

Alabama Reduced Rate of Sales & Use Tax for Farmers

Alabama Department of Revenue allows a reduced sales tax rate for farmers when purchasing certain agricultural related equipment. Per Alabama's Guidelines Regarding Agricultural Related Sales:

"The sale of machinery or equipment used in planting, cultivating, and harvesting farm products, or used in the production of agricultural products, livestock, or poultry on farms, as well as the parts, attachments or replacements for any such machine, are taxable at the reduced farm rate of sales or use tax (1.5% state tax, plus applicable local taxes).

The terms "machine, machinery, and equipment" are understood to mean items such as tractors, detachable plows, harrows, planters, cultivators, fertilizer spreaders, plow stocks, turning plows, seed drills, and sprayers. The general rate of tax applies to all hand tools.

Chain saws used in the production and harvesting of timber grown on tree farms, including pulpwood, are taxed at the reduced farm rate. Chain saws used for clearing land, cutting firewood, or other nonagricultural uses are taxed at the general rate.

With regard to irrigation equipment, equipment above ground is taxed at the reduced farm rate. Irrigation equipment below ground is considered building material, and, therefore, taxed at the general rate."

I understand, as the purchaser, that I will be held liable for any tax and interest, and possible civil and criminal penalties imposed by the state, if I am not eligible to claim this exemption. I hereby certify that the purchase, lease, or rental of the following items are in fact exempt from sales tax:

(Description of Items Eligible for Reduced Sales Tax Rate)

Purchaser Information:

Name: _____

Address: _____

Signature: _____

Date: _____