt vehicle sale or purchase, see page 21.

## Leases of farm equipment and machinery

### ■ Partial tax exemption requirements

The partial tax exemption applies to leases of farm equipment and machinery provided all four of these conditions apply:

- The lease payments are taxable.
- The lessee is a qualified person (see page 15).
- The lessee uses the equipment in agricultural production and harvesting (see page 15).
- The equipment qualifies as farm equipment or machinery (see page 16).

*Please note:* The partial tax exemption does not apply to leases of mobile transportation equipment (see below).

Lessors may purchase farm equipment and machinery for resale and collect tax on the amounts they charge lessees. The partial exemption applies to those amounts if the lease meets the four conditions listed above. The lessee should provide the lessor with a timely and complete partial exemption certificate to obtain the partial exemption (see below).

### ■ Mobile transportation equipment

“Mobile transportation equipment” (MTE) is equipment used to transport people or property over substantial distances, such as locomotives, railroad cars, and trucks, including pickup trucks. In general, leases of MTE do not qualify for the partial exemption.

For more information about leases, see Regulation 1660, *Leases of Tangible Personal Property – In General*; Regulation 1661, *Leases of Mobile Transportation Equipment*; and publication 46, *Tax Tips for Leasing of Tangible Personal Property in California*. For more information about a specific leasing situation, contact our Information Center (see page 43).

## Obtaining a partial exemption

### ■ Partial exemption certificate

To obtain the partial exemption on a purchase or lease of qualified property, the buyer should provide the retailer with a timely, complete partial exemption certificate (see information and sample in Appendix A, beginning on page 29). If the retailer was located in another state and did not have a California seller’s permit, the buyer must submit the exemption certificate and nonexempt portion of the tax with the buyer’s sales or use tax return or state income tax return (see next section).

## ■ Purchases from out-of-state retailers

In general, California use tax applies to purchases of farm and ranch equipment and machinery from retailers outside California if the item is purchased for use here. The partial tax exemption applies to qualifying purchases from out-of-state retailers.

If the out-of-state retailer does not collect California sales or use tax from the buyer, the buyer must pay the nonexempt portion of the tax to us. Holders of seller's permits or use tax permits should pay the applicable use tax on their sales and use tax return under "Purchases subject to use tax."

Businesses or individuals who do not hold a seller's permit or use tax permit and wish to claim the partial exemption on a qualified out-of-state purchase of farm equipment or machinery (other than vehicles, vessels, or aircraft) must file a partial exemption certificate along with a *California Use Tax Return* (found in publication 79-B), or with their California income tax return. In either case, the partial tax exemption would apply as explained in the beginning of this chapter (see page 14).

More information on purchases from out-of-state retailers is found in our publication 112, *Purchases from Out-of-State Vendors* (see page 43 for ordering information).

## ■ Vehicles

Many vehicles that qualify for the partial exemption, for example, farm equipment driven on highways, such as a cotton trailer or trap wagon, must have and display a special equipment (SE) identification plate from the Department of Motor Vehicles (DMV). Off-highway vehicles require an off-highway vehicle (OHV) plate. When a dealer sells a vehicle that qualifies for the partial exemption, the dealer may apply for the SE or OHV plate and pay the appropriate sales or use tax to us.

However, when a person buys a vehicle from an out-of-state retailer or someone who is not a vehicle dealer and uses the vehicle in California, the buyer must report the purchase and pay the use tax. A qualified buyer seeking the partial tax exemption may do this by either

- Paying the full amount of tax to the DMV when applying for an SE or OHV plate and filing a claim for refund with us for the tax-exempt amount (see next page), or
- Paying the tax, less the tax-exempt amount, at one of our offices and requesting a tax clearance. The clearance allows the qualified buyer to obtain an SE or OHV plate for the vehicle from the DMV without paying additional tax.

### *Applying for a tax refund or clearance*

To obtain a vehicle-related tax refund or tax clearance from us, qualified buyers must document that they are engaged in a ranching, farming, growing, or agricultural services business falling within one of the required SIC Codes. Preferred documentation is a copy of the buyer's most recent federal or state income tax return with an attached Schedule F, *Profit or Loss from Farming*. A copy should be included with the refund or clearance request. If the buyer does not file a Schedule F, the buyer must provide a copy of a recent income tax return that shows a business code indicating that the buyer meets the SIC Code requirement. In some situations, we may require further documentation.

In addition, when the DMV has issued an SE plate for a farm vehicle, the buyer must provide a registration slip showing that the DMV has determined the vehicle to be an implement of husbandry (see previous section and Appendix B).

For aircraft, the buyer must present a Federal Aviation Administration (FAA) registration showing that the aircraft is classified for agricultural use. For an OHV, the buyer must document that they operate a farming, ranching, or agricultural services business.

For more information on filing a claim for refund or requesting a tax clearance, contact our Information Center (see page 43). You may also want to obtain a copy of publication 117, *Filing a Claim for Refund* (includes refund claim form) or publication 52, *Vehicles and Vessels; How to Request an Exemption from California Use Tax*.

## 5. Diesel Fuel Used in Farming or Food Processing

Most sales of diesel fuel are taxable. However, certain sales and purchases of diesel fuel used in farming activities or food processing qualify for a partial exemption from the sales or use tax, as explained in this chapter. The chapter includes information for fuel sellers and buyers. For more information, see Regulation 1533.2, Diesel Fuel Used in Farming Activities or Food Processing, available from our website and Information Center (see page 43).

### Calculating tax when the partial exemption applies

The partial tax exemption for certain sales and purchases of farm equipment and machinery applies only to the state general fund portion of the sales tax, currently 5.25 percent (see *Please note*, below). To calculate the tax rate for a qualifying transaction, subtract 5.25 percent from the sales tax rate that would apply if the sale were fully taxable. For example, if the full tax rate that applies to a taxable sale is 7.25 percent, the tax rate for a qualifying sale is 2.00 percent (7.25 percent – 5.25 percent = 2.00 percent).

*Please note:* The rate for the general fund portion of the sales tax has been lower in the past and may change again after publication of this pamphlet. You must use the rate in effect at the time your sale occurs. Information on tax rate changes is available from our website or our Information Center (see page 43).

