

Agricultural Industry



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PREFACE

Helping your business succeed is important to the California State Board of Equalization (BOE). We recognize that understanding the tax issues specific to the agricultural industry and to those who sell farm and related supplies can be time-consuming and complicated, and we want to get you the information you need so you can focus on growing your business.

To help you better understand the tax obligations specific to your industry, we have created this publication detailing the tax issues and information important to your industry. You can also refer to the BOE Tax Guide for the Agricultural Industry on the BOE website at www.boe.ca.gov. Also, please refer to the BOE website or the [For More Information](#) section of this publication for BOE information and the complete list of regulations and publications referenced in this publication.

We want to help you understand California's Sales and Use Tax Law and regulations as they apply to the sale and purchase of agriculture-related supplies, equipment, machinery, and diesel fuel. This publication discusses the sale and purchase of food animals, feed, seeds, plants, rootstock, fertilizer, and liquefied petroleum gas (LPG) used on farms and in residences. It also explains the various special sales and use tax exemptions that apply.

If you cannot find the information you are looking for in this publication, please visit the BOE [website](#) or call the Customer Service Center at 1-800-400-7115 (TIY:711). Customer service representatives are available to answer your questions weekdays between 8:00 a.m. and 5:00 p.m. (Pacific time), except state holidays.

This publication complements [publication 73](#), *Your California Seller's Permit*, which includes general information about obtaining a permit; using a resale certificate; collecting and reporting sales and use taxes; buying, selling, or discontinuing a business; and keeping records.

Special Taxes Policy and Compliance Division. Businesses that sell farm and related supplies often need to register for other tax and fee programs, including fuel tax programs, the California tire fee, and the underground storage tank maintenance fee. Please contact:

Special Taxes Program and Compliance Division, MIC:57
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0057
1-800-400-7115

We welcome your suggestions for improving this or any BOE publication. Please send your suggestions to:

Audit and Information Section, MIC:44
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0044

To contact your Board Member, see www.boe.ca.gov/members/board.htm.

Note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, the law is controlling.

Getting started: Permits with the BOE

Retailers in California who sell or lease tangible personal property are generally required to register with the BOE for a seller's permit. You may also be required to register for other permits, licenses, or accounts depending on your sales activity. You can find information to get started in the [Tax Guide for the Agricultural Industry](#) on the BOE website.

Some feed sellers do not need seller's permits

Feed sellers do not need to hold a seller's permit or pay sales tax if the only product they sell is feed for any of the following:

- Food animals.
- Nonfood animals that are to be sold in the owner's business operations.
- Breeding animals and their offspring both being held for resale in the owner's business operations.

Hay growers fall in this category provided they either:

- Produce hay for sale only to beef cattle feedlots or dairies.
- Sell hay exclusively through a farmer-owned cooperative.

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ANIMALS, FEED, AND RELATED SUPPLIES

A retailer is responsible for paying sales tax on sales of animal-related products such as tack, cages, and pet supplies. However, some sales of animals and supplies may not be taxable. This section discusses how tax applies to retail sales of animals, feed, veterinary drugs, bedding, and litter.

Food animals

Tax does not apply to your purchases or retail sales of food animals. Food animals are considered to be those animals, birds, or insects commonly used in producing food, such as meat products, fish or seafood, dairy products, eggs, and honey.

Food animals include, but are not limited to:

- Cattle
- Game birds
- Chickens
- Sheep
- Bees
- Fish and shellfish
- Swine
- Pigeons
- Turkeys
- Rabbits
- Ostriches and emus



Please note: In addition to the food animal definitions in the Sales and Use Tax Law, certain animals identified by the California Department of Food and Agriculture (CDFA) are automatically considered food animals. The animals must be identified as livestock or poultry intended for human consumption, in the CDFA regulations adopted under sections 18848 and 25408 of the [California Food and Agricultural Code](#). For information regarding those classifications, call the CDFA at 1-916-654-0466 (TTY:711), or visit the California Department of Food and Agriculture website at www.cdfa.ca.gov.

Nonfood animals

Sales tax generally applies to your purchases or retail sales of animals, birds, reptiles, and insects that do not meet the definition of food animals, whether they are used for working stock, for breeding, as pets, or for other purposes.

Nonfood animals include animals such as:

- Dogs and cats
- Tropical fish
- Snakes
- Earthworms
- Beneficial insects, such as ladybugs
- Horses
- Pet birds
- Monkeys
- Chinchillas and mink
- Rodents: Guinea pigs, rats, hamsters, and mice

Feed sales may be taxable

Feed sold for nonfood animals is generally taxable. Tax does not apply to sales of feed for food animals (see Food animals). As a retailer, you should itemize all invoices that include taxable and nontaxable sales.

Feed defined

Feed includes grain, hay, seed, kibble, and similar products. Feed also includes items with nutrient value, such as:

- Cod liver oil
- Salt
- Bone meal
- Calcium carbonate
- Double purpose limestone granulars
- Oyster shell

Sales of items not considered feed are taxable

Although the following non-nutrient items may be fed to animals, they are not considered feed. Generally, sales of these items are taxable:

- Sand
- Sulfur
- Charcoal
- Medicines (see [Drugs and medicines](#))
- Granite grit

Feed for nonfood animals

Tax generally applies to sales of feed for nonfood animals, unless the feed is sold for either of the following purposes:

- To feed animals that will be sold in the purchaser's business operations.
- To feed breeding animals whose offspring will be sold in the purchaser's business operations.

Examples include kibble sales to pet stores who feed puppies they will sell, and bone meal sales to bird breeders who will sell their birds' chicks.

People who raise earthworms and beneficial insects can buy feed for them without paying sales tax, provided they give the retailer a feed exemption certificate.

It is important to obtain a feed exemption certificate from the purchaser for these types of nontaxable feed sales (see [Appendix A: Sample Exemption Certificates](#)); otherwise, the retailer must pay tax on the sale.

For information on feed sales to boarding and training facilities (see [Sales of feed and other items to boarding and training facilities](#)).

Exemption certificates

Some feed, like alfalfa, can be used for either food or nonfood animals. When selling feed of this type for consumption by food animals, it is important to obtain a feed exemption certificate from the buyer. This can be done in advance or at the time a purchase is made. A sample certificate is provided in this publication (see [Appendix A: Sample Exemption Certificates](#)).

Exemption certificate alternatives.

Instead of keeping separate exemption certificates on file, you may incorporate the information that is required for a feed exemption certificate on your actual invoices (see [Regulation 1587, Animal Life, Feed, Drugs and Medicines](#)). The information may be preprinted directly on the invoice or added with a rubber stamp as needed. In either case, the buyer should complete the required information at the time of the sale rather than filing a separate form.

If a separate certificate is used, it is important to include on the invoice or receipt the name and address of the buyer as listed on the exemption certificate on file.

Exceptions. It is not necessary to obtain exemption certificates for the nontaxable sale of any of the following:

- Feed ordinarily used only in the production of meat, dairy, or poultry products used as food.
- Two or fewer standard sacks of grain, four or fewer bales of hay (for use as feed), or both.
- Feed bearing a manufacturer's label indicating that it is intended for food animals.



Drugs and medicines

Drugs and medicines are products intended to prevent or control disease in animals. This includes all livestock drugs approved by the U.S. Food and Drug Administration that are defined and registered in compliance with sections 14206, 14281, and 14292 of the [California Food and Agricultural Code](#). Drugs and medicines include, but are not limited to:

- Legend drugs
- Pills and capsules
- Liquid medications
- Injected drugs, including vaccines
- Ointments
- Intravenous fluids
- Medicated soaps

In addition, vitamins and insecticides labeled for livestock, including poultry, are considered drugs and medicines when administered directly to the animals or in their feed or water (see table). Under certain circumstances, oxygen is also considered a drug or medicine (see [Oxygen](#)).

