



SALES AND USE TAX FOR AGRICULTURAL PRODUCERS

This publication provides general information. It is not a substitute for tax laws or regulations.

GENERAL INFORMATION

- Anyone claiming any exemption by use of the exemption certificate must register with the West Virginia State Tax Department and obtain a registration certificate (business license). Registration is accomplished by completing the application for registration certificate (WV/BUS APP).
- Agricultural producers are exempt from the \$30 fee normally associated with applying for a business registration certificate.

SALES

- Agricultural producers who sell their own livestock, poultry, or other farm products are not required to collect sales tax if they are not engaged in making other retail sales. This also applies to sales of livestock sold at public sales sponsored by breeders, registry associations or livestock auction markets. Farmers must maintain adequate records to support the exempt status of their sales.
- The exemption from collection of the sales tax does not apply to agricultural producers who purchase livestock, poultry or other farm products for resale. They must collect and remit the tax or obtain from the purchaser a properly completed exemption certificate.

PURCHASES

- In general, tangible personal property or taxable services purchased for use or consumption in connection with the commercial production of an agricultural product are exempt from sales or use tax. However, purchases of tangible personal property and services to be used or consumed in the construction of, or permanent improvement to, real property and purchases of gasoline and special fuel are not exempt. The exemption applies to purchases for use in the commercial production of agricultural products as a business and not to purchases for use or consumption for any other purpose. Therefore, a person in the business of farming may purchase feed, seed, fertilizer, repairs to a tractor, etc., without payment of sales or use tax. Purchases of tangible personal property or services by a farmer to be used or consumed in the construction or improvement of real property are not exempt from the sales or use tax. For example, purchases of building materials to construct barns or sheds are taxable. Purchases of nails and fencing are not considered permanent improvements to real property and are not taxable.
- It should be noted that "commercial production of an agricultural product" means the production of food, fiber, or woodland products (but not timbering activity) by means of cultivation, tillage of the soil or by the conduct of livestock, dairy, apiary, or any other plant or animal production activity and all farm practices related, usual or incidental thereto, including the storage, packing, shipping and marketing of agricultural or farm products, but not including any manufacturing, milling or processing of such products by persons other than the producer thereof provided the taxpayer sold at least one thousand dollars (\$1,000) of agricultural products during the previous year.
- In other words, persons engaged in farming who sell less than \$1,000 of products annually are not considered to be commercially producing agricultural products for sales and use tax purposes and are not eligible to purchase items exempt from sales or use tax.

ASSISTANCE AND ADDITIONAL INFORMATION

- For assistance or additional information, you may call a Taxpayer Service Representative at:

**1-800-WVA-TAXS
(1-800-982-8297)**

Or visit our website at:

www.tax.wv.gov

File and pay taxes online at:

<https://mytaxes.wvtax.gov>

Email questions to:

taxhelp@wv.gov