### Partial tax exemption basic requirements

The partial exemption applies to the sale or purchase of diesel fuel only if the diesel meets two requirements. It must

- Be a type of diesel that qualifies for the exemption, and
- Be used in qualifying farming activities or food processing, or related contract hauling.

The following sections provide more information.

### Types of diesel fuel

The partial exemption applies to only three types of diesel:

- Diesel that meets American Society for Testing and Materials (ASTM) standard D 975-81, commonly known as diesel fuel No. 1-D or No. 2-D.

- Diesel that meets ASTM standard D 1655, when sold for use in agricultural aircraft.
- EPA-rate diesel, commonly known as “federal fuel.”

Retailers should identify the type of diesel on their sales invoices and retain records showing that the diesel meets the ASTM or EPA standards.

## Qualifying activities: farming, food processing, contract hauling

The partial tax exemption for the sale of diesel applies only if the diesel will be used in a qualifying activity in one of these categories:

- Farming
- Food processing
- Contract hauling (related to farming and food processing)

### ■ Farming

The partial tax exemption may apply to diesel sales to certain farmers and ranchers. The farmer or rancher must be in the business of conducting “farming activities” and use the diesel in those activities. The partial tax exemption generally does not apply to sales to people who perform farming activities for others on a contract basis.

#### *Qualifying farming activities*

In general, farming activities include any the following:

- Cultivating land, when the products produced from the land are owned and offered for sale by the farmer.
- Raising or harvesting of any plant or animal that can be legally sold to others. *Raising* a plant or animal means holding it for further cultivation or development before sale.
- Delivering feed to an animal feeding operation, by a person who owns or supplies the feed.
- Transporting agricultural products to certain businesses that will prepare the products for sale. The business must be wholly or partially owned by the farmers or ranchers whose products it processes. It can be a cooperative, joint venture, corporation, partnership, or similar business (see next page).
- Performing certain activities to prepare agricultural products for sale. The activity must be performed by a business that is wholly or partially owned by the farmers or ranchers whose products it processes. It can be a cooperative, joint venture, corporation, partnership, or similar business (see next page).

- Transporting agricultural products to buyers, when the transporting is done by a cooperative, joint venture, corporation, partnership, or similar business that is wholly or partially owned by the farmers or ranchers whose products it processes or transports (see below). The farmer, rancher, or entity must fully or partially own the transported product.
- Aerially applying fertilizers, seeds, pesticides, and similar products to farm land, when that application is done by a licensed aerial applicator.

The following do not qualify as farming activities for purposes of the partial exemption:

- Buying and selling plants or animals raised by someone else.
- Raising or harvesting plants or animals owned by someone else.
- Raising agricultural or horticultural products for the grower's home or personal use.

### *Examples of diesel used in farming activities*

#### **By a farmer or rancher**

Sales of diesel fuel will qualify for the partial tax exemption if the purchasing farmer or rancher uses the fuel to

- Prepare land for planting.
- Plant, protect, or grow crops.
- Harvest crops.
- Feed, water, or transport livestock.
- Transport the harvested agricultural or horticultural products from the field or ranch to buyers.

**Please note:** The partial exemption would generally not apply if the farmer or rancher carried out these activities on a contract basis for another person. However, contract haulers working for a rancher or farmer may qualify for the exemption on diesel purchased to transport products from the farm or ranch to a buyer. For more information, see page 27.

#### **By a business wholly or partially owned or financed by a farmer or rancher**

Farmers and ranchers may wholly or partially own or finance agricultural processing and marketing businesses including cooperatives, joint ventures, corporations, and partnerships. The purchase of diesel by one of these businesses qualifies for the partial tax exemption when the diesel is used in preparing an owner's agricultural or horticultural products for sale or transporting

those products to buyers. This includes using diesel for either of the following purposes:

- To prepare the agricultural or horticultural product for sale. Preparation can include cleaning, sorting, packing, and some activities such as slaughtering, freezing, and homogenizing.
- To transport the prepared product to the point where it is sold at retail, at wholesale, or for consumption at an animal feeding operation.

*Example:* A farmer raises lemons and sells the crop to a citrus cooperative in which he holds shares. The cooperative grades and packs the farmer's lemons and sells them to a grocery distributor. In this example, these diesel sales would qualify for the partial exemption: (1) the sale to the farmer of diesel the farmer uses to transport the lemons to the cooperative, (2) the sale to the cooperative of diesel it uses to grade or pack the farmer's lemons, and (3) the sale to the cooperative of diesel it uses to haul the products to the grocery distributor.

## ■ Food Processing

### *Qualified food processing businesses*

The partial exemption for diesel used in food processing is available only to certain businesses. To qualify, the business's activities must fall within one of the following SIC (Standard Industrial Classification) Groups or Codes:

- 201 Meat Products
- 202 Dairy Products
- 203 Canned, Frozen, and Preserved Fruits, Vegetables, and Food Specialties
- 204 Grain Mill Products
- 207 Fats and Oils
- 2068 Salted and Roasted Nuts and Seeds
- 2084 Wines, Brandy, and Brandy Spirits

For more details on the types of businesses included in these groups and codes, see the descriptions in Appendix C, beginning on page 37.

### *Examples of diesel used in food processing activities*

The sale of diesel fuel to a qualified food processor may be eligible for the partial tax exemption. The food processor must use the diesel in one of the following ways:

- Hauling a “raw agricultural product” to the processing plant. Raw agricultural product means an unprocessed product such as grain, vegetables, fruit, or livestock.
- Processing agricultural products. This includes using diesel to run processing equipment, backup generators, and equipment used to move the product during processing.
- Hauling “supplies and materials” to the processing plant. This includes only items used in producing the processed food product, such as cans, labels, and ingredients.
- Hauling partially processed food products between processing plants owned by the same company. For example, one division of a company processes tomatoes into tomato paste. Another division uses the paste to produce spaghetti sauce. Moving the paste between the two plants is a qualifying food processing activity.

**Please note:** Diesel used in an activity that occurs after the food processing is complete does not qualify for the exemption. For example, diesel used to move a product from the processing plant to a warehouse prior to sale does not qualify.