Generally, sales of drugs or medicines are taxable when the drugs or medicines are administered directly to non-food animals (see table).

Certain sales of drugs and medicines may not be taxable

Under certain circumstances, tax does not apply to a retailer's sale, or a buyer's purchase or use of drugs or medicines that will be administered to animals. The product must be intended for the prevention or control of disease in any of the following:

- Food animals (see [Food animals](#)).
- Animals to be sold as part of business operations (see Note).
- Breeding animals whose offspring will be sold as part of business operations (see Note).

Note: For nonfood animals, the drug or medicine must be intended for administration as an additive to the animals' food or water. The table below summarizes how tax applies to transactions involving drugs and medicines.

Applying tax to transactions involving animal drugs and medicines (not including oxygen)

<u>Type of Animal</u>	Drug or Medicine Administered	
	<u>In Feed or Water</u>	<u>Directly</u>¹
Food animal	Nontaxable	Nontaxable
Nonfood animal (if it or its offspring will be sold in the regular course of business)	Nontaxable	Taxable
Other nonfood animal	Taxable	Taxable

¹ Oral, hypodermic, external, or topical application, including injections, implants, drenches, repellents, and pour-ons.

Oxygen

Tax does not apply to the sale or use of oxygen administered to food animals for human consumption (food that people eat) primarily to prevent or control disease. This includes oxygen injected into ponds or tanks that house or hold aquatic species raised, kept, or used as food—for example, oxygen injected into trout farm ponds. However, tax does apply to the sale or use of oxygen administered to nonfood animals, even if the animals are being held for sale by a business—for example, oxygen pumped into tropical fish tanks at a pet store.

Supporting documentation

When a retailer makes a nontaxable sale of a drug, medicine, or oxygen, the sale should be supported by a drug exemption certificate completed by the purchaser (see [Appendix A: Sample Exemption Certificates](#)).

This can be done in advance or at the time a purchase is made. It is important to include on the invoice or receipt the name and address of the buyer as listed on the exemption certificate on file.

Instead of keeping separate exemption certificates on file, you may incorporate the information that is required for a drug exemption certificate on your actual invoices. The information may be preprinted directly on the invoice or added with a rubber stamp as needed. In either case, the buyer should complete the required information at the time of the sale rather than filing a separate form.

Sales to veterinarians

Veterinarians are considered retailers of products in some instances and end users (consumers) in others. Veterinarians may give retailers a resale certificate when buying products they will sell at retail. But when veterinarians purchase items they will consume in their practice, those sales are generally taxable. Veterinarians may also provide a drug or feed exemption certificate for purchases of feed or drugs that will be used in a nontaxable manner, as previously described. Items used primarily or exclusively in assisting qualified persons, (such as ranchers who operate businesses described in SIC Codes 0111 to 0291, see [Qualified Persons](#)), may be exempt from the state general and fiscal recovery funds portion of the sales and use tax, currently 5.00 percent. These items include:

- Equipment and machinery (see [Farm Equipment and Machinery](#))
- Certain supplies (see [Farm Equipment and Machinery](#))
- Feed (see [Feed](#))
- Liquefied petroleum gas (LPG) (see [Agricultural use of LPG](#))

To receive the partial exemption when purchasing items that qualify, veterinarians must provide a specific partial exemption certificate, to retailers (see [Appendix A: Sample Exemption Certificates](#)).

Note: The rate for the state general and fiscal recovery funds portion of the sales tax has been lower in the past and may change again after the date of this publication. You must use the [rate in effect](#) at the time your sale occurs. Information on tax rate changes is available on the BOE website or from the BOE Customer Service Center.



Bedding and litter

Tax applies to sales of most animal bedding and litter. However, some retail sales of bedding and litter may be fully or partially exempt from tax. Tax does not apply to the sale, use, or storage of wood shavings, sawdust, rice hulls, or other products used as litter for poultry or egg production and ultimately resold or incorporated into fertilizer products. In addition, a sale of bedding or litter to a rancher or farmer may be exempt from the state general and fiscal recovery funds portion of the sales tax, currently 5.00 percent (see [Farm Equipment and Machinery](#)).

Note: For information on sales of fertilizer, including animal bedding mixed with manure (see [Farm and Garden Supplies](#)).

Sales of feed and other items to boarding and training facilities

General rules for applying tax to sales of feed and other items to boarding or training facilities are described below. Please note, however, that sales of equipment and machinery to a training or boarding facility that boards animals owned by ranchers and farmers may qualify for the partial tax exemption described in [Farm Equipment and Machinery](#).

Facilities that charge a flat fee

Tax generally applies to sales of feed, grains, hay, or other merchandise to a training or boarding facility that charges customers a flat fee. The facility is considered to be the consumer of the feed and other taxable items included in its periodic charge rather than the retailer of those items. Consequently, the facility cannot issue a resale certificate when purchasing those items.

Example: An equestrian center charges customers a flat fee of \$500 a month for boarding a horse, which includes a stall, pasture access, feed, stall cleaning, and access to the center's facilities. The center is considered to be the consumer of feed and stall bedding it purchases because it does not invoice customers separately for those items. Sales of feed and bedding to the equestrian centers are subject to tax.

Exception: The facility's purchases of feed for the following animals it boards are not taxable: food animals, animals that will be sold in the animal owner's business operations, and breeding animals whose offspring will be sold in the breeder's business operations.

Facilities that itemize charges for taxable sales of merchandise

A boarding or training facility is considered the retailer of feed or other taxable merchandise it itemizes on customer invoices. As a retailer, you may issue a resale certificate when making purchases of items you will resell.

Example: A horse training ranch charges its customers \$300 a month for facility use and training services. In addition, it charges each customer an itemized amount each month for feed. The ranch is considered the retailer of feed sold in this manner and must pay sales tax on those sales. The ranch's feed suppliers would not be required to pay tax on feed sales to the ranch, provided they obtain a valid resale certificate.

FARM AND GARDEN SUPPLIES

As a retailer, you are responsible for paying tax on sales of many items used for ranching, farming, and gardening. However, sales of certain ranch, farm, and garden supplies such as seeds, fertilizer, and plants or plant stock may not be taxable. This section describes how you should apply tax to sales of these items, as well as to sales of items such as soil amendments, pesticides, and beneficial insects. More information is available in [Regulation 1588](#), Seeds, Plants, and Fertilizer.

Seed

Retail seed sales are generally taxable. However, tax does not apply when:

- The seeds, or the products grown from them, will be used as food for human consumption or as feed for food animals (see [Sales of feed](#)). Examples include vegetable seeds and seeds used to grow grain or pasture grasses for cattle.
- The buyer will resell the seeds or the products grown from them, in the regular course of the buyer's business.

Plants, rootlings, rootings, and root stock

Sales of ornamental and landscaping plants, rootlings, rootings, and root stock are generally taxable. However, tax does not apply to the sale if the plants will produce either of the following:

- Food such as vegetables, fruits (including grapes), grains, edible seeds or berries, olives, or nuts.
- Products the purchaser will resell, such as flowers.

If a customer is purchasing a nonfood plant and intends to resell the plant or its products, the customer should give you a completed resale certificate for the plant (example: a florist purchasing poinsettias). For more information on sales for resale, see [publication 103](#), *Sales for Resale*.

Fertilizer

The term fertilizer, includes all of the following:

- Commercial fertilizers (as defined in section [14522 of the California Food and Agricultural Code](#)).
- Agricultural minerals (as defined in section [14512 of the California Food and Agricultural Code](#)).
- Cover crops that will be planted on the land and plowed under to fertilize that land.
- Carbon dioxide.
- Manure. Manure is considered to be:
 1. Waste from any domestic animal or fowl that is not artificially mixed with any material;
 2. Domestic animal or fowl waste mixed only with materials used for preservation of the manure, or with materials used for bedding, sanitary or feeding purposes for the animal or fowl.

