

Farm Suppliers And Farmers

How Do Wisconsin Sales and Use Taxes Affect Your Operations?

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IMPORTANT CHANGES

Law Changes

2005 Wis. Act 366, effective as of July 1, 2007, provides for the following:

- An exemption from Wisconsin sales and use taxes for “tractors and machines, including accessories, attachments, and parts, lubricants, nonpowered equipment and other tangible personal property used exclusively and directly, or are consumed or lose their identities, in the business of farming.” Pages 4 to 9.
- Adds “silviculture” to the list of business activities considered to be farming business activities for purposes of the Wisconsin sales and use tax exemptions for farming. Page 2.

Other Changes

Game Farms. Information has been added to cover purchases and sales by game farms. Various pages.

Medicines. The definition of “farm livestock medicine” is revised to include items used in the diagnosis, mitigation, or prevention of disease in farm livestock. Page 11.

Silo Caps. Silo caps have been removed from the list of taxable items on page 4 and added to the list of exempt containers on page 11.

- (1) County tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, Section XVIII.
- (2) Baseball stadium tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, Section XVIII. Applies to sales and purchases made in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.
- (3) Football stadium tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, Section XVIII. Applies to sales and purchases made in Brown County.
- (4) Local exposition taxes: Publication 410, *Local Exposition Taxes*. These taxes apply to sales and purchases of certain lodging, food and beverages, and car rentals in municipalities located wholly or partially within Milwaukee County.

Publications 201 and 410 are available from any Department of Revenue office or on-line at www.revenue.wi.gov. See Part IX. on page 15 for a listing of department offices.

CAUTION

- The information in this publication reflects the positions of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of July 1, 2007. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales are not all-inclusive. They merely set forth common examples.

I. INTRODUCTION

A. General

This publication explains how Wisconsin state sales and use taxes affect farmers, farm supply companies, farm implement dealers, and farm cooperatives.

Certain sales to farmers which are subject to the 5% state sales or use tax may also be subject to the (1) 0.5% county sales or use tax, (2) 0.1% baseball stadium sales or use tax, (3) 0.5% football stadium sales on use tax, and (4) local exposition taxes. Additional information about these taxes is contained in the following:

B. Nature of Sales and Use Taxes

1. **Sales tax** is imposed on retailers who sell, lease, or rent tangible personal property or taxable services at retail in Wisconsin. The tax is based on the retailer’s gross receipts from such sales.
2. **Use tax** is imposed on purchasers of tangible personal property or taxable services, if:
 - (a) the property or service is stored, used, or consumed in Wisconsin by the purchaser in a taxable manner, and

- (b) no Wisconsin sales tax was paid by the purchaser to the retailer of the property or service.

The use tax is based on the retailer's sales price of the property or service to the purchaser.

C. Who Must Obtain a Seller's Permit

A farmer making taxable sales is required to obtain a seller's permit from the Wisconsin Department of Revenue.

If a farmer makes only exempt sales, the farmer is not required to hold a Wisconsin seller's permit or collect sales tax.

D. How to Obtain a Seller's Permit

A farmer may apply for a seller's permit using one of the following methods:

- Complete Form BTR-101, Application for Business Tax Registration, and mail it to the Department of Revenue. Form BTR-101 may be obtained from any Department of Revenue office or online at: www.revenue.wi.gov/forms/sales/index.html.
- Use the Department of Revenue's online registration system and submit the application electronically. Go to: www.revenue.wi.gov. Under "Electronic Services," click the link for Business Tax Online Registration.

E. Filing Tax Returns and Payment of Tax

Every person holding a seller's permit must file a sales and use tax return, Form ST-12, for each reporting period. A reporting period may be either monthly, quarterly, or annual, depending on that person's tax liability.

Persons with more than one business location file a consolidated return for all business locations.

II. DEFINITION OF FARMING

As used in this publication, "farming" means the business of producing food products or other useful crops by tilling and cultivating the soil or by raising cattle, sheep, llamas, poultry, domesticated rabbits, or other animals which pro-

duce a food product or which are themselves a food product.

"Farming" includes the business of:

- feeding and raising cattle and other milk producing animals
- raising earthworms, pheasants, foxes, fitch, nutria, marten, fisher, mink, chinchilla, rabbit, caracul, and bees
- producing honey products by a beekeeper of 50 or more hives
- raising fish for food
- breeding and raising horses and llamas for sale
- raising ginseng, mushrooms, and sod
- holding livestock in a feed lot for 30 days or more
- floriculture, which is the business of producing flowers, Christmas trees, or other decorative trees, plants, or shrubs, including such operations as greenhouses
- horticulture, which is the business of producing vegetables, vegetable plants, fruits, and nursery stock, including the operation of commercial nurseries and orchards, but not businesses which hold products for purposes other than propagation or growth
- silviculture, which is the business of raising trees for timber, lumber and other wood products, and includes the logging of timber when it is performed by a person engaged in the business of silviculture and the logging is conducted with respect to timber produced as a result of that person's silviculture activity. Silviculture does not include pulp or sawmill operations. "Logging," as used above, includes the following activities which occur while in the field: (1) the felling of trees, (2) the delimiting of felled trees, (3) the cutting of felled trees into logs, poles or other units, (4) the transportation of cut timber from the forest to a sawmill, and (5) activities conducted in the forest incidental to the felling, cutting, and removal of trees such as the clearing of the forest to allow access to and removal of the timber from the forest land.