### ■ **Contract hauling**

The sale of diesel to a person who contracts to haul agricultural products for a farmer, rancher, or food processor may qualify for the partial tax exemption. The contractor must use the diesel to

- Transport—to buyers or intermediate points for handling—agricultural products produced and owned by a farmer, rancher or a business wholly or partially owned by a farmer or rancher (see page 25).
- Transport raw products, materials, and supplies for a food processor (see previous section).

Please see the sections on farming and food processing for details regarding the types of transportation that qualify for the partial exemption.

## Exemption certificates, diesel partial exemption

Retailers should obtain timely and complete exemption certificates from purchasers who wish to claim the partial exemption. Retailers must accept the certificates in good faith and keep all exemption certificates on file to support their partially exempt sales.

To obtain the diesel partial exemption, a farmer, rancher, food processor, or contract hauler should give the retailer a partial exemption certificate. Often, only retailers who make bulk deliveries of diesel fuel or sell through cardlock facilities will accept the partial exemption certificate. Buyers may provide an exemption certificate for each purchase or a *blanket exemption certificate* to cover the current purchase and future purchases. If only part of a buyer's diesel purchases qualifies for the partial exemption, a buyer filing a blanket exemption certificate must indicate the percentage of exempt use. The buyer should average the percentage over a normal operating cycle and periodically recalculate it, since the amount of exempt use may vary from year to year.

### ■ Examples, blanket partial exemption certificates

A farmer who purchases bulk diesel has two tanks: a larger tank for dyed diesel, used for fueling tractors and other field equipment, and a smaller tank for clear diesel, used for fueling pickup trucks and personal cars. All of the dyed diesel and 75 percent of the clear diesel is used in farming activities. The remaining 25 percent of the clear diesel is used for personal business not associated with farming. The nonfarm use is reasonably consistent throughout the year. The farmer may give a blanket partial exemption certificate to the retailer claiming a partial exemption on 100 percent of the dyed diesel and 75 percent of the clear diesel.

A trucking company hauls agricultural products to processing plants during the summer and hauls other products the rest of the year. The company buys 40,000 gallons of diesel a year and uses 25 percent of it, 10,000 gallons, for hauling the agricultural products. The company may give a blanket partial exemption certificate to the retailer claiming the partial exemption on 25 percent of each diesel purchase, regardless of when the company makes the purchase.

For more information on exemption certificates, retailer responsibilities, and a sample certificate, see Appendix A, which begins on the next page.

# Appendix A: Sample Exemption Certificates

This Appendix includes the following sample exemption certificates:

- Feed exemption certificate page 31
- Drug exemption certificate page 31
- LPG exemption certificate page 32
- Farm equipment or machinery partial exemption certificate page 34
- Diesel fuel and farm equipment partial exemption certificate page 33

## About exemption certificates

Buyers may use the sample exemption certificates in this appendix to claim the exemptions for the sale or purchase of feed, veterinary drugs, LPG, farm equipment and machinery, or diesel fuel. To be valid, the buyer or the buyer's authorized representative or employee must do all of the following:

- Furnish the certificate to the retailer timely (see below).
- Provide all relevant information (see below).
- Sign and date the certificate.

A certificate is timely when provided at any of the times described below:

- Anytime within the retailer's normal billing or payment cycle.
- At or prior to the delivery of the property.

An exemption certificate for sales of LPG, farm equipment and machinery, and diesel is also considered timely if it is submitted no later than 15 days after the date of the purchase.

Relevant information includes the seller's name and address, the type of property being purchased, the buyer or company name, title, telephone number, address, and seller's permit number (if any). If a portion of the LPG or diesel will be used for exempt purposes, the buyer must indicate the percentage that qualifies for the exemption (see page 28).

### ■ Blanket exemption certificates

Purchasers may issue blanket exemption certificates. That is, instead of issuing a certificate for each purchase, one certificate can apply to qualifying future purchases (see instructions on the sample exemption certificates).

### ■ Cautions for buyers and retailers

#### *Buyers*

If you use an exemption certificate for a fully or partially tax-exempt purchase, but do not use the property in a way that qualifies for the exemption, you are responsible for paying the full tax and any applicable penalty or interest.

#### *Retailers*

You should not make a fully or partially exempt sale of drugs, feed, LPG, farm equipment, or diesel unless the buyer provides a timely, complete exemption certificate, as described on the previous page. To be relieved of the tax liability, you must also accept the certificate in good faith. That is, you should not accept a certificate if you know the buyer does not qualify for the exemption. If you do not comply with these conditions, you are liable for and may be required to pay the tax exempted on the sale, plus applicable penalty and interest. Be sure to keep copies of exemption certificates to support your exempt sales.

## Feed exemption certificate

For information on using feed exemption certificates, see pages 2 and 3.

**FEED EXEMPTION CERTIFICATE**

“I hereby certify that all of the feed I will purchase from \_\_\_\_\_

will be used as feed for food animals or for nonfood animals that are being sold in the regular course of business. This certificate should be considered a part of each order I give unless the order says otherwise. This certificate is good until revoked in writing.”

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Occupation \_\_\_\_\_

Seller’s Permit Number (if any) \_\_\_\_\_

*Please note:*  
 These certificates are shown as examples only. We do not print and distribute copies of exemption certificates.

## Drug exemption certificate

For information on using drug exemption certificates, see page 5.

**DRUG EXEMPTION CERTIFICATE**

“I hereby certify that the drugs or medicines I will purchase from \_\_\_\_\_

will be purchased

as an additive to feed or drinking water for food animals or for nonfood animals being held for sale in the regular course of business,

for administration directly to a food animal, or

for oxygen administered to a food animal.

This certificate should be considered a part of each order I give unless the order says otherwise. This certificate is good until revoked in writing.”

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Occupation \_\_\_\_\_

Seller’s Permit Number (if any) \_\_\_\_\_

Exemption Certificates

LPG exemption certificate

For information on the LPG exemption, see page 11.