Fertilizer sales

Tax does not apply to the sale of fertilizer to be applied to land; or in foliar application to plants, provided the land is used to produce any of the following:

- Food.
- Feed for food animals, including pasture grasses.
- Products to be sold by the purchaser.

Other retail fertilizer sales are taxable.

If you sell a combination insecticide/fertilizer, the portion of the total sales price representing the price of the fertilizer is not taxable if the fertilizer is used as described above.

Documenting nontaxable fertilizer sales

You should obtain a written statement from a purchaser who buys fertilizer for a nontaxable use. The statement must include all of the following:

- Date.
- Name, signature, and address of buyer or buyer's authorized representative.
- The purchaser's seller's permit number or a notation that a permit is not required.
- Description of fertilizer purchased. (For example: one ton soft rock phosphate.)
- Statement describing how the fertilizer will be used that clearly indicates why its purchase should not be taxable. (For example: Phosphate will be applied to land used for growing tomatoes.)

Invoices for nontaxable fertilizer sales should include the name of the purchaser as shown on the statement.

Packaged soil amendments

Tax applies to the sale of the following materials:

- Packaged soil amendments, as defined in the [California Food and Agricultural Code](#) section 14552. Although they are listed as packaged soil amendments in the code section noted above, manures sold without guarantees for plant nutrients qualify as fertilizers for sales and use tax purposes.
- Auxiliary soil and plant substances, as defined in the [California Food and Agricultural Code](#) section 14513.
- Carbon dioxide is not an auxiliary soil and plant substance as that term is defined in section 14513 of the Food and Agricultural Code.

Pesticides and insecticides

Sales of pesticides and insecticides are taxable. However, when those materials are mixed with fertilizer, the portion of the sales price representing the price of the fertilizer is not taxable if the fertilizer is used in a tax-exempt manner (see [Fertilizer sales](#)).

Earthworms and beneficial insects

Tax generally applies to sales of earthworms and beneficial insects such as parasitic wasps and ladybugs. However, people who raise such organisms can buy feed for them without paying sales tax, provided they give the retailer a feed exemption certificate (see [Feed exemption certificate](#)).



LIQUEFIED PETROLEUM GAS (LPG)

Certain sales and purchases of liquefied petroleum gas (LPG) are exempt from sales and use tax, as explained in this section. For more information, see [Regulation 1533](#), Liquefied Petroleum Gas.

LPG exemption in general

A sale of LPG is exempt from sales and use tax when the LPG is delivered directly into a tank that holds 30 gallons or more *and* the LPG is sold for use in either of these activities:

- Household use in a primary residence not connected to gas pipes or mains.
- Certain uses in the commercial production or harvesting of agricultural or horticultural products.

Both exemptions are explained in more detail below.

Household use of LPG

Household use of LPG includes activities such as cooking, heating, water heating, and lighting. The use must occur in a person's primary residence, which is defined as the home where the person lives for the greatest part of a calendar year. Primary residences include all of the following:

- Houses.
- Apartments, condominiums, and town houses.
- Mobile homes.
- Farm worker housing.

However, primary residences do not include dwellings used for vacations or other temporary stays; offices, warehouses, and other places of business; and workshops.

The exemption applies to sales of LPG the seller delivers into individual home LPG tanks or central tanks that provide fuel to community, ranch, or employee housing. This exemption applies to central tanks provided the fuel is delivered only to such qualifying primary residences and not, say, one qualified person and others who are not qualified.

Exemption certificate

To obtain the exemption, the LPG buyer should provide the LPG retailer with a completed, timely exemption certificate. Anyone who owns, rents, or manages a primary residence may make the purchase and file the certificate. A sample certificate and filing requirements are in [Appendix A](#).

Agricultural use of LPG

Sales of LPG for agricultural use are exempt from sales and use tax when a qualified buyer purchases the LPG for commercial crop or livestock production or harvesting, as explained below.

Commercial crop or livestock production or harvesting

The LPG exemption applies only if the LPG is used in commercial crop or *livestock production or harvesting*. Examples include using LPG to fuel a tractor doing fieldwork, operate a forklift in the field, run a pump or wind machine, or warm livestock in a barn or plants in a greenhouse.

Nonagricultural uses of LPG, such as using LPG to run a vehicle for personal transportation—even on a ranch or farm—do not qualify for the exemption.





Qualified buyers

The LPG exemption applies only if the LPG is purchased by a qualified buyer—people whose businesses fall within certain Standard Industrial Classification (SIC) Codes. Qualified buyers include:

- Ranchers, farmers, and other growers who operate a business described in SIC Codes 0111 to 0291. These codes cover most agricultural businesses, but do not include timber production.
- A person or employee who assists a qualified rancher, farmer, or other grower, as defined above, by performing a service described in SIC Codes 0711 to 0783. Examples include soil preparation, crop harvesting, crop market preparation, veterinary services, and farm labor and management.

For a full list of applicable SIC codes, see [Appendix C](#).

Buyers who do not qualify for the LPG exemption

The following buyers do not qualify for the LPG exemption:

- Food processors.
- People who grow crops or raise livestock for their own use or other noncommercial purposes.
- People involved in timber production and harvesting, including related tree farming and Christmas tree farming.
- People and businesses that provide accounting, marketing, legal, consulting, and similar administrative services to a rancher, farmer, or grower.
- Repairers of farm equipment and machinery.
- Construction contractors.

Exemption certificate

To obtain the LPG exemption for agricultural use, the qualified buyer should give the LPG retailer a complete, timely exemption certificate. A sample certificate and filing requirements are in [Appendix A](#).

FARM EQUIPMENT AND MACHINERY

In general, the sale of farm equipment and machinery is taxable. However, certain sales and purchases of farm equipment and machinery are partially exempt from sales and use tax, as explained in this section. For more information, see [Regulation 1533.1](#), Farm Equipment and Machinery.

Calculating tax when the partial exemption applies

The partial tax exemption for certain sales and purchases of farm equipment and machinery applies only to the state general and fiscal recovery funds portion of the sales tax, currently 5.00 percent (see Note). To calculate the tax rate for a qualifying transaction, subtract 5.00 percent from the sales tax rate that would apply if the sale were fully taxable. For example, if the full tax rate that applies to a taxable sale is 8.25 percent, the tax rate for a qualifying sale is 3.25 percent (8.25 percent – 5.00 percent = 3.25 percent).

Note: The rate for the state general and fiscal recovery funds portion of the sales tax has changed in the past and may change again after the date of this publication. You must use the [rate in effect](#) at the time your sale occurs. Information on tax rate changes is available at www.boe.ca.gov or from the BOE Customer Service Center at 1-800-400-7115 (TTY:711).

Partial tax exemption basic requirements

The partial tax exemption applies to a sale or purchase only if the farm equipment and machinery meets three conditions defined in Regulation 1533.1. The item must be:

- Sold to a qualified person.
- Used primarily or exclusively in producing and harvesting agricultural products.
- Defined as farm equipment and machinery.

If *any* one of the conditions is not met, the partial tax exemption does not apply.

The following sections describe qualified persons, covered agricultural production and harvesting activities, and covered farm equipment and machinery.



Qualified persons

The following buyers, whose businesses fall within specified SIC Codes, qualify for the partial tax exemption:

- Ranchers, farmers, and other growers who operate businesses described in SIC Codes 0111 to 0291. These codes cover most agricultural businesses, but do not include timber production.
- A person or employee who assists a qualified rancher, farmer, or grower, as defined above, by performing a service described in SIC Codes 0711 to 0783. Examples include soil preparation, crop harvesting, crop market preparation, veterinary services, and farm labor and management.

For a full list of applicable SIC codes, see [Appendix C](#).