Note: The logging of timber is a custom farming service when performed for a person engaged in the business of silviculture, for a fee.

- Custom farming services (see Part VI.B. on page 13).

CAUTION

“Farming” does not include:

- home gardening and other similar noncommercial activities
- breeding or raising dogs, cats, and other pets or animals intended for use in laboratories
- operating sporting or recreational facilities, such as riding stables or shooting preserves
- operating stockyards or slaughterhouses
- pulpwood and sawmill operations
- milling and grinding grain
- pasteurizing or homogenizing milk or making butter, cheese, or ice cream
- preparing sausage, canned goods, jellies, juices, or syrup
- holding livestock in a feed lot for less than 30 days

III. TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS

Sales of tangible personal property to farmers are subject to sales tax, unless the sales meet one of the exemptions described in Part IV., on pages 4 through 12.

Listed on pages 3 to 4 are examples of tangible personal property which are taxable and which do not qualify for any of the exemptions in Part IV.

Examples of Taxable Sales to Farmers:

A. Motor vehicles licensed for highway use, including accessories, attachments, parts, and repairs for such motor vehicles. Taxable motor vehicles include, if licensed for highway use:

- Automobiles
- Buses
- Motorcycles
- Station wagons
- Trucks

Accessories, attachments, parts, and repairs for vehicles licensed for highway use, including nurse tanks and trailers, are also taxable. For example, stock trailers pulled behind highway trucks to take livestock to market are taxable.

B. Tools used in constructing buildings and fences or making other repairs to real estate, such as:

- Electric drills
- Hammers
- Hand tools
- Planers
- Posthole diggers
- Sanders
- Saws
- Tool boxes
- Welders

C. Building materials used in repairing or improving real estate, such as:

- Barn door tracks
- Cement (Exception: Purchases of concrete that are used in constructing manure pits for animal waste are exempt from tax. See Part IV.G.3., on page 11)
- Culvert pipe
- Dairy panels
- Drain tile
- Faucets
- Fence gates
- Fence handles for electric fence
- Fence post insulators for electric fence
- Fence posts
- Fencing
- Fill dirt, gravel, and topsoil (Taxable if seller dumps material in a pile, or if the seller provides a landscaping service in a farmer’s lawn or garden. Nontaxable if seller spreads material in its final resting place in a driveway or farm field.)
- Light fixtures
- Lumber
- Nails
- Paint
- PVC pipe and fittings
- Silo chutes
- Sod
- Threaded rod
- Wire and netting used to construct pens on game farms

D. Other Taxable Sales of Tangible Personal Property

- Anti-freeze used in a tractor or machine that does not meet the requirement stated in Part IV.B.2.a. on page 5
- Automatic transmission fluid used in a tractor or machine that does not meet the requirement stated in Part IV.B.2.a. on page 5
- Bandages for pets and horses used in racing, pleasure riding, or show
- Lawn and garden tractors (Farm suppliers must charge tax; if a buyer uses a lawn and garden tractor exclusively and directly in the business of farming, the buyer may file a claim for refund of tax directly with Department of Revenue.)
- Medicines for pets and riding horses
- Pet foods
- Tarps for highway vehicles
- Vitamins for pets and horses used in racing, pleasure riding, or show

Item	Section in Part IV	Page
Sprays, Pesticides, and Fungicides	F	10
Containers for Fruits, Vegetables, Grain, and Animal Wastes	G	10
Farm Livestock Medicine	H	11
Animal Bedding, Baling Twine and Baling Wire, Electricity, Farm Work Stock, Mobile Cement Mixers, Fuel, Livestock and Poultry, and Semen for Artificial Insemination of Livestock	I	12

“Exclusively,” as used in Parts IV.C. through I., means that the items are used solely in farming to the exclusion of all other uses, except that the sales and use tax exemption for such items will not be invalidated by an infrequent and sporadic use other than in farming.

IV. EXEMPT SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS

A. Introduction

Sales of the following items are exempt from sales and use taxes if they meet the requirements as explained in Sections B through I of Part IV.

Item	Section in Part IV	Page
Tractors and Machines, Including Accessories, Attachments, and Parts, and Lubricants, Nonpowered Equipment and Other Tangible Personal Property (Including Milk House Supplies)	B	4
Seeds for Planting and Plants	C	9
Feed	D	9
Fertilizer and Soil Conditioners	E	10

B. Tractors and Machines, Including Accessories, Attachments, and Parts, and Lubricants, Nonpowered Equipment, and Other Tangible Personal Property (Including Milk House Supplies)

1. General

Sales of tractors and machines, including accessories, attachments, and parts for such tractors and machines, lubricants, nonpowered equipment, and other tangible personal property are exempt from sales and use taxes, if all of the requirements in a., b., c. and d. of Part 2, below are met:

“Machine” means an assemblage of parts that transmit force, motion, and energy from one part to another in a predetermined manner.

“Accessories” and “attachments” include devices designed to be mounted on a tractor or machine or to be pushed or pulled by a tractor or machine.

“Part” means a durable unit of definite, fixed dimensions. Fluids and oils are not “parts.”