EXEMPTION CERTIFICATE	STATE BOARD OF EQUALIZATION												
<b>Qualified Sales and Purchases of Liquefied Petroleum Gas (LPG)</b>													
SELLER'S NAME													
SELLER'S ADDRESS (Street, City, State, Zip Code)													
<p>The undersigned purchaser hereby certifies that the LPG will be used by a qualified person, as applicable, and in the manner as specified below (<i>check applicable box and complete as necessary</i>):</p> <p><input type="checkbox"/> <b>LPG used in a Household Activity*</b> – In accordance with Revenue &amp; Taxation Code Section 6353(b), _____% of the LPG purchased will be delivered by the seller into a tank with a storage capacity equal to or greater than 30 gallons for use in a household activity at the primary residence, which is not serviced by gas mains and pipes, of: 1) the purchaser; 2) a person described in Codes 0711 to 0783 of the Standard Industrial Classification (SIC) Manual, that assists a person engaged in an agricultural business described in Codes 0111 to 0291 of the SIC Manual (“qualified person”), or an employee of a qualified person where the LPG is purchased by such qualified person on behalf of the person that assists a qualified person in producing and harvesting agricultural products, or on behalf of the employee of that qualified person in producing and harvesting agricultural products; or 3) a renter or tenant where the LPG is purchased by a landlord or management company on behalf of the renter or tenant.</p> <p><input type="checkbox"/> <b>LPG used in an Agricultural Activity*</b> – In accordance with Revenue &amp; Taxation Code Section 6353(b), _____% of LPG purchased will be delivered into a tank with a storage capacity equal to or greater than 30 gallons and used in producing and harvesting agricultural products, and will be purchased by: 1) a person engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual (“qualified person”); or 2) a person described in Codes 0711 to 0783 of the SIC Manual, that assists a qualified person; or 3) an employee of the qualified person.</p> <p>* This certificate will be considered a blanket certificate for future purchases, unless otherwise specified. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number in the following space:</p> <p>_____</p> <p>I understand that if the LPG is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price of the LPG to me. I also understand that this exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="border: 1px solid black; height: 20px;">PURCHASER'S NAME OR COMPANY NAME (If applicable)</td> <td style="border: 1px solid black; height: 20px;">DATE</td> </tr> <tr> <td colspan="2" style="border: 1px solid black; height: 20px;">SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)</td> <td style="border: 1px solid black; height: 20px;">PERMIT NUMBER (If applicable)<sup>1</sup></td> </tr> <tr> <td colspan="2" style="border: 1px solid black; height: 20px;">TITLE</td> <td style="border: 1px solid black; height: 20px;">TELEPHONE NUMBER</td> </tr> <tr> <td style="border: 1px solid black; height: 20px;">ADDRESS</td> <td style="border: 1px solid black; height: 20px;">CITY</td> <td style="border: 1px solid black; height: 20px;">STATE, ZIP</td> </tr> </table> <p><sup>1</sup> If you are not required to hold a seller's permit, please enter "Not Applicable."</p>		PURCHASER'S NAME OR COMPANY NAME (If applicable)		DATE	SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)		PERMIT NUMBER (If applicable) <sup>1</sup>	TITLE		TELEPHONE NUMBER	ADDRESS	CITY	STATE, ZIP
PURCHASER'S NAME OR COMPANY NAME (If applicable)		DATE											
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)		PERMIT NUMBER (If applicable) <sup>1</sup>											
TITLE		TELEPHONE NUMBER											
ADDRESS	CITY	STATE, ZIP											

## Diesel fuel and farm equipment partial exemption certificate

For more information on these exemptions, see pages 14 and 23.

PARTIAL EXEMPTION CERTIFICATE	STATE BOARD OF EQUALIZATION								
<b>Qualified Sales and Purchases of Diesel and Farm Equipment and Machinery</b>									
<p>NOTE: This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.</p>									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">SELLER'S/LESSOR'S NAME</td> </tr> <tr> <td style="padding: 2px;">SELLER'S/LESSOR'S ADDRESS (STREET, CITY, STATE, ZIP CODE)</td> </tr> </table>		SELLER'S/LESSOR'S NAME	SELLER'S/LESSOR'S ADDRESS (STREET, CITY, STATE, ZIP CODE)						
SELLER'S/LESSOR'S NAME									
SELLER'S/LESSOR'S ADDRESS (STREET, CITY, STATE, ZIP CODE)									
<p>Diesel Fuel Used in Farming Activities or Food Processing* - I, as the undersigned purchaser, hereby certify that of the diesel purchased, _____ % will be used in qualified farming activities or food processing in accordance with Revenue and Taxation Code Section 6357.1.</p>									
<p>Farm Equipment and Machinery (or parts<sup>1</sup> thereof)* - I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue and Taxation Code Section 6356.5.<sup>2</sup></p>									
<p>Type of Farm Equipment and Machinery (or parts thereof)</p> <p>_____</p> <p>_____</p>									
<p>*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.</p>									
<p>I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.</p>									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 2px;">PURCHASER'S NAME OR COMPANY NAME (If applicable)</td> <td style="width: 40%; padding: 2px;">DATE</td> </tr> <tr> <td style="padding: 2px;">SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)</td> <td style="padding: 2px;">PERMIT NUMBER (If applicable)<sup>3</sup></td> </tr> <tr> <td style="padding: 2px;">TITLE</td> <td style="padding: 2px;">TELEPHONE NUMBER</td> </tr> <tr> <td style="padding: 2px;">ADDRESS</td> <td style="padding: 2px;">CITY, STATE, ZIP</td> </tr> </table>		PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE	SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>	TITLE	TELEPHONE NUMBER	ADDRESS	CITY, STATE, ZIP
PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE								
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>								
TITLE	TELEPHONE NUMBER								
ADDRESS	CITY, STATE, ZIP								
<p><sup>1</sup> If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities.</p> <p><sup>2</sup> Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products.</p> <p><sup>3</sup> If you are not required to hold a seller's permit, please enter "Not Applicable."</p>									

## Farm equipment and machinery partial exemption certificate

For information on the farm equipment and machinery exemption, see page 14.