Buyers who do not qualify for the exemption

The following buyers do not qualify for the partial exemption:

- People who grow crops or raise animals for their own use or for other noncommercial purposes.
- People involved in timber harvesting and production, including tree farming and Christmas tree farming.
- Food processors.
- People and businesses that provide accounting, marketing, legal, consulting, and similar administrative services to a rancher, farmer or grower.
- Repairers of farm equipment and machinery.
- Construction contractors.

Agricultural production and harvesting

Definition

The following activities are generally considered commercial agricultural production and harvesting for purposes of the partial tax exemption:

- Producing and harvesting crops, plants, vines, trees (except in forestry operations), sod, mushrooms, bulbs, flower seeds, vegetable seeds, and field crop seeds.
- Keeping, grazing, or feeding livestock for breeding, for increasing the livestock's value, or for the sale of the livestock or livestock products (including serums). Livestock includes cattle, hogs, sheep, goats, and poultry of all kinds, plus horses, rabbits, bees, pets, fish in captivity, and furbearing animals in captivity.
- Performing the following services for qualified persons on a contract or fee basis: soil preparation services, crop services (such as planting, chemical application and harvesting), veterinary services, other animal services, farm labor and management services, and landscape and horticultural services.

Activities not considered agricultural production and harvesting

Post-harvest activities of the types described in SIC Code Major Group 20 are generally not considered production and harvesting for purposes of the special tax exemption. These include manufacturing or processing:

- Meat and dairy products.
- Foods and beverages, including wine.
- Vegetable and animal fats and oils.
- Prepared animal and bird feed.

Percentage of use required

The partial exemption applies only when the item purchased will be used primarily or exclusively in agricultural production or harvesting, as defined. The amount of use required depends on the type of equipment:

- Farm equipment other than vehicles regulated by the California Vehicle Code must be used *primarily*—50 percent or more of the time—in commercial agricultural production and harvesting. For a list of the general types of equipment that qualify for the exemption see Farm equipment and machinery, defined below.
- Vehicles regulated by the California Vehicle Code must be used *exclusively*—100 percent of the time—in commercial agricultural production or harvesting. Please note that pickup trucks, heavy duty trucks, and tractor trucks and other vehicles designed primarily for the transportation of persons or property on a highway generally *do not* qualify for the partial tax exemption. For more information on vehicles see [Vehicles](#) and [Appendix B](#) at the full tax rate of your business location.

Farm equipment and machinery, defined

Farm equipment and machinery other than vehicles

Items not considered farm equipment and machinery

The following items are not farm equipment and machinery for purposes of the partial tax exemption. Their sales are generally taxable at the full tax rate of your business location.

- Items used primarily in administration, management, or marketing.
- Supply items not used in producing or harvesting agricultural products such as shop towels, cleaning agents, hand cleaners, and chemicals.
- Clothing, unless designed to protect the agricultural product or people who apply agricultural chemicals.

Items considered farm equipment and machinery

In general, farm equipment and machinery includes, but is not limited to:

- **Field production equipment** such as disks, harrows, land planes, cultivators, fertilizer and chemical applicators, hand tools such as shovels and hoes, and similar equipment.
- **Irrigation equipment** such as sprinkler pipe, drip systems, sprinkler or spray heads, siphons, pumps, and pressure tanks. Well casing and pipes that become part of real property may also qualify provided they are sold to a qualified person prior to installation. See the discussion of materials and fixtures, below.
- **Harvesting equipment** such as combines, swathers, and balers; harvest containers such as bins, trays, lugs, and gondolas; hand harvesting tools such as knives and shears; packing equipment such as sorters, conveyors, boxers, and coolers; and cleaning equipment such as cotton gins, shellers, and dehullers.
- **Repair or replacement parts for qualified equipment.** This includes parts intended to modify the equipment and grease, oil or other lubricants, coolants, and other fluids that are not used up in normal equipment operation. Fuel additives do not qualify.
- **Computers and software** used to operate, regulate, or control agricultural equipment.
- **Plant-support equipment** such as trellises, props for limbs, twine, and tree stakes.
- **Livestock-handling equipment** such as fences, corrals, loading chutes, squeeze chutes, portable panels, tack and rope, free stalls, and cages.
- **Dairying equipment** such as milking stalls, milking machines, piping, cooling tanks, and sanitation equipment.
- **Poultry and egg production equipment** such as feeding, watering and waste systems, fans, cages, and egg conveyors.
- **Equipment used temporarily to alter the growing environment for crops,** such as wind machines, row covers, cloches, hoop houses, hot caps, portable cold frames, or shade structures.
- **Certain materials and fixtures installed on real property when sold to a qualified person prior to installation.** This can include pipe, casing, and drilling supplies used to install agricultural wells; posts and wire for fencing or trellises; and underground water or drainage pipe for irrigation or waste systems. It can also include building materials sold for constructing or repairing certain buildings for raising livestock or plants. See the following discussion.
- **Solar power facilities may qualify as farm equipment and machinery.** A solar facility directly attached to and providing power to qualifying farm equipment and machinery may qualify as farm equipment and machinery. If the solar facility is not directly attached to the qualifying farm equipment and machinery, it may qualify provided it is specifically designed to provide power to qualifying equipment and machinery. The partial exemption would apply even if the electricity generated first goes to the electrical grid before being used in qualified agricultural activities.

Buildings for raising livestock and plants

Certain buildings are considered farm equipment for purposes of the partial tax exemption. They must be single purpose agricultural or horticultural structures. A single-purpose agricultural structure is for raising certain livestock. A single-purpose horticultural structure is for raising plants.

Multiple-use buildings or buildings designed for a purpose other than raising livestock or plants are not considered farm equipment for purposes of the partial tax exemption. For example, the partial exemption does not apply to sales or purchases of materials or fixtures for a storage building, machine or repair shop, or utility or pole barn.

Livestock buildings

To qualify as farm equipment, a livestock building must be:

- Designed for breeding and raising livestock.
- Used exclusively for those purposes.
- Contain equipment needed to contain, raise, and feed livestock or their young.

Raising includes egg production and milk harvesting.



Buildings, and materials used for their construction and repair, *do not* qualify as farm equipment when the buildings are:

- Designed for raising and breeding horses, for example, stables and barns.
- Used for storing feed or machinery unless that use is only incidental.
- Designed for a particular type of livestock, but used for a different type of livestock, for example, a poultry barn converted to a pig barn.
- Intended solely for sheltering livestock, for example, shade barns.

Horticultural buildings

To qualify as farm equipment, a horticultural building must be:

- Specifically designed for commercially raising plants or mushrooms, and
- Used exclusively for a permitted purpose.

Examples include greenhouses and flower production facilities.

Such a building may also house equipment needed to raise the plants or mushrooms. The building may be used only incidentally for nonproduction activities. For example, a farmer may use a part of a greenhouse for packing tomatoes raised in it. However, if the farmer uses the greenhouse as a sales room for the tomatoes, it does not qualify for the partial exemption.



Vehicles

In general

In general, a vehicle must meet two conditions to be considered farm equipment and machinery. It must be:

- Designated as an *implement of husbandry* by the California Vehicle Code (see [Other qualifying vehicles](#)).
- Used *exclusively* in agricultural operations.

An implement of husbandry—a farm tractor, for example—is a vehicle used only for agricultural purposes that is *not* designed to transport people or property on a street or highway. However, the Vehicle Code specifically designates certain farm vehicles as implements of husbandry even though they may be designed for limited highway use. Examples include certain trailers, rigs, and wagons (see list in [Appendix B](#)).

To determine whether vehicles designed for use on roads and highways qualify as implements of husbandry, the vehicle dealer or purchaser should contact the Department of Motor Vehicles.