2. Requirements for exemption

To qualify for exemption from sales and use taxes, a tractor or machine, including accessories, attachments, and parts, lubricants, nonpowered equipment, or other tangible personal property must meet all four of the following tests:

- a. The property must be used *exclusively* and *directly* in farming **or** be *consumed or lose its identity* in farming.
- b. The property *must not be* an automobile, truck, or other motor vehicle for highway use or an accessory, attachment, or part for such an automobile, truck, or other motor vehicle.
- c. The property *must not be* attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer.

(Note: There is an exception to the requirement in “c.” Under Wisconsin law, certain machines, and accessories, attachments, and parts for these machines, are considered tangible personal property and may qualify for the machine exemption regardless of the extent to which the machine is connected to or fastened to real estate. Those items which meet this exception are noted with an asterisk (*) in the listing of machines that qualify for exemption in Part IV.B.3, on pages 6 to 9.)

- d. The property *must not be* used or consumed in the erection of buildings or in the alteration, repair, or improvement of real property.

Additional information about each of these three requirements is provided below.

- *Exclusive use in farming*

“Used exclusively” means that any use other than in farming does not exceed 5% of total use.

Example 1: Farmer A uses his tractor only in his farm fields pulling cultivators, plows, farm wagons, spreaders, and other attachments to the tractor. Farmer A uses the tractor exclusively in farming.

Example 2: Farmer B uses an all-terrain vehicle (which is not licensed for highway use) 75% of the time on his farm to check fields and livestock. The all-terrain vehicle is used the other 25% of the time for recreational purposes. Because the recreational use exceeds 5% of total use, the all-terrain vehicle is not used exclusively in farming. Farmer B must pay sales or use tax on his purchase of the all-terrain vehicle, as well as lubricants used in the all-terrain vehicle.

Example 3: Farmer C purchases a water heater which will be used to heat water both for Farmer B’s residence (10% of use) and milk house (90% of use). Farmer C installs the water heater. Because the residential use exceeds 5% of total use, the water heater is not used exclusively in farming. Farmer C must pay sales or use tax when purchasing the water heater.

- *Direct use in farming*

Examples of items *used directly* in farming:

- Emergency generators to supply power to farm machines
- Plows used in farming to plow corn fields
- Combines used in farming to harvest grain
- Lubricants used for tractors, machinery, or nonpowered equipment used directly in farming.
- Milking machines used in farming to milk cows
- Mowers used to mow ditches along farmland
- Pressure washers used to clean barns
- Rototillers used in pens on game farms
- Skid-steer loaders used to clean barns
- Trimmers used to cut brush in pens on game farms

Examples of items *not used directly* in farming:

- Pressure washers used to clean exempt machines
- Tools used to repair exempt machines

- Computers used for tracking prices or inventories, or for word processing
- Computers used to keep feeding, production, and medical records relating to livestock
- Log splitters used to split wood for heating farm buildings
- Trimmers used to trim weeds around buildings
- *Consumed* in farming means that the item is used only (that is, 100% of the time) in farming.

Example: Farmer J buys a pressure washer and uses it only to clean exempt farm machines. Farmer J makes no other use of the pressure washer. The pressure washer is consumed by Farmer J in farming. Farmer J's purchase of the pressure washer qualifies for exemption.

- *Must not be* attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer. (See the note in Part IV.B.2.c., in the left-hand column on page 5, for an exception to this requirement.)

Example 1: Supplier C sells and installs a water heater in Farmer D's milk house, which is to heat water for use in farming. (The water heater does not heat water for use in Farmer D's residence.) A water heater used for this purpose is tangible personal property, even after it is installed by Supplier C.

The sale of the installed water heater from Supplier C to Farmer D does not meet the requirements for farm machines in Part IV.B.2.c., on page 5, because the water heater is attached to real property when sold to Farmer D.

Farmer D may not claim an exemption on its purchase of the installed water heater. Supplier C's charge to Farmer D is subject to sales tax.

Example 2: Retailer E sells a water heater, without installation, to Farmer F. Farmer F will use the water heater in his milk house,

exclusively to serve the production area. Farmer F hires Contractor G to install the water heater.

The sale of the non-installed water heater from Retailer E to Farmer F meets the requirement in Part IV.B.2.c., on page 5, because when sold to Farmer F, the water heater is not attached to, fastened to, connected to, or built into real property; and is not an addition to, component of, or capital improvement of real property.

Retailer E may claim a resale exemption on its purchase of the water heater from its supplier. Farmer F may claim a farmer's exemption on his purchase of the water heater from Retailer E. Farmer F also may claim a farmer's exemption on his purchase of installation services from Contractor G.

Example 3: Farmer H buys a milking machine, installed, from Supplier I. Under Wisconsin sales and use tax law, the milking machine retains its character as tangible personal property, regardless of the extent to which it is fastened to, connected to, or built into real property. Therefore, Farmer H may claim a farmer's exemption when buying the milking machine from Supplier I. Supplier I may claim a resale exemption on its purchase of the milking machine, because it is reselling the milking machine as tangible personal property.

3. Examples

Listed below and on pages 7 to 9 are examples of tractors and machines, accessories, attachments, and parts for such tractors and machines, and lubricants, nonpowered equipment, and other tangible personal property which qualify for exemption from sales and use taxes if they meet the four tests in Part IV.B.2., on pages 5 and 6.

"Farm machinery," as used in this listing, means tractors and machines used exclusively and directly by the buyer in farming.