**PARTIAL EXEMPTION CERTIFICATE**

**STATE BOARD OF EQUALIZATION**

**Qualified Sales and Purchases of Farm Equipment and Machinery**

**NOTE:** This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

SELLER'S/LESSOR'S NAME
SELLER'S/LESSOR'S ADDRESS (STREET, CITY, STATE, ZIP CODE)

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue and Taxation Code Section 6356.5.<sup>1</sup>

**Type of Farm Equipment and Machinery (or parts<sup>2</sup> thereof)\***

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\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.

PURCHASER'S NAME OR COMPANY NAME (if applicable)	DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (if applicable) <sup>3</sup>
TITLE	TELEPHONE NUMBER
ADDRESS	CITY, STATE, ZIP

<sup>1</sup> Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products.  
<sup>2</sup> If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities.  
<sup>3</sup> If you are not required to hold a seller's permit, please enter "Not Applicable."

## Appendix B: Vehicles Considered Farm Equipment and Machinery

The following list of typical vehicles regarded as farm equipment and machinery is adapted from the list in Regulation 1533.1. Vehicles not included on that list do not qualify for the partial sales tax exemption unless the DMV determines that they are implements of husbandry (see page 19).

1. A lift carrier or other vehicle, operated and moved on a highway, designed and used exclusively for lifting and carrying implements of husbandry or tools used exclusively for agricultural production or harvesting.
2. A tip-bed-type trailer used exclusively for transporting implements of husbandry or tools used exclusively for agricultural production or harvesting.
3. A trailer or semi-trailer having no bed, designed and used solely for transporting a hay loader or swather.
4. A spray or fertilizer applicator rig used exclusively for agricultural spraying or fertilizing. *Exception:* Anhydrous ammonia fertilizer applicator rigs with a transportation capacity of more than 500 gallons (see next item).
5. A trailer or semi-trailer with a maximum transportation capacity of more than 500 gallons, but not more than 1,000 gallons, used exclusively for transporting and applying anhydrous ammonia, provided the vehicle is equipped with operating brakes or is towed on a highway by a motor truck with a manufacturer's gross vehicle weight rating of 3/4 ton or more.
6. A nurse rig or equipment designed or modified for fueling, repairing, or loading an applicator rig or airplane used for dusting, spraying, fertilizing, or seeding crops.
7. A row duster.
8. A wagon or van used exclusively for carrying farm products on a farm or between farms. Must be used solely for agricultural purposes. Includes a van used in harvesting alfalfa or cotton that is only incidentally operated or moved on a highway as a trailer.
9. A wagon or portable house on wheels (1) used solely by shepherds as a permanent residence in connection with sheep raising operations, and (2) moved on a ranch or between ranches, that is only incidentally operated or moved on a highway as a trailer.

10. A “trap wagon,” as defined in California Vehicle Code section 36016, moved on a ranch or between ranches and operated or moved on a highway only incidental to agricultural operations. The fuel tank or tanks of the trap wagon cannot have a total capacity of more than 1,000 gallons.
11. Any vehicle operated on a highway only for transporting agricultural products in trips of one mile or less from the point of origin.
12. A portable honey-extracting trailer or semi-trailer.
13. A fertilizer nurse tank or trailer that is not self-propelled, which is towed empty on the highway and used to assist a spray or fertilizer applicator rig.
14. Any cotton trailer used on the highway exclusively to transport cotton from a farm to a cotton gin and for the empty return trip.
15. A truck tractor or truck tractor and semi-trailer combination owned by a farmer and operated on the highway, (1) incidental to a farming operation, (2) not for compensation, (3) for a distance of not more than two highway miles each way and (4) at a speed of 25 miles per hour or less. Applies only to truck tractors with a manufacturer’s gross vehicle weight rating over 10,000 pounds equipped with all-wheel drive and off-highway traction tires on all wheels, and also to semi-trailers used exclusively in combination with those truck tractors for tomato production or harvesting.
16. Any farm tractor used on a highway to pull a farm trailer carrying farm produce or to pull any trailer or semi-trailer carrying implements of husbandry. The tractor must be traveling between farms or from a farm to a processing or handling point and back (with or without the trailer).

# Appendix C: Standard Industrial Classification (SIC) Codes

*The Standard Industrial Classification (SIC) Codes were established by the federal government to provide a framework for collecting statistical information. The Sales and Use Tax Law and regulations require the use of certain SIC Codes to define the types of businesses that qualify for the LPG, diesel, and farm equipment exemptions. For more information about SIC Codes, see the website for the federal Occupational Safety and Health Administration (OSHA) at [www.osha.gov](http://www.osha.gov) (select “SIC Search” from the OSHA website menu).*

## LPG and farm equipment exemptions—SIC codes used to define qualified persons

As noted on pages 12 and 15, purchasers qualifying for the LPG and farm equipment exemptions must be engaged in a business described by SIC Codes 0111 to 0291. Major Group 01 (Codes 0111 to 0191) defines crops. Major Group 02 (Codes 0211 to 0291) defines livestock and animal specialties.

### ■ SIC Major Group 01: *Agricultural Production Crops*

*This explanatory information is adapted from the federal SIC Code Manual.*

This major group includes businesses primarily engaged in producing crops, plants, vines, and trees (except forestry operations). Examples include farms, orchards, greenhouses, and nurseries. This major group also includes businesses primarily engaged in operating sod farms and cranberry bogs; in producing mushrooms, bulbs, flower seeds, and vegetable seeds; and in growing hydroponic crops. Businesses that produce seeds of field crops are classified in the same industry as businesses that grow those crops for other purposes.