Please note: Pickup trucks, heavy-duty trucks, and tractor trucks are not classified as implements of husbandry under the Vehicle Code and generally *do not* qualify for the partial tax exemption.

Other qualifying vehicles

Agricultural aircraft, all-terrain vehicles and snowmobiles (OHVs), bale wagons, and cotton module movers may also qualify as farm equipment. The partial exemption applies when they are purchased by a qualified buyer and used exclusively in agricultural operations.

For information on documentation required for a partially exempt vehicle sale or purchase see [Vehicles](#).

Leases of farm equipment and machinery

Partial tax exemption requirements

The partial tax exemption applies to leases of farm equipment and machinery provided all four of these conditions apply:

- The lease payments are taxable.
- The lessee is a qualified person (see [Qualified persons](#)).
- The lessee uses the equipment in agricultural production and harvesting (see [Agricultural production and harvesting](#)).
- The equipment qualifies as farm equipment or machinery (see [Farm equipment and machinery](#), defined).

Note: The partial tax exemption does not apply to leases of mobile transportation equipment (see [Mobile transportation equipment](#), below).

Lessors may purchase farm equipment and machinery for resale and collect tax on the amounts they charge lessees. The partial exemption applies to those amounts if the lease meets the four conditions listed above. The lessee should provide the lessor with a timely and complete partial exemption certificate to obtain the partial exemption (see [Partial exemption certificate](#), below).

Mobile transportation equipment

Mobile transportation equipment (MTE) is equipment used to transport people or property over substantial distances, such as locomotives, railroad cars, and trucks, including pickup trucks. In general, leases of MTE do not qualify for the partial exemption.

For more information about leases, see [Regulation 1660, Leases of Tangible Personal Property – In General](#); [Regulation 1661, Leases of Mobile Transportation Equipment](#); and [publication 46, Leasing Tangible Personal Property](#). Please refer to the BOE [website](#) or call the Customer Service Center at 1-800-400-7115 (TTY:711) for more information about a specific leasing situation.

Obtaining a partial exemption

Partial exemption certificate

To obtain the partial exemption on a purchase or lease of qualified property, the buyer should provide the retailer with a timely, complete partial exemption certificate (see information and sample in [Appendix A](#)). If the retailer was located in another state and didn't have a California seller's permit, the buyer must submit the exemption certificate and nonexempt portion of the tax with the buyer's sales or use tax return or state income tax return (see next section).

Purchases from out-of-state retailers

In general, California use tax applies to purchases of ranch and farm equipment and machinery from retailers outside California if the item is purchased for use here. The partial tax exemption applies to qualifying purchases from out-of-state retailers.

If the out-of-state retailer does not collect California sales or use tax from the buyer, the buyer must pay the nonexempt portion of the tax to the BOE.

How do I pay the California use tax?

- **California seller's permit**

If you have a seller's permit, you must pay use tax when filing your sales and use tax return. You must enter the amount of your purchase(s) under "Purchases subject to use tax" on the sales and use tax return for the period that includes the date when you first used, stored, or consumed the item in California. When you receive your seller's permit, we will instruct you to file your return either on a quarterly or quarterly pre-pay basis. Your tax return and payment are due after the close of each reporting period. For example, if you are on a quarterly reporting basis, the reporting period for the first quarter closes on March 31. Your tax return and payment are due on April 30, the last day of the following month.

- **Required registration to report use tax—how to register and file a return**

California law requires a "qualified purchaser" to register with the BOE and annually report and pay use tax directly to us. You can register on the BOE website at www.boe.ca.gov by selecting [New Registration](#), and then select [Register a business activity with BOE](#). Once you have registered, you may pay any use tax due by filing your return. You can also register to report use tax in person at any of the BOE [field offices](#). A qualified purchaser includes any business with at least \$100,000 in annual gross receipts from business operations. Gross receipts are the total of all receipts from both in-state and out-of-state business operations. A qualified purchaser is required to file a return, and report and pay use tax on the total purchase price of tangible merchandise that is subject to use tax during the preceding calendar year, and for which tax was not paid to a retailer required to collect the use tax. The return along with payment is due by April 15 of the following calendar year. For example, the return for 2013, along with payment, is due by April 15, 2014.

For additional information, see [publication 126](#), *Mandatory Use Tax Registration for Service Enterprises*.

- **California income tax return**

If you do not hold a permit with the BOE for paying your use tax as described above, you may report and pay use tax to the Franchise Tax Board (FTB) on your California income tax return. A Use Tax Table is included with the instructions for the FTB income tax return; it is a tool to assist you in reporting use tax when filing your annual income tax return. The Use Tax Table is only used for personal purchases less than \$1,000, not for business purchases. Business purchases subject to use tax should be reported using actual business purchase receipts. The due date for use tax is the same as the due date for your state income tax return. The date the use tax amount due was incurred must be within the tax year being reported on your state income tax return. The FTB will forward the use tax collected to the BOE. If you are a qualified purchaser you are required to register with the BOE to report and pay use tax.

- **Consumer use tax account**

If you make frequent taxable purchases from out-of-state sellers and are not required to register for a use tax account as a qualified purchaser, you may register with the BOE and obtain a consumer use tax account. You can register on the BOE website at www.boe.ca.gov, by selecting [New Registration](#), and then select Register a business activity with the BOE. You can also register to obtain a consumer use tax account in person at any of the BOE [field offices](#).

Please contact the BOE Customer Service Center for assistance at 1-800-400-7115 (TTY:711). You will be provided an account number and the ability to efile your return. You will be notified whether you must file your consumer use tax return on a quarterly or quarterly pre-pay basis. Your tax return and payment are due after the close of each reporting period. For example, if you are on a quarterly reporting basis, your reporting period for the first quarter closes on March 31. Your tax return and payment are due on April 30, the last day of the following month.

- **Vehicles, vessels, and aircraft**

Special rules and reporting requirements apply to these purchases. Please see [Regulation 1610, Vehicles, Vessels, and Aircraft](#), [publication 52, Vehicles and Vessels: How to Request a Use Tax Clearance for DMV Registration](#), [publication 79, Documented Vessels and California Tax](#), and [publication 79A, Aircraft and California Tax](#), or call the BOE Customer Service Center at 1-800-400-7115.

- **Purchases subject to use tax on one time purchase**

If you do not have a seller's permit and are not required to register for a use tax account as a "qualified purchaser," you can report your purchase(s) subject to use tax on the BOE website at www.boe.ca.gov by selecting [New Registration](#), and then select *Pay use tax and/or the lumber products assessment on one time purchase*. Once you have registered, you may pay any use tax due by filing your return. You can also register to report use tax in person at any of the BOE [field offices](#). Use tax is due on purchases made prior to 2012 by January 31, of the following year. Use tax is due on your purchase(s) made after January 1, 2012 by April 15 of the following calendar year in which you first purchased and used the property in California. Penalty and interest applies to payments received after the due date. Please contact the BOE Customer Service Center for assistance at 1-800-400-7115.

Vehicles

Many vehicle purchases that qualify for the partial exemption, for example, farm equipment driven on highways, such as a cotton trailer or trap wagon, for less than two miles laden or 30 miles miles unladen, must have and display a special equipment (SE) identification plate from the Department of Motor Vehicles (DMV). Off-highway vehicles require an off-highway vehicle (OHV) identification plate. When a dealer sells a vehicle that qualifies for the partial exemption, the dealer may apply for the SE or OHV plate and pay the appropriate sales or use tax to the BOE. The dealer, to collect the reduced rate, must also obtain a partial exemption certificate from the buyer, as provided in Appendix A of this publication.