- * May qualify for exemption, even if attached to, fastened to, connected to, or built into real property; or becomes an addition to, component of, or capital improvement of real property; when sold to farmer.

- Acid cleaners
- Aerators
- Air compressors for application of sprays, pesticides, etc.
- Air conditioners and humidity controls in barns
- Air tubes*
- Alarm systems to monitor ventilation fans in barns or temperature in barns, coolers, and freezers (See Part V.B. on page 13 regarding monitoring services)
- All-terrain vehicles
- Anchors (earth)
- Animal clippers
- Anti peck bits for game birds
- Antifreeze, if used in an exempt tractor or machine
- Applicators for fertilizers, sprays, insecticides, and pesticides
- Aprons
- Automatic transmission fluid, if used in an exempt tractor or machine
- Auxiliary power generators*
- Bale loaders*
- Baler belts
- Balers
- Balling guns
- Bandages
- Bar and chain oil for chain saws
- Barn brooms
- Barn cleaners*
- Barn elevators*
- Barn fans and blowers
- Barn lime spreaders
- Barn scrapers
- Basins
- Batteries for farm machinery
- Battery cables for farm machinery
- Battery terminals for farm machinery
- Belts for farm machinery
- Bleach
- Bolts for farm machinery
- Booties, coveralls, and masks for biosecurity purposes
- Brooders
- Brooms
- Brushes
- Buckets
- Bull rings
- Calf stalls - portable
- Castrators and castrator bands
- Cattle chutes
- Cattle markers
- Cattle prods, shockers, motors/batteries, parts
- Cattle tags
- Chain - roller, flat, gathering; for farm machinery
- Chain saws for orchard and logging use, but not for personal use
- Chopper knives for farm machinery
- Choppers
- Cloth udder towels
- Combines
- Conveyors*
- Coolers and freezers, no walls of cooler or freezer are walls of building (for example, free-standing coolers and freezers)
- Corn moisture testers
- Corn pickers
- Covers for farm machinery
- Cow lifts
- Cow mats
- Cow rings
- Cow shoes
- Cow trainers
- Crop conditioners
- Crop thinners
- Cultivator shields
- Cultivators
- Dairy scales
- Dairy utensil cleaner
- Dehorner
- Detergents
- Discs
- Disinfectants and sanitizers, such as iodine and chlorine
- Dispensers
- Drags
- Drinking cups
- Ear notchers
- Ear tags
- Egg baskets and flats used to carry eggs
- Egg wash
- Egg wash machines
- Electric fence chargers (not fencing or insulators)
- Electricity
- Electronic grounding systems
- End loaders
- Engine oil for an exempt tractor or machine
- Engines for farm machinery
- Exam gloves
- Farrowing crates
- Faucets
- Feed augers*
- Feed elevators*
- Feed for livestock or workstock
- Feed for riding horses (Note: Farmer's exemption for feed may be claimed if buyer is engaged in the commercial breeding and raising of horses for sale.)
- Feed scoops
- Feeders - stationary salt and mineral
- Feeders, powered, excluding platforms and troughs constructed from ordinary building materials*
- Fence batteries for an electric fence
- Fence chargers for an electric fence
- Fire extinguishers
- Fluids - hydraulic and transmission, if used in an exempt tractor or machine
- Foggers
- Foot bath equipment
- Fork lifts
- Forks - hay, silage, etc.
- Fuel
- Fuel pumps for an exempt tractor or machine

- Fuel tanks for an exempt tractor or machine
- Gates for feed and grain wagons
- Gear oil used in an exempt tractor or machine
- Grain dryers*
- Grain grinders*
- Grain moisture testers
- Grain scales
- Grain scoops
- Grain temperature probes
- Gravity boxes/extensions
- Greases used in an exempt tractor or machine
- Grooming items
- Gutter grates
- Halters
- Harrows
- Harvesting combines
- Hay moisture testers
- Hay wagons
- Heat detectors
- Heat lamps/bulbs
- Heaters for barn, greenhouse or milkhouse
- Hoof trimmers
- Hormone growth stimulants (Note: Hormone growth stimulants do not qualify for exemption as a fertilizer. The difference between fertilizers and hormone growth stimulants is that fertilizers nourish plants whereas hormone growth stimulants act upon the cellular structure.)
- Huts used in game bird pens
- Hydraulic couplers for farm machinery
- Hydraulic cylinders for farm machinery
- Hydraulic hoses for farm machinery
- Hydraulic oil filters for farm machinery
- Hydraulic oil for farm machinery
- Hydraulic pumps for farm machinery
- Hydraulic reservoirs for farm machinery
- Hydraulic valves for farm machinery
- Identification bands and tags
- Incinerators
- Incubators
- Inflation cleaner
- Inflation and inflation plugs*
- Insect strips
- Irrigation implements*
- Jack stands, if used for farm machinery
- Jacks to be bolted or welded onto farm machinery
- Jacks, if used for farm machinery
- Jug and barrel pumps
- Kick stops
- Knife heads
- Lubricants, if used in an exempt tractor or machine
- Lumber for farm machinery
- Manual cleaners
- Manure spreaders
- Medicines for work stock
- Microscopes and other testing equipment
- Milk cans
- Milk coolers*
- Milk filters
- Milk stools
- Milk strainer pads*
- Milk transfer clear tubing*
- Milker hoses*
- Milker lid gaskets*
- Milker pump oil
- Milking gloves
- Milking machine parts*
- Milking machines, including piping, pipeline washers and compressors*
- Milkstone remover
- Mouse traps
- Mowers
- Natural gas
- Neck chains and numbers
- Needles - hypodermic
- Nursing bottles and nipples
- Nuts for farm machinery
- Oil - hydraulic and motor, if used in an exempt tractor or machine
- Oil filters for farm machinery
- Oil pumps for farm machinery
- Pails
- Paint for farm machinery
- Paint sticks (animal markers)
- Paper towels
- Peepers, or “blindens,” to reduce fighting among game birds
- Pest controllers
- Pipeline cleaners
- Pipes attached to irrigation pumps*
- Piping and pipeline washers and compressors for milking machines*
- Pitch forks
- Planters
- Plaster of Paris used to set an animal’s broken bone
- Plows
- Pulleys for farm machinery
- Pulsator kits*
- Pumps and associated piping for irrigation*
- Pumps for farm machinery
- Radio or stereo for tractor cab
- Rat traps
- Rock pickers
- Rope and cable
- Rotary hoes
- Rubber floor mats for barn
- Saddles and bridles, for farm work stock
- Scales
- Self-treating stations (“oil-ers”)
- Shampoos
- Shovels
- Silo unloaders - top and bottom*
- Sinks
- Skid-steer loaders
- Slow-moving vehicle signs for farm machinery
- Snowmobiles
- Soaps
- Space heaters for barn, greenhouse or milk house
- Sprayer tanks