### Industry Group 011: *Cash Grains*

- 0111 Wheat
- 0112 Rice
- 0115 Corn (not including sweet corn or popcorn)
- 0116 Soybeans
- 0119 Cash Grains, Not Elsewhere Classified: Barley, beans, buckwheat, cowpeas, flaxseed, other grains, lentil, milo, mustard seed, oats, peas, popcorn, rye, safflower, sorghum, sunflowers

*This information is intended only to provide a description of the types of businesses included in the SIC Code Major Groups 01, 02, and 07, and selected businesses in Major Group 20. For complete information about the SIC Codes, see the website listed in the chapter introduction.*

### Industry Group 013: *Field Crops, Except Cash Grains*

- 0131 Cotton, including cotton seed
- 0132 Tobacco
- 0133 Sugarcane and Sugar Beets
- 0134 Irish Potatoes (does not include sweet potatoes or yams)
- 0139 Field Crops, Except Cash Grains, Not Elsewhere Classified: Alfalfa, broomcorn, clover, grass seed, hay, hops, mint, peanuts, sweet potatoes and yams, timothy

### Industry Group 016: *Vegetables and Melons*

- 0161 Vegetables and Melons: Asparagus, green beans, beets, bok choy, broccoli, cabbage, cantaloupe, cauliflower, celery, sweet corn, cucumber, fresh peas, fresh lima beans, lettuce, market gardens, melon, onions, peppers (sweet and hot), squash, tomatoes, watermelons, truck and vegetable farms

### Industry Group 017: *Fruits and Tree Nuts*

- 0171 Berry Crops
- 0172 Grapes
- 0173 Tree Nuts (almonds, filberts, macadamias, pecans, pistachios, walnuts)
- 0174 Citrus Fruits (grapefruit, lemons, limes, oranges, tangerines)
- 0175 Deciduous Tree Fruits (apples, apricots, cherries, nectarines, peaches, pears, persimmons, plums, pomegranates, prunes, quinces)
- 0179 Fruits and Tree Nuts, Not Elsewhere Classified: Avocados, bananas, coffee, dates, figs, kiwi, olives, pineapples, plantains, tropical fruit

### Industry Group 018: *Horticultural Specialties*

- 0181 Ornamental Floriculture and Nursery Products: bedding plants, bulbs, flowers and shrubs except forest shrubs, fruit stock, preseeded mats, nursery stock, ornamental and potted plants, roses, seeds, sod
- 0182 Food Crops Grown Under Cover: bean sprouts, fruit, hydroponic crops, mushrooms, rhubarb, seaweed, tomatoes, truffles, vegetables

### Industry Group 019: *General Farms, Primarily Crop*

- 0191 General Farms, Primarily Crop

### ■ SIC Major Group 02: *Agricultural Production Livestock and Animal Specialties*

*This explanatory information is adapted from the federal SIC Code Manual.*

This major group includes businesses primarily engaged in keeping, grazing, or feeding livestock for the sale of livestock or livestock products (including serums), for breeding, or for increasing the livestock's value. Examples include farms, ranches, dairies, feedlots, egg production facilities, broiler facilities,

poultry hatcheries, and apiaries. "Livestock" includes cattle, hogs, sheep, goats, and poultry of all kinds, plus horses, rabbits, bees, pets, fish in captivity, and furbearing animals in captivity.

### Industry Group 021: *Livestock, Except Dairy and Poultry*

- 0211 Beef Cattle Feedlots
- 0212 Beef Cattle, Except Feedlots
- 0213 Hogs, Hog Feedlots
- 0214 Sheep and Goats
- 0219 General Livestock, Except Dairy and Poultry

### Industry Group 024: *Dairy Farms*

- 0241 Dairy Farms, including Heifer Replacement Farms

### Industry Group 025: *Poultry and Eggs*

- 0251 Broiler, Fryer, and Roaster Chickens, including Cornish Hens
- 0252 Chicken Eggs
- 0253 Turkeys and Turkey Eggs
- 0254 Poultry Hatcheries
- 0259 Poultry and Eggs, Not Elsewhere Classified: Ducks, geese, pheasant, pigeon, quail, squab

### Industry Group 027: *Animal Specialties*

- 0271 Fur-bearing Animals and Rabbits: Chinchilla, fox, mink, rabbit, fur and game farms
- 0272 Horses and Other Equines: Burros, donkeys, horses, mules, ponies
- 0273 Animal Aquaculture: catfish, crustaceans, finfish farms, goldfish, minnows, mollusks, tropical aquarium fish, trout
- 0279 Animal Specialties, Not Elsewhere Classified: Alligators, apiaries, aviaries, bees, cats, dogs, earthworms, frogs, kennels that breed and raise their own stock, laboratory animal farms, rattlesnakes, silkworms

### Industry Group 029: *General Farms, Primarily Livestock and Animal*

- 0291 General Farms, Primarily Livestock and Animal Specialties

## SIC Codes for those who assist qualified ranchers and farmers

Businesses within the SIC Codes described in this section are defined as persons who assist qualified ranchers and farmers. They therefore qualify for the exemption on their sales and purchases of LPG (see page 12) and farm equipment and machinery (see page 15). For more information, you may wish to obtain a copy of Regulation 1533, *Liquefied Petroleum Gas*, and Regulation 1533.1, *Farm Equipment and Machinery*.

## ■ SIC Major Group 07: *Agricultural Services*

*This explanatory information is adapted from the federal SIC Code Manual.*

This major group includes businesses primarily engaged in performing soil preparation services, crop services, veterinary services, other animal services, farm labor and management services, and landscape and horticultural services, for others on a contract or fee basis. Please note that feedlots and poultry hatcheries operated on a contract or fee basis are included in Major Group 02 (see page 38).

### **Industry Group 071: *Soil Preparation Services***

0711 Soil Preparation Services: Chemical treatment, fertilizing, lime spreading, plowing, seed bed preparation, weed control prior to planting

### **Industry Group 072: *Crop Services***

0721 Crop Planting, Cultivating, and Protecting: Aerial dusting and spraying, tree and vine bracing, orchard cultivation services, corn detasseling, disease control, ground dusting and spraying, entomological services, hoeing, insect control, irrigation system operation, planting, pollinating, pruning, seeding, thinning, vineyard cultivation services, weed control after planting

0722 Crop Harvesting, Primarily by Machine: Machine harvesting of berries, cotton, fruits, grain, nuts, peanuts, sugar beets, sugarcane, vegetables; chopping and silo filling; combining; haying; threshing

0723 Crop Preparation Services for Market, Except Cotton Ginning: Bean and seed cleaning; corn, nut and peanut shelling; drying corn, rice, hay, fruits and vegetables; flax decorticating and retting; pre-transportation fruit and vegetable cooling; fruit and vegetable vacuum cooling; grain cleaning, fumigation and custom grinding; moss ginning; sorting, grading, packing and packaging fresh and dried fruits and vegetables; potato and sweet potato curing; tobacco grading