However, when a person buys a vehicle from an out-of-state retailer or someone who is not a licensed vehicle dealer in California and uses the vehicle in California, the buyer must report the purchase and pay the use tax. A qualified purchaser may claim the partial exemption by either:

- Paying the full amount of tax to the DMV when applying for an SE or OHV plate and filing a claim for refund with the BOE for the tax-exempt amount (see [Applying for a tax refund or clearance](#)), or
- Paying the tax, less the tax-exempt amount, at one of the BOE field offices and requesting a tax clearance. The clearance allows the qualified buyer to obtain an SE or OHV plate for the vehicle from the DMV without paying additional tax.

California Tire Fee

You owe the California Tire Fee on all new solid or pneumatic tires that you purchase separately for use on on-road or off-road motor vehicles, motorized equipment, construction equipment, or farm equipment. You also owe the tire fee on new tires that are included with your purchase/lease/rental of new or used motor vehicles, trailers, construction equipment, or farm equipment.

Retailers are required to collect the California Tire Fee from you when you purchase new tires separately (replacement tires) or you purchase new or used farm equipment that include new tires. If you purchase new tires or farm equipment with new tires from an out-of-state seller that does not charge you the tire fee, then you are required to pay the tire fee directly to the BOE. Currently, the tire fee is \$1.75 per new tire. For more information, see [publication 91](#), *California Tire Fee*, located on the BOE public website.

Applying for a tax refund or clearance

To obtain a vehicle-related tax refund or tax clearance from the BOE, qualified buyers must document that they are engaged in a qualifying ranching, farming, growing, or agricultural services business activity, which falls within one of the required SIC Codes. Preferred documentation is a copy of the buyer's most recent federal or state income tax return with an attached [Schedule F, Profit or Loss from Farming](#). A copy should be included with the refund or tax clearance request. If the buyer does not file a Schedule F, the buyer must provide a copy of their recent income tax return that shows a business code indicating that the buyer meets the SIC Code requirement. In some situations, we may require further documentation.

If you paid the full amount of tax to the DMV when applying for an SE or OHV plate and you are filing a claim for refund with the BOE for the tax-exempt amount, please download and submit a completed [BOE-101-DMV, Claim for Refund or Credit for Tax Paid to DMV](#), and supporting documentation to the BOE to request your refund.

Submit your completed BOE-101-DMV and supporting documentation to a [BOE field office](#) or the BOE's Consumer Use Tax Section at:

Consumer Use Tax Section MIC:37
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0037

In addition, when the DMV has issued an SE plate for a farm vehicle, the buyer must provide a registration slip showing that the DMV has determined the vehicle to be an implement of husbandry (see previous section and [Appendix B](#)).

For aircraft, the buyer must present a Federal Aviation Administration (FAA) registration showing that the aircraft is classified for agricultural use. For an OHV plate, the buyer must document that they operate a ranching, farming, or agricultural services business.

You may also download a copy of [publication 117, Filing a Claim for Refund](#), [publication 52, Vehicles and Vessels: How to Request an Exemption from California Use Tax](#), or a [BOE-101-DMV, Claim for Refund or Credit for Tax Paid to DMV](#), form.

DIESEL FUEL USED IN FARMING OR FOOD PROCESSING

Most sales of diesel fuel are taxable. However, certain sales and purchases of diesel fuel used in farming activities or food processing qualify for a partial exemption from the sales or use tax, as explained in this section. The section includes information for fuel sellers and buyers. For more information, see [Regulation 1533.2](#), Diesel Fuel Used in Farming Activities or Food Processing.

Calculating tax on diesel fuel when the partial exemption applies

The partial tax exemption for certain sales and purchases of diesel fuel in farming activities or food processing applies only to the state general and fiscal recovery funds portion of the sales tax, currently 7.00 percent (see Note, below). To calculate the non-exempt tax rate for a qualifying transaction, subtract 7.00 percent from the sales tax rate that would apply if the sale were fully taxable. For example, if the full tax rate that applies to a taxable sale of diesel fuel is 9.25 percent, the tax rate for a qualifying sale is 2.25 percent (9.25 percent – 7.00 percent = 2.25 percent).

Note: The rate for the state general and fiscal recovery funds portion of the sales tax has changed in the past and may change again after the date of this publication. You must use the [rate in effect](#) at the time your sale occurs. Information on tax rate changes is available on the BOE website or from the BOE Customer Service Center.

Partial tax exemption basic requirements

The partial exemption applies to the sale or purchase of diesel fuel only if the diesel meets the following two requirements:

- Be a type of diesel that qualifies for the exemption, and
- Be used in qualifying farming activities or food processing, or related contract hauling.

The following sections provide more information.

Types of diesel fuel

For purposes of this partial exemption, “diesel fuel” means:

- Any liquid that is commonly or commercially known or sold as a fuel that is suitable for use in a diesel-powered highway vehicle. A liquid meets this requirement if, without further processing or blending, the liquid has practical and commercial fitness for use in the engine of a diesel-powered highway vehicle.

A liquid does not possess this practical and commercial fitness solely by reason of its possible or rare use as a fuel in the engine of a diesel-powered vehicle.

Diesel fuel should be identified accordingly on the retailers’ sales invoice. As a retailer, it is important to retain records showing that sales tax reimbursement was charged on the diesel fuel.

Qualifying activities: farming, food processing, contract hauling

The partial tax exemption for the sale of diesel applies only if the diesel will be used in a qualifying activity in one of these categories:

- Farming
- Food processing
- Contract hauling (related to farming and food processing)

Diesel Fuel Tax Exemption

You may also qualify for the diesel fuel tax exemption. For information about the diesel fuel tax exemption, please see [Regulation 1431](#), *Diesel Fuel Used on a Farm for Farming Purposes*, and visit the BOE website at www.boe.ca.gov/sptaxprog/refund/faq_farmer.htm.

Farming

The partial exemption may apply to diesel sales to the following people who use diesel fuel in carrying out farming activities, as described in the next section:

- Ranchers or farmers in the business of conducting farming activities.
- People who conduct farming activities for those ranchers or farmers on a contract basis, such as aerial operators who apply fertilizers, seeds, or pesticides to agricultural or horticultural products owned by ranchers or farmers.

Qualifying farming activities

In general, farming activities include the following:

- Cultivating land.
- Raising or harvesting of any plant or animal that can be legally sold to others. Raising a plant or animal means holding it for further cultivation or development before sale.
- Delivering feed to an animal feeding operation, by a person who owns or supplies the feed.
- Transporting agricultural products to certain businesses that will prepare the products for sale. The business must be wholly or partially owned by the farmers or ranchers whose products it processes. It can be a cooperative, joint venture, corporation, partnership, or similar business (see [Contract hauling](#)).
- Performing certain activities to prepare agricultural products for sale. The activity must be performed by a business that is wholly or partially owned by the farmers or ranchers whose products it processes. It can be a cooperative, joint venture, corporation, partnership, or similar business (see [By a business wholly or partially owned or financed by a farmer or rancher](#)).
- Transporting agricultural products to buyers, when the transporting is done by a cooperative, joint venture, corporation, partnership, or similar business that is wholly or partially owned by the farmers or ranchers whose products it processes or transports. The farmer, rancher, or entity must fully or partially own the transported product.
- Aerially applying fertilizers, seeds, pesticides, and similar products to farm land, when that application is done by a licensed aerial applicator.



The following do not qualify as farming activities for purposes of the partial exemption:

- Buying and selling plants or animals raised by someone else.
- Activities that are not directly part of cultivating, harvesting, or raising plants or animals, such as construction, repair, or maintenance of farm equipment or buildings.
- Raising agricultural or horticultural products for the grower's home or personal use.