- Sprayers
- Spreader aprons
- Spreader chain links
- Spreader chains
- Stalk shredders
- Stationary salt and mineral feeders
- Stock tank de-icers and heaters
- Stock tank float valves
- Stock tanks
- Stock waterers
- Storage tanks
- Strainers for milk cans or coolers
- Stray voltage meters
- Syringe needles
- Syringe needles
- Syringes
- Syringes
- Tag marking ink
- Tattoo ink
- Tattoo kits
- Teat dilators
- Teat dip dispensers
- Teat dips
- Test kits to test milk for contaminants
- Thermometers
- Thermostats for farm machinery
- Threaded rod for farm machinery
- Tiedown rings for farm machinery
- Tiedown straps for farm machinery
- Tire chains for farm machinery
- Tires for farm machinery
- Top and bottom silo unloaders*
- Tractor cabs
- Tractors
- Trailer couplers
- Trucks not licensed for highway use
- Tune-up kits for farm machinery
- Udder creams and balms
- Udder sponges and cloth
- Udder supports
- Udder washes
- Ultrasonic pest repellers
- Vacuum pump oil
- Ventilating units
- Veterinary instruments
- Vitamins for livestock or workstock
- Wagon running gear
- Wagons
- Washup hoses and nozzles
- Water heaters for milk house
- Water pumps for milk house
- Water softener filters and parts for milk house
- Water softener salt
- Water softeners for milk house
- Waterers
- Weaners
- Welding rods
- Wheelbarrows
- Window cleaners
- Windrowers
- Windshield wash, if used in an exempt tractor or machine

C. Seeds for Planting and Plants

Seeds for planting and plants are exempt from sales and use taxes, if used exclusively in farming.

“Seeds for planting and plants” includes:

- Bulbs
- Hay and pasture grass mix
- Plant parts capable of propagation
- Seeds for alfalfa, blue grass, canning peas, clover, field corn, field peas, rye grass, sweet corn, timothy, and vegetable seeds
- Herbs, shrubs, or young trees, slips, or saplings planted or ready to plant
- Tree seedlings

D. Feed

Feed is exempt from sales and use taxes, if used exclusively in farming.

1. “Feed” includes:

- Medicated feed or drug carriers purchased for use as an ingredient of medicated feed, the primary purpose of which is the prevention of diseases in livestock or poultry.
- Milk replacers.
- Processed vegetable and animal products and essential minerals required for the normal nutritional needs of livestock, poultry, and domestic fur-bearing animals and other materials which are required for the normal nutritional needs of animals in some domestic environments, such as vitamins A, B-complex, D and E.
Essential minerals include phosphorous, calcium, sodium, chlorine, iodine, iron, copper, sulfur, potassium, magnesium, and zinc. Common feed additives containing these substances include cod liver oil, salt in granular or block form, ground limestone, fish oil, fish meal, oyster shells, and bone meal.
- Silage preservative.

2. Feed for feed lots.

“Feed lot” means a restricted area containing pens or lots where livestock are held and fed.

The sales and use tax treatment of feed for feed lots depends on the length of time the livestock is held.

Livestock held for less than 30 days:

A person who holds livestock in a feed lot for less than 30 days is not engaged in farming. Feed purchased for livestock held in a feed lot for less than 30 days is taxable.

Livestock held for 30 days or more:

A person who holds livestock in a feed lot for 30 days or more is engaged in farming and the feed purchased for the livestock is exempt.

Note: If a person holds some livestock in a feed lot for less than 30 days and some livestock for 30 days or more and purchases feed for both types at the same time, an allocation of the feed costs may be made so that tax is paid on the feed consumed by livestock held for less than 30 days and is not paid on feed consumed by livestock held for 30 days or more.

