

**Letter of Findings Number: 08-0023**  
**Use Tax**  
**For the Year 2004**

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**ISSUE**

**I. Use Tax—Agricultural Exemption**

**Authority:** IC § 6-2.5-5-2

Taxpayer protests the Department's assessment of use tax with respect to an item of equipment.

**STATEMENT OF FACTS**

Taxpayer is an individual who operates a farm. In 2004, Taxpayer purchased a Case 60XT Skid Steer Loader ("Loader"). The "Loader" is a vehicle designed for digging, hauling, and other related uses. When Taxpayer purchased the Loader, Taxpayer provided an exemption certificate to the retailer. By issuing the exemption certificate, Taxpayer avoided paying sales tax at the time of purchase. Subsequently, the Indiana Department of State Revenue ("Department") audited the retailer. Upon audit, the Department noted Taxpayer's exemption certificate, and assessed Taxpayer use tax on the Loader. Taxpayer protested the assessment, the Department conducted a hearing, and this Letter of Findings results.

**I. Use Tax—Agricultural Exemption**

**DISCUSSION**

Taxpayer protests the assessment of use tax with respect to the Loader. In particular, Taxpayer argues that he used the Loader for agricultural purposes, in particular the "gathering, moving, and spreading animal waste."

Under IC § 6-2.5-5-2,

- (a) Transactions involving agricultural machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for his direct use in the direct production, extraction, harvesting, or processing of agricultural commodities.
- (b) Transactions involving agricultural machinery or equipment are exempt from the state gross retail tax if:
  - (1) the person acquiring the property acquires it for use in conjunction with the production of food and food ingredients or commodities for sale;
  - (2) the person acquiring the property is occupationally engaged in the production of food or commodities which he sells for human or animal consumption or uses for further food and food ingredients or commodity production; and
  - (3) the machinery or equipment is designed for use in gathering, moving, or spreading animal waste.

Taxpayer has provided sufficient information to conclude that the Loader is exempt from use tax based on its current use in Taxpayer's agricultural operations.

**FINDING**

Taxpayer's protest is sustained.

*Posted: 04/02/2008 by Legislative Services Agency*

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