Examples of diesel used in farming activities

By a farmer or rancher

Sales of diesel fuel will qualify for the partial tax exemption if the purchasing farmer or rancher uses the fuel to:

- Prepare land for planting
- Plant, protect, or grow crops
- Harvest crops
- Feed, water, or transport livestock
- Transport the harvested agricultural or horticultural products from the field or ranch to buyers

By a business wholly or partially owned or financed by a farmer or rancher

Ranchers and farmers may wholly or partially own or finance agricultural processing and marketing businesses including cooperatives, joint ventures, corporations, and partnerships. The purchase of diesel by one of these businesses qualifies for the partial tax exemption when the diesel is used in preparing an owner's agricultural or horticultural products for sale or transporting those products to buyers. This includes using diesel for either of the following purposes:

- To prepare the agricultural or horticultural product for sale. Preparation can include cleaning, sorting, packing, and some activities such as slaughtering, freezing, and homogenizing.
- To transport the prepared product to the point where it is sold at retail, at wholesale, or for consumption at an animal feeding operation.

Example: A farmer raises lemons and sells the crop to a citrus cooperative in which he holds shares. The cooperative grades and packs the farmer's lemons and sells them to a grocery distributor. In this example, these diesel sales would qualify for the partial exemption:

1. The sale to the farmer of diesel the farmer uses to transport the lemons to the cooperative,
2. The sale to the cooperative of diesel it uses to grade or pack the farmer's lemons, and
3. The sale to the cooperative of diesel it uses to haul the products to the grocery distributor.



Food Processing

Qualified food processing businesses

The partial exemption for diesel used in food processing is available only to certain businesses. To qualify, the business's activities must fall within one of the following SIC Groups or Codes:

- 201 Meat Products
- 202 Dairy Products
- 203 Canned, Frozen, and Preserved Fruits, Vegetables, and Food Specialties
- 204 Grain Mill Products
- 207 Fats and Oils
- 2068 Salted and Roasted Nuts and Seeds
- 2084 Wines, Brandy, and Brandy Spirits

For more details on the types of businesses included in these groups and codes, see the descriptions in [Appendix C](#).

Examples of diesel used in food processing activities

The sale of diesel fuel to a qualified food processor may be eligible for the partial tax exemption. The food processor must use the diesel in one of the following ways:

- Hauling a raw agricultural product to the processing plant. Raw agricultural product means an unprocessed product such as grain, vegetables, fruit, or livestock.
- Processing agricultural products. This includes using diesel to run processing equipment, backup generators, and equipment used to move the product during processing.
- Hauling supplies and materials to the processing plant. This includes only items used in producing the processed food product, such as cans, labels, and ingredients.
- Hauling partially processed food products between processing plants owned by the same company. For example, one division of a company processes tomatoes into tomato paste. Another division uses the paste to produce spaghetti sauce. Moving the paste between the two plants is a qualifying food processing activity.

Please note: Diesel used in an activity that occurs after the food processing is complete does not qualify for the exemption. For example, diesel used to move a product from the processing plant to a warehouse prior to sale does not qualify.

Contract hauling

The sale of diesel to a person who contracts to haul agricultural products for a rancher, farmer, or food processor may qualify for the partial tax exemption. The contractor must use the diesel to:

- Transport—to buyers or intermediate points for handling—agricultural products produced and owned by a farmer, rancher, or a business wholly or partially owned by a rancher or farmer (see [Qualifying activities: Farming, food processing, contract hauling](#)).
- Transport raw products, materials, and supplies for a food processor (see [Food Processing](#)).

Please see the sections on farming and food processing for details regarding the types of transportation that qualify for the partial exemption.

Exemption certificates, diesel partial exemption

It is important that retailers obtain timely and complete exemption certificates from purchasers who wish to claim the partial exemption. Retailers must accept the certificates in good faith and keep all exemption certificates on file to support their partially exempt sales.

To obtain the diesel partial exemption, a rancher, farmer, food processor, or contract hauler should give the retailer a partial exemption certificate. Often, only retailers who make bulk deliveries of diesel fuel or sell through cardlock facilities will accept the partial exemption certificate. Buyers may provide an exemption certificate for each purchase or a *blanket exemption certificate* to cover the current purchase and future purchases. If only part of a buyer's diesel purchases qualifies for the partial exemption, a buyer filing a blanket exemption certificate must indicate the percentage of exempt use. The buyer should average the percentage over a normal operating cycle and periodically recalculate it, since the amount of exempt use may vary from year to year.

Examples, blanket partial exemption certificates

A farmer who purchases bulk diesel has two tanks: a larger tank for dyed diesel, used for fueling tractors and other field equipment, and a smaller tank for clear diesel, used for fueling pickup trucks and personal cars. All of the dyed diesel and 75 percent of the clear diesel is used in farming activities. The remaining 25 percent of the clear diesel is used for personal business not associated with farming. The nonfarm use is reasonably consistent throughout the year. The farmer may give a blanket partial exemption certificate to the retailer claiming a partial exemption on 100 percent of the dyed diesel and 75 percent of the clear diesel.

A trucking company hauls agricultural products to processing plants during the summer and hauls other products the rest of the year. The company buys 40,000 gallons of diesel a year and uses 25 percent of it, 10,000 gallons, for hauling the agricultural products. The company may give a blanket partial exemption certificate to the retailer claiming the partial exemption on 25 percent of each diesel purchase, regardless of when the company makes the purchase.

For more information on exemption certificates, retailer responsibilities, and a sample certificate, see [Appendix A](#).

APPENDIX A: SAMPLE EXEMPTION CERTIFICATES

This Appendix includes the following sample exemption certificates:

- Feed exemption certificate
- Drug exemption certificate
- LPG exemption certificate
- Diesel fuel and farm equipment partial exemption certificate
- Farm equipment or machinery partial exemption certificate

About exemption certificates

Buyers may use the sample exemption certificates in this appendix to claim the exemptions for the sale or purchase of feed, veterinary drugs, LPG, farm equipment and machinery, or diesel fuel. To be valid, the buyer or the buyer's authorized representative or employee must do all of the following:

- Furnish the certificate to the retailer timely (see below)
- Provide all relevant information (see below)
- Sign and date the certificate

A certificate is *timely* when provided at any of the times described below:

- Anytime within the retailer's normal billing or payment cycle.
- At or prior to the delivery of the property.

Note: An exemption certificate for sales of LPG, farm equipment and machinery, and diesel is also considered timely if it is submitted no later than 15 days after the date of the purchase.

Relevant information includes:

- The seller's name and address,
- The type of property being purchased,
- The buyer or company name, title, telephone number, address, and
- The seller's permit number (if any).

If a portion of the LPG or diesel will be used for exempt purposes, the buyer must indicate the percentage that qualifies for the exemption (see [Examples, blanket partial exemption certificates](#)).

Blanket exemption certificates

Purchasers may issue blanket exemption certificates. That is, instead of issuing a certificate for each purchase, one certificate can apply to qualifying future purchases (see instructions on the sample exemption certificates below).

Cautions for buyers and retailers

Buyers

If you issue a completed exemption certificate when making a fully or partially tax-exempt purchase, but do not use the property in a way that qualifies for the exemption, you are responsible for paying the full tax and any applicable penalty or interest (see [How do I pay the California use tax](#)).

Retailers

You should not make a fully or partially exempt sale of drugs, feed, LPG, farm equipment, or diesel unless the buyer provides a timely, complete exemption certificate, as described in this publication. To be relieved of the tax amount due, you must also accept the certificate in good faith. That is, you should not accept a certificate if you know the buyer does not qualify for the exemption. If you do not comply with these conditions, you are liable for and may be required to pay the tax exempted on the sale, plus applicable penalty and interest. Be sure to keep copies of exemption certificates to support your exempt sales.

Feed exemption certificate

For information on using feed exemption certificates see the discussion of [Feed](#) in this publication.

FEED EXEMPTION CERTIFICATE	
"I hereby certify that all of the feed I will purchase from _____	
will be used as feed for food animals or for nonfood animals that are being sold in the regular course of business. This certificate should be considered a part of each order I give unless the order says otherwise. This certificate is good until revoked in writing."	
Signature _____	Date _____
Name _____	
Address _____	
Occupation _____	
Seller's Permit Number (if any) _____	

Drug exemption certificate

For information on using drug exemption certificates see the discussion of [Sales to veterinarians](#) in this publication.