0724 Cotton Ginning

### **Industry Group 074: *Veterinary Services***

0741 Veterinary Services for Livestock: animal hospitals for livestock; veterinarians and veterinary services for livestock

0742 Veterinary Services for Animal Specialties: Animal hospitals for pets and other animal specialties, veterinarians and veterinary services for pets and animal specialties

### **Industry Group 075: *Animal Services, Except Veterinary***

0751 Livestock Services, Except Veterinary: Artificial insemination for livestock; livestock breeding, cattle spraying, poultry coop cleaning, dairy herd improvement associations, milk testing, pedigree record

services, sheep dipping and shearing, showing livestock, custom slaughtering for individuals, vaccinating livestock

- 0752 Animal Specialty Services, Except Veterinary: Animal shelters, artificial insemination and breeding of animal specialties, boarding horses and kennels, dog grooming, dog pounds, honey straining on the farm, pedigree record services for pets and animal specialties, showing of pets and animal specialties, horse training excluding racing, training or vaccinating pets or animal specialties

### Industry Group 076: *Farm Labor and Management Services*

- 0761 Farm Labor Contractors and Crew Leaders  
0762 Farm Management Services: Citrus grove, orchard and vineyard management and maintenance with or without crop services; farm management services

### Industry Group 078: *Landscape and Horticultural Services*

- 0781 Landscape Counseling and Planning: Garden planning, horticultural counseling services, landscape architecture, counseling and planning  
0782 Lawn and Garden Services: Bermuda sprigging; cemetery upkeep; garden maintenance and planting; lawn care, fertilizing, mowing, mulching, seeding, spraying and sprigging; mowing and seeding highway center strips; sod laying  
0783 Ornamental Shrub and Tree Services: Arborist services; ornamental bush and tree planting, pruning, bracing, spraying, removal and surgery; tree trimming for utility lines

## SIC Codes used to define food processors

### ■ SIC Major Group 20: *Food and Kindred Products*

*This explanatory information is adapted from the federal SIC Code Manual.*

As noted in the chapter on the sale and purchase of diesel fuel, only businesses with certain SIC Codes qualify as food processors for purposes of the diesel partial exemption. Those businesses are within specific Industry Group Codes in SIC Major Group 20, *Food and Kindred Products*. This major group includes businesses manufacturing or processing foods and beverages, and certain related products, such as manufactured ice, chewing gum, vegetable and animal fats and oils, and prepared feeds for animals and birds.

### Industry Group 201: *Meat Products*

- 2011 Meat Packing Plants  
2013 Sausages and Other Prepared Meat Products  
2015 Poultry Slaughtering and Processing

### **Industry Group 202: *Dairy Products***

- 2021 Creamery Butter
- 2022 Natural, Processed, and Imitation Cheese
- 2023 Dry, Condensed, and Evaporated Dairy Products
- 2024 Ice Cream and Frozen Desserts
- 2026 Fluid Milk

### **Industry Group 203: *Canned, Frozen, and Preserved Fruits, Vegetables***

- 2032 Canned Specialties
- 2033 Canned Fruits, Vegetables, Preserves, Jams, and Jellies
- 2034 Dried and Dehydrated Fruits, Vegetables, and Soup Mixes
- 2035 Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings
- 2037 Frozen Fruits, Fruit Juices, and Vegetables
- 2038 Frozen Specialties, Not Elsewhere Classified

### **Industry Group 204: *Grain Mill Products***

- 2041 Flour and Other Grain Mill Products
- 2043 Cereal Breakfast Foods
- 2044 Rice Milling
- 2045 Prepared Flour Mixes and Doughs
- 2046 Wet Corn Milling
- 2047 Dog and Cat Food
- 2048 Prepared Feeds and Feed Ingredients for Animals and Fowls, Except Dogs and Cats

### **Industry Group 206: *Sugar and Confectionery Products***

- 2068 Salted and Roasted Nuts and Seeds

### **Industry Group 208: *Beverages***

- 2084 Wines, Brandy, and Brandy Spirits

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## 6. For More Information

### Website

For publications, forms, regulations, and much more: [www.boe.ca.gov](http://www.boe.ca.gov)

### Information Center

If you have a general tax question, please call our toll-free number and speak with a Customer Service Representative. Representatives are available weekdays from 8:00 a.m. to 5:00 p.m., except state holidays. Please call

800-400-7115 • TDD/TTY: 800-735-2929

Assistance is available in languages other than English.

### Questions regarding your account

Please call the office that maintains your records. The name and telephone number of the appropriate office are printed on your tax returns. Field office telephone numbers are provided on the inside back cover.

### Verifying a seller's permit number—*resale certificates*

To verify the seller's permit number for a business that gives you a resale certificate, you may use the interactive service on our website (see above) or call 888-225-5263, seven days a week. Please have on hand the seller's permit number you wish to verify, the business name, business address, and business owner's name.

### Faxback service

Our 24-hour faxback service allows you to order selected forms and publications. Call 800-400-7115 and choose the fax option. We'll fax your selection to you within 24 hours.

### Publications and regulations

To obtain copies of forms, publications, and regulations, you may

**Use the Internet.** Most regulations and publications are available on our website: [www.boe.ca.gov](http://www.boe.ca.gov)

**Call our Information Center.** A Customer Service Representative will help you during working hours. If you know the name or number of the document you need, you can call outside working hours and leave a recorded message. Certain documents are also available on our faxback service, described above.

Selected regulations and publications that may interest you are listed below. A complete listing of sales and use tax regulations and publications appears in publication 73, *Your California Seller's Permit*.

### ■ Selected publications

The letters (C, F, K, S, or V) following a publication indicate the publication is available in Chinese, Farsi, Korean, Spanish, and/or Vietnamese.