E. Fertilizer and Soil Conditioners

Fertilizer and soil conditioners are exempt from sales and use taxes, if used exclusively in farming.

“Fertilizer” means any substance containing nitrogen, phosphoric acid, potash, or any recognized plant food element or compound which is used primarily for its plant food content to improve the soil’s agricultural qualities. “Fertilizer” and “soil conditioners” include:

- Agricultural minerals
- Carbon dioxide for application to land
- Compost
- Fertilizer and insecticide combinations
- Liquid spray mixtures of minerals and plant nutrients
- Lime
- Manure
- Peat moss

- Sewage sludge
- Soy bean straw
- Urea

F. Sprays, Pesticides, and Fungicides

Sprays, pesticides, and fungicides are exempt from sales and use taxes, if used exclusively in farming.

“Sprays,” “pesticides,” and “fungicides” include:

- Chemicals used for crop disease and pest and weed control, including insecticides and rodenticides
- Dewormers
- Disinfectant sprays
- Dust bag kits that include pest repellent
- Fly bait
- Fly belts
- Fly control blocks
- Fly repellent
- Fly sprays
- Fly sticks
- Fly tape
- Insect strips
- Insecticide ear tags
- Mouse and rat repellents
- Poison (for rodents)
- Other preparations used to destroy insects, mites, nematodes, slugs, or other invertebrate animals injurious to plants and animals
- Products used to sanitize and clean dairy equipment are exempt, if they are: (1) registered with the U.S. Environmental Protection Agency (EPA) as pesticides, (2) advertised and sold as pesticides, and (3) each bottle, can, or other container containing the pesticide has an EPA pesticide registration number on it
- Screw worm aerosol

G. Containers for Fruits, Vegetables, Grain, Hay, Silage, and Animal Wastes

Containers for fruits, vegetables, grain, hay, silage, and animal wastes are exempt from sales and use taxes, if used exclusively in farming.

1. “Containers for fruits, vegetables, grain, hay, silage, and animal wastes” includes any kind of

personal property which is purchased exclusively for holding or storing fruit, vegetables, grain, hay, silage, or animal wastes.

Examples of containers which qualify if used exclusively in farming include:

- Plastic bags, plastic sleeves, and plastic sheeting used to store or cover hay or silage
- Plastic netting used to bale hay
- Bale feeders used to hold hay
- Feed carts used to hold feed which contains grain
- Silo caps (plastic sheeting used to cover silage inside silo)

2. Real property improvements.

- *Installed by farmer.* A farmer may purchase a complete corn crib or grain bin “knocked-down” in kit form, do any necessary installation work, and the corn crib or grain bin will qualify for exemption as a container.
- *Installed by supplier.* A supplier who contracts with a farmer to both provide and install the corn crib or grain bin permanently into real estate, is the consumer of the corn crib or grain bin. Therefore, the supplier is liable for sales or use tax on its purchase of the corn crib or grain bin. The charge to the farmer for labor and materials is not taxable because it is a real property improvement.

3. Animal waste containers.

Farmers or contractors may purchase animal waste containers, or the component parts of animal waste containers, exempt from tax.

Example: Purchases of concrete that is used in constructing manure pits for animal waste are exempt from tax, regardless of whether purchased by a farmer or a contractor.

Notes: (1) Materials for building silos are not included in the exemption for containers for fruits, vegetables, grain, hay, silage, or animal wastes. A farmer or contractor buying materials used in building a silo must pay sales or use tax on the purchase price of such materials.

(2) Materials for building bunker silos (i.e., walls and floor of silo are constructed of concrete) are not included in the exemption for containers for fruits, vegetables, grain, hay, silage, or animal wastes. A farmer or contractor buying materials used in building a bunker silo must pay sales or use tax on the purchase price of such materials.

H. Farm Livestock Medicine

Medicine used on farm livestock (not including farm work stock) is exempt from sales and use taxes.

"Farm livestock medicine" means any substance or preparation intended for use by external or internal application to farm livestock in the diagnosis, cure, mitigation, treatment, or prevention of disease and which is commonly recognized by veterinarians as a substance or preparation intended for that use.

"Farm livestock medicine" includes medicated bandages, and the following in the form of boluses, capsules, feed additives, fluids, pills, powders, ointments and salves if intended for use by external or internal application to farm livestock:

- Animal foot bath disinfectant
- Antibiotics
- Cow magnets
- Dehorning pastes
- Dewormers
- Disinfectants
- Drinking water solutions
- Drugs
- Flea powder
- Flea spray
- Foot rot and ring worm liquids
- Foot rot treatments
- Infertility treatments
- Mastitis treatments
- Shampoos, medicated
- Sutures
- Teat dips
- Udder washes
- Vaccines
- Vitamins

I. Other Exempt Sales to Farmers

Other items which are exempt from sales and use taxes when sold to farmers for exclusive use in farming include:

1. Animal bedding.

“Animal bedding” means disposable loose materials, including straw, shavings, sawdust, leaves, sand, shredded paper, and wood chips used where an animal may lie, to promote cleanliness and absorb urine or liquid manure.

2. Baling twine and baling wire.

3. Electricity.

4. Farm work stock, such as draft horses and mules.

“Farm work stock” means animals, such as draft horses and mules and horses used to check on or herd livestock, which are used exclusively in farming.

“Farm work stock” does not include dogs, horses used for racing, pleasure riding, or show, or laboratory animals.

