



# Special Notice

CALIFORNIA STATE BOARD  
OF EQUALIZATION  
450 N STREET  
SACRAMENTO, CA 95814

## Car Dealers' Sales Generally Do Not Qualify for the Farm Equipment and Machinery Partial Exemption

### BOARD MEMBERS

SEN. GEORGE RUNNER (RET.)  
First District  
Lancaster

FIONA MA, CPA  
Second District  
San Francisco

JEROME E. HORTON  
Third District  
Los Angeles County

DIANE L. HARKEY  
Fourth District  
Orange County

BETTY T. YEE  
State Controller

EXECUTIVE DIRECTOR  
CYNTHIA BRIDGES

BOE WEBSITE AND  
BOARD MEMBER CONTACT  
INFORMATION  
[www.boe.ca.gov](http://www.boe.ca.gov)

CUSTOMER SERVICE CENTER  
1-800-400-7115

TTY  
711

As a car dealer, generally your sales or leases of vehicles designed primarily for transportation of persons or property on a highway do not qualify for the partial exemption from sales and use tax provided for farm equipment and machinery. This includes the sales or leases of pickup trucks, heavy-duty trucks, and tractor trucks.

### What vehicles qualify for the partial exemption?

In order for a vehicle to be considered farm equipment and machinery, it must meet both of the following conditions:

1. The vehicle must be designated as an implement of husbandry (a vehicle used exclusively in the conduct of agricultural operations) by the Department of Motor Vehicles.
2. The vehicle must be used exclusively in agricultural operations by a "qualified person," which generally includes farmers, ranchers, or other persons who produce and harvest agricultural products.

Examples of implements of husbandry include, but are not limited to:

- Lift carrier
- Nurse rig
- Bale wagon
- Farm trailer
- Trap wagon
- Farm tractor
- Row duster
- Fertilizer rig

Implements of husbandry also include any vehicle operated on a highway for the sole purpose of transporting agricultural products and is never operated on the highway for a total distance greater than one mile from the point of origin of the trip.

For more information regarding implements of husbandry and qualified persons, please see publication 66, *Agricultural Industry*, located on our website at [www.boe.ca.gov/pdf/pub66.pdf](http://www.boe.ca.gov/pdf/pub66.pdf).

### When should I claim the partial exemption?

If the sale is to a qualified person, you may only accept a partial exemption certificate from the purchaser and claim the partial exemption on your sales and use tax return in the **limited circumstances** where you sell or lease a vehicle that meets both of the above conditions. If the qualified person is buying the property of a kind not normally used in producing and harvesting agricultural products, such as a passenger vehicle or pickup, you should require a statement as to how the specific property purchased will be used. However, an exemption certificate cannot be accepted in good faith where you have knowledge that the property will not be used in an exempt manner.

### How do I obtain more information?

For more information on the partial sales and use tax exemption for farm equipment and machinery or to obtain a blank partial exemption certificate, please see our *Tax Guide for the Agricultural Industry* at [www.boe.ca.gov/industry/agriculture.html](http://www.boe.ca.gov/industry/agriculture.html). You may also call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m., (Pacific time), except state holidays.