- 17 Appeals Procedures: Sales and Use Taxes and Special Taxes
- 36 Tax Tips for Veterinarians
- 42 Resale Certificate Tips (S)
- 44 Tax Tips for District Taxes
- 51 Guide to Board of Equalization Services (C,K,S,V)
- 58A How to Inspect and Correct Your Records
- 61 Sales and Use Taxes: Exemptions and Exclusions
- 70 The California Taxpayer's Bill of Rights (C,K,S,V)
- 73 Your California Seller's Permit (C,K,S,V)
- 74 Closing Out Your Seller's Permit (C,S)
- 75 Interest and Penalty Payments
- 76 Audits (F,S,K)
- 100 Shipping and Delivery Charges (S)
- 101 Sales Delivered Outside California (S)
- 102 Sales to the U.S. Government (S)
- 103 Sales for Resale (S)
- 105 District Taxes and Delivered Sales (S)
- 109 Are Your Internet Sales Taxable? (S)
- 110 California Use Tax Basics (S)
- 112 Purchases from Out-of-State Vendors (S)
- 113 Coupons and Sales Tax (S)
- 116 Sales and Use Tax Records
- 117 Filing a Claim for Refund

### ■ Selected regulations

- 1533 LPG
- 1533.1 Farm Equipment and Machinery
- 1533.2 Diesel Fuel Used in Farming Activities or Food Processing
- 1587 Animal Life and Feed
- 1588 Seeds, Plants, and Fertilizer
- 1589 Containers and Labels
- 1628 Transportation Charges
- 1641 Credit Sales and Repossessions
- 1642 Bad Debts

1654	Barter, Exchange, “Trade-ins” and Foreign Currency Transactions
1655	Returns, Defects and Replacements
1667	Exemption Certificates
1668	Sales for Resale
1698	Records
1700	Reimbursement for Sales Tax
1821	Forward - District Taxes

## Written tax advice

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction. Please send your request to the Board office that handles your account.

Written tax advice is specific to individual taxpayers. You cannot obtain tax relief by relying on a written opinion given to another business, even if your transactions are similar. In addition, tax relief is not available if you incorrectly apply tax based on advice we give you in person or over the telephone.

## Classes

Some of our local offices offer basic sales and use tax classes for beginning sellers. If you’re interested, call the Board office nearest you.

## Information—Other taxes and fees

You may also be required to register for the following tax and fee programs:

- Use fuel tax, motor vehicle fuel tax, diesel fuel tax, underground storage tank maintenance fee, California tire fee, hazardous substances tax (includes generator and disposal fees). For information, call 800-400-7115.
- Oil recycling fee. For information, call the California Integrated Waste Management Board: 916-341-6000.

## Taxpayers’ Rights Advocate

If you have been unable to resolve a disagreement with our agency, or if you would like to know more about your rights under the Sales and Use Tax Law,

please contact the Taxpayers' Rights Advocate office:

Taxpayers' Rights Advocate Office, MIC: 70

State Board of Equalization

P.O. Box 942879

Sacramento CA 94279-0070

Toll-free phone: 888-324-2798 • Phone: 916-324-2798 • Fax: 916-323-3319

## Field offices

City	Area Code	Number	City	Area Code	Number
Bakersfield	661	395-2880	San Francisco	415	356-6600
Culver City	310	342-1000	San Jose	408	277-1231
El Centro	760	352-3431	San Marcos	760	510-5850
Eureka	707	445-6500	Santa Ana	714	558-4059
Fresno	559	248-4219	Santa Rosa	707	576-2100
Kearny Mesa	858	636-3191	Stockton	209	948-7720
Laguna Hills	949	461-5711	Suisun City	707	428-2041
Long Beach	562	901-2483	Torrance*	310	516-4300
Norwalk	562	466-1694	Van Nuys	818	904-2300
Oakland	510	622-4100	Ventura	805	677-2700
Rancho Mirage	760	346-8096	West Covina	626	480-7200
Redding	530	224-4729	<b>Offices for Out-of-State Accounts</b>		
Riverside	951	680-6400	Chicago, IL	312	201-5300
Sacramento	916	227-6700	Houston, TX	281	531-3450
Salinas	831	443-3003	New York, NY	212	697-4680
San Diego	619	525-4526	Sacramento, CA	916	227-6600

**\* Torrance office will close permanently at 5:00 p.m. on August 19, 2004.**

# What do you think of this pamphlet?

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We hope that this newly revised tax tip pamphlet will help you to better understand the Sales and Use Tax Law as it applies to your business.

We would appreciate it if you could take a few minutes to give us your comments and suggestions for this pamphlet, so that we can improve future revisions. We'd also like to have some information that will help us make our publications program more useful to you. Please answer the questions below and on the reverse, remove the page, and return it to us. It is designed as a postage-paid self-mailer: you may fold the page as indicated and seal it with two pieces of tape.

Thank you for taking the time to respond to this survey.

## Pamphlet Comments and Suggestions

1. Does this pamphlet help you apply the sales and use tax in your business operations?
2. Are there any sections of the pamphlet that you find particularly helpful? (please note)
3. Are there any sections of the pamphlet that you find confusing? (please explain, if possible)
4. Are there any topics not addressed in this pamphlet that you would like us to include?
5. Are there any sections of the pamphlet that you feel are incomplete? What would you add to them?
6. Do you have any other comments or suggestions for improving this pamphlet?

tape



State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-0058



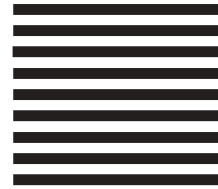
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STATE BOARD OF EQUALIZATION  
PO BOX 942879  
SACRAMENTO CA 94299-9879**



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**Reader Survey Information** (please check all boxes that apply)

What is the nature of your business?

How long have you been operating?

- less than one year     1-5 years
- 6-10 years             more than 10 years

Did you receive a copy of this pamphlet (or an earlier version) when you applied for or received your seller's permit?

- yes     no     not sure

How did you find out about this pamphlet?

- Board field office
- Board auditor
- Tax Information Bulletin
- Publications listing in a Board pamphlet
- Board website
- Other (please list) \_\_\_\_\_

Where did you obtain this pamphlet?

- Board field office
- Board auditor
- Board Information Center
- Board website
- Other (please list)

Do you use any other Board publications to help you apply or understand the California Sales and Use Tax Law? (please list)

\_\_\_\_\_

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\_\_\_\_\_

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California State Board of Equalization  
450 N Street • Sacramento, California  
(Mailing Address: P.O. Box 942879 • Sacramento, CA 94279-0001)  
LDA 