5. Mobile cement mixers (exempt from sales and use taxes even if not sold to a farmer for exclusive use in farming).

6. Natural gas and other fuel sold for use in farming.

7. Livestock and poultry, which includes:

- animals, the products of which are normally used as food for human consumption,
- domestically raised fur bearing animals or animals which are a source of wool, such as llamas, including those purchased for breeding, and
- game bird eggs and chicks that are hatched, raised, and sold to hunting preserves.

Note: If the farmer also operates a hunting preserve, and uses the mature birds in the preserve, the farmer’s purchases of the game bird eggs or chicks are taxable.

Example: Company C operates both a pheasant farm and a hunting preserve. Company C

buys chicks and raises them on its farm. When the birds are mature, they are released for hunting. The fees charged to hunters by Company C are based on the number of pheasants released for hunting. Company C’s purchases of chicks are taxable since they are not used exclusively in farming (they are also used in operating the hunting preserve).

8. Semen for artificial insemination of livestock.

9. Animal identification tags sold by the Wisconsin Department of Agriculture, Trade, and Consumer Protection to persons required or authorized to use those tags.

10. Standard samples, representing product or commodity grades, sold by the Wisconsin Department of Agriculture, Trade, and Consumer Protection

11. Packaging and shipping materials.

- Containers, labels, sacks, cans, boxes, drums, bags, and other packaging and shipping materials sold for use in packing, packaging, or shipping tangible personal property, if such items are used by the farmer to transfer merchandise to customers. This includes a farmer’s purchases of wood, staples, or other materials to build containers, if such containers are used to transfer merchandise to customers. **Note:** The containers, labels, etc., must be physically transferred to customers to qualify for this exemption. This exemption does not apply to containers or other packaging and shipping materials used merely for storage or to transfer merchandise owned by the farmer from one location to another.
- Meat casing, wrapping paper, tape, containers, labels, sacks, cans, boxes, drums, bags, or other packaging and shipping materials sold for use in packing, packaging, or shipping meat or meat products, regardless of whether such items are used to transfer merchandise to customers. For example, a game farm’s purchases of plastic tubs that it uses to ship birds from its processing facility (where it defeathers and disinfects them) to its meat cutting facility are exempt.

(See Part IV.G, on page 10, for information about the exemption for containers for fruit, vegetables, grain, hay, silage, and animal wastes.)

V. TAXABLE SERVICES SOLD TO FARMERS

A. Repair or Service to Tangible Personal Property

If an item of tangible personal property is taxable, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such item is also taxable.

Examples of taxable services sold to farmers:

- Repairs to licensed motor vehicles
- Repair to furnace in home or barn
- Boarding, grooming, or horseshoeing horses used for racing, pleasure riding, or show
- Breeding or artificial insemination of animals other than farm livestock or farm work stock

B. Other Taxable Services

Other taxable services sold to farmers include:

- Telephone service
- Laundry
- Dry cleaning
- Photography
- Landscaping and lawn maintenance
- Monitoring services, such as those used to monitor the temperature in a barn, that consist of recording a telecommunications message and notifying the customer or local authorities of the message

VI. EXEMPT SERVICES SOLD TO FARMERS

A. Repair or Service to Exempt Tangible Personal Property

If tangible personal property may be purchased by a farmer without tax, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such property is also not subject to sales or use tax. (See Part IV.B., on pages 5 to 8 for an explanation of which tractors or machines a farmer may purchase without tax.)

Exception: The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and

maintenance of farm tangible personal property is taxable if both of the following apply:

- (1) At the time of the repair, service, etc., the tangible personal property is attached to, fastened to, connected to, or built into real property; or is an addition to, component of, or capital improvement of real property.
- (2) The tangible personal property is not noted with an asterisk (*) in the listing of machines in Part IV.B.3, on pages 6 to 9.

Examples of services sold to farmers which are not subject to sales or use tax include:

- Repair to a tractor used exclusively and directly in farming
- Repair to a feed elevator used exclusively and directly in farming
- Repair to a milking machine used exclusively and directly in farming

B. Custom Farming Services

The sale of custom farming services to farmers is not subject to sales or use tax.

“Custom farming services” means the performance of an activity, defined as farming in Part II., on page 2, for a farmer for a fee. The fee may include a cash payment, a share of the harvest, or other valuable consideration.

Examples include:

- Spreading fertilizer on fields
- Harvesting hay, grain, or corn
- Spraying fields
- Logging timber

C. Other

Other services sold to farmers which are not subject to sales or use tax include:

- Artificial insemination of farm livestock or farm work stock
- Breeding farm livestock or farm work stock
- Medical and hospitalization services furnished by veterinarians

VII. SALES OF TANGIBLE PERSONAL PROPERTY BY FARMERS

A. Taxable Sales of Tangible Personal Property by Farmers

Farmers' sales of tangible personal property are subject to sales tax, unless an exemption applies.

Examples of taxable sales include:

- Flowers, Christmas trees, and other decorative trees, plants, or shrubs
- Horses for use in racing, pleasure riding, or show
- Llamas for use as pack animals, pets, or to herd sheep
- Timber or gravel when the purchaser acquires this property for removal
- Tractors sold to persons, such as construction contractors, who will not use the tractors exclusively and directly in the business of farming

B. Exempt Sales of Tangible Personal Property by Farmers

Examples of exempt sales of tangible personal property by farmers include:

- Animals which are used as food for human consumption
- Food and food products for human consumption, such as milk, meat, fish, fruits, vegetables, and grain
- Livestock and poultry sold to other farmers for exclusive use in farming
- Live game birds sold to a bird hunting preserve licensed under sec. 169.19, Wis. Stats.
- Tractors and other machines sold to other farmers for exclusive and direct use in farming
- Sales which qualify as "occasional sales," because the farmer's total sales of tangible personal property that would otherwise be subject to sales tax are less than \$1,000 in the calendar year. For more information about the occasional sale exemption, see *Wisconsin Tax Bulletin 122*, October 2000, pages 30-37, online under *Publications* at www.revenue.wi.gov.

VIII. RECORDKEEPING

A. General Records to Keep

If you are required to file sales and use tax returns, you must keep adequate records of business transactions to enable you and the Department of Revenue to determine the correct tax due.

B. Records to Keep - Exemption Certificates

You may receive exemption certificates claiming farming exemptions and other exemptions (for example, resale exemptions) from buyers. To claim a deduction on your sales and use tax return for such sales, you must keep the exemption certificates as part of your records to prove that the sales were exempt.

Caution: Accepting an exemption certificate claiming a farming exemption does not relieve you of your liability to collect tax if the item you sell is not one that is specifically exempt. For example, you sell fencing materials to a farmer who will use them in farming to enclose livestock. Because fencing materials are not specifically exempt, accepting an exemption certificate claiming the farming exemption for the sale of the fencing materials does not relieve you of your liability for sales tax.

Form S-211, *Wisconsin Sales and Use Tax Exemption Certificate*, is available from any Department of Revenue office or online at www.revenue.wi.gov. See Part IX on page 15 for a listing of department offices.

CAUTION

If the Department of Revenue conducts an audit and you do not have the required exemption certificates or other required documents to prove that your sales are exempt, your sales will be presumed to be taxable and subject to the sales tax.

C. Records to Keep - Sales to Exempt Organizations

1. Exempt sales to federal and Wisconsin governments, municipalities, and public schools must be supported by one of the following:
 - A purchase order received from such an organization, or
 - An exemption certificate received from such an organization, or

- Listing the Certificate of Exempt Status number of such an organization on the seller's copy of the invoice.
2. Exempt sales to organizations holding a Certificate of Exempt Status (for example, churches) must be supported by either one of the following:
- Listing the Certificate of Exempt Status number of such an organization on the seller's copy of the invoice, or
 - An exemption certificate received from such an organization.

D. Records to Keep - Buyer Holds Direct Pay Permit

Exempt sales to buyers who hold a direct pay permit must be supported by one of the following:

- A copy of the buyer's direct pay permit, or
- A statement that the buyer holds a direct pay permit, the permit number, and the date the permit was issued.

Contact any Department of Revenue office for more information on direct pay.

IX. IF YOU HAVE QUESTIONS

If you have a question about sales and use taxes, write to the department in Madison or call or visit any department office.

Write . . . Wisconsin Department of Revenue
 Mail Stop 5-77
 PO Box 8902
 Madison, WI 53708-8902

Fax . . . (608) 267-1030

E-Mail . . . sales10@dor.state.wi.us

Visit our web site . . . www.revenue.wi.gov

Call Or Stop In . . .

Offices Providing Daily Assistance (Monday-Friday)

Location	Address	Telephone
Appleton	265 W. Northland	(920) 832-2727
Eau Claire	718 W. Clairemont	(715) 836-2811
Madison	2135 Rimrock Rd.	(608) 266-2776
Milwaukee	819 N. Sixth St.	(414) 227-4444

The above offices providing assistance daily are open 7:45 a.m. to 4:30 p.m. The offices listed below generally are open on Monday only from 7:45 a.m. to 1:00 p.m., although offices in Green Bay, Kenosha, Racine, and Waukesha are open on additional mornings. Contact that office for specific hours.

Other Offices Providing Assistance

Location	Address	Telephone
Baraboo	1000 Log Lodge Ct.	(608) 356-3472
Beaver Dam	220 Seippel Blvd.	(920) 356-6090
Elkhorn	715 W. Walworth St.	(262) 723-4098
Fond du Lac	845 S. Main St.	(920) 929-3985
Grafton	1930 Wisconsin Ave.	(262) 375-7948
Green Bay	200 N. Jefferson St.	(920) 448-5179
Hayward	100 Ranch Rd.	(715) 634-8478
Hudson	2100 O'Neil Rd.	(715) 381-5060
Janesville	2524 Morse St.	(608) 758-6190
Kenosha	4911 88th Ave.	(262) 653-7088
La Crosse	620 Main St.	(608) 785-9720
Lancaster	130 W. Elm	(608) 723-2641
Marinette	1926 Hall Ave.	(715) 732-7565
Oshkosh	515 S. Washburn	(920) 424-2100
Rhineland	2187 N. Stevens St.	(715) 365-2666
Sheboygan	807 Center Ave.	(920) 459-3101
Superior	1225 Tower Ave.	(715) 392-9785
Waukesha	141 NW Barstow	(262) 521-5310
Wausau	710 3rd St.	(715) 842-8665
Wisconsin Rapids	1681 2nd Ave. S.	(715) 421-0500