DRUG EXEMPTION CERTIFICATE	
"I hereby certify that the drugs or medicines I will purchase from will be purchased: _____	
<input type="checkbox"/> as an additive to feed or drinking water for food animals or for nonfood animals being held for sale in the regular course of business,	
<input type="checkbox"/> for administration directly to a food animal, or	
<input type="checkbox"/> for oxygen administered to a food animal.	
This certificate should be considered a part of each order I give unless the order says otherwise. This certificate is good until revoked in writing."	
Signature _____	Date _____
Name _____	
Address _____	
Occupation _____	
Seller's Permit Number (if any) _____	

LPG exemption certificate

For information on the LPG exemption see the discussion of [Liquefied Petroleum Gas \(LPG\)](#) in this publication.

EXEMPTION CERTIFICATE	STATE BOARD OF EQUALIZATION
Qualified Sales and Purchases of Liquefied Petroleum Gas (LPG)	
<hr/>	
SELLER'S NAME	
<hr/>	
SELLER'S ADDRESS (Street, City, State, Zip Code)	
<hr/>	
<p>The undersigned purchaser hereby certifies that the LPG will be used by a qualified person, as applicable, and in the manner as specified below (check applicable box and complete as necessary):</p>	
<p><input type="checkbox"/> LPG used in a Household Activity* - In accordance with Revenue & Taxation Code Section 6353(b), _____% of the LPG purchased will be delivered by the seller into a tank with a storage capacity equal to or greater than 30 gallons for use in a household activity at the primary residence, which is not serviced by gas mains and pipes, of: 1) the purchaser; 2) a person described in Codes 0711 to 0783 of the Standard Industrial Classification (SIC) Manual, that assists a person engaged in an agricultural business described in Codes 0111 to 0291 of the SIC Manual ("qualified person"), or an employee of a qualified person where the LPG is purchased by such qualified person on behalf of the person that assists a qualified person in producing and harvesting agricultural products, or on behalf of the employee of that qualified person in producing and harvesting agricultural products; or 3) a renter or tenant where the LPG is purchased by a landlord or management company on behalf of the renter or tenant.</p>	
<p><input type="checkbox"/> LPG used in an Agricultural Activity* - In accordance with Revenue & Taxation Code Section 6353(b), _____% of the LPG purchased will be delivered into a tank with a storage capacity equal to or greater than 30 gallons and used in producing and harvesting agricultural products, and will be purchased by: 1) a person engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual ("qualified person"); or 2) a person described in Codes 071 to 0783 of the SIC Manual, that assists a qualified person; or 3) an employee of the qualified person.</p>	
<p>*This certificate will be considered a blanket certificate for future purchases, unless otherwise specified. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number in the following space:</p>	
<hr/>	
<p>I understand that if the LPG is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax law to report and pay the state tax measured by the sales price of the LPG to me. I also understand that this exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.</p>	
<hr/>	
PURCHASER'S NAME OR COMPANY NAME (if applicable)	DATE
<hr/>	
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (if applicable) ¹
<hr/>	
TITLE	TELEPHONE NUMBER
<hr/>	
ADDRESS	CITY STATE, ZIP
<hr/>	
<p>¹ If you are not required to hold a seller's permit, please enter "Not Applicable."</p>	

CERTIFICATE OF FARMING USE

(To support vendor's claim for a credit, payment, or refund under section 60502 of the Revenue and Taxation Code)

New Certificate

Renewal Certificate

SELLER'S NAME

SELLER'S ADDRESS (street, city, state, zip code)

SELLER'S FEDERAL EMPLOYEE IDENTIFICATION NUMBER (FEIN)

SELLER'S BOARD OF EQUALIZATION DIESEL FUEL TAX NUMBER

D _____ **57-** _____

The undersigned buyer hereby certifies the following under penalty of perjury. Buyer will use the undyed diesel fuel to which this certificate relates, either (*must check one below*):

On a farm (as defined in the Diesel Fuel Tax Regulation 1431(d)) **and** Buyer is the owner, tenant or operator of the farm on which the fuel will be used.
Type of farming (*include information relating to growing or raising*) _____

On a farm (as defined in the Diesel Fuel Tax Regulation 1431(c)) relating to cultivating, raising or harvesting **and** Buyer is **not** the owner, tenant or operator of the farm on which the fuel will be used.
Description of operation (*harvesting, etc.*) _____

This certificate applies to the following (*check applicable box and complete as necessary*):

Buyer account or order number _____

This is a certificate covering all purchases to be used on a farm for farming purposes.
Effective Date _____ Expiration Date (period not to exceed one year after the effective date) _____

This is a single purchase certificate: Invoice or delivery ticket number _____ Number of gallons purchased _____

This is a certificate for _____% of all purchases to be used on a farm for farming purposes.
Effective Date _____ Expiration Date (period not to exceed one year after the effective date) _____

NOTE: Buyer must provide a new certificate to the seller if any information in this certificate changes, or one year from effective date.

If Buyer uses the diesel fuel to which this certificate relates for a purpose other than stated in the certificate, Buyer will be liable for the state excise tax. California Diesel Fuel Tax is payable immediately upon use to the State of California, Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0033.

Buyer understands the fraudulent use of this certificate may subject Buyer and all parties making such fraudulent use of this certificate to a fine or imprisonment, or both, together with the cost of prosecution.

BUYER TYPE OF BUSINESS (*check one*)

Sole Owner Married Co-ownership Registered Domestic Partnership Partnership Corporation Limited Liability Company (LLC)

Other (*please specify*): _____

LIST PARTNERS (*if partnership*)

NAME OF BUYER/OWNER (*print or type*)

BUYER/OWNER EMPLOYER ID NUMBER

DBA

BUYER/OWNER SSN (*married co-ownership, registered domestic partnership or partnerships – list SSN for each partner*)

CORPORATION ID (*list corporation number issued by Secretary of State*)

PHYSICAL ADDRESS OF BUYER/BUSINESS (*street, city, state, zip code*)

MAILING ADDRESS OF BUYER/BUSINESS (*if different from physical address*)

BULK DELIVERY ADDRESS (*if different than physical address*)

TELEPHONE NUMBER OF BUYER/BUSINESS

FAX NUMBER

EMAIL ADDRESS

()

()

To the best of my knowledge all the information on this certificate is accurate until such notice of changes, and is signed under penalty of perjury. If signature of other than the Buyer, I certify I have the authority to bind the Buyer.

AUTHORIZED SIGNATURE

DATE

PRINT NAME AND TITLE OF PERSON SIGNING

Diesel fuel and farm equipment partial exemption certificate

For more information on these exemptions, see [Farm Equipment and Machinery](#), and also see [Diesel fuel used in farming or food processing](#) as discussed in this publication.

PARTIAL EXEMPTION CERTIFICATE	STATE BOARD OF EQUALIZATION
Qualified Sales and Purchases of Diesel and Farm Equipment and Machinery	
<p>NOTE: This is an exemption only from the state general and fiscal recovery funds portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.</p>	
<hr/> SELLER'S NAME/LESSOR'S NAME	
<hr/> SELLER'S/LESSOR'S ADDRESS (Street, City, State, Zip Code)	
<p>Diesel Fuel Used in Farming Activities or Food Processing* - I, as the undersigned purchaser, hereby certify that the diesel purchased, _____% will be used in qualified farming activities or food processing in accordance with Revenue and Taxation Code Section 6357.1.</p> <p>Farm Equipment and Machinery (or parts thereof)* - I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue and Taxation Code Section 6356.5.2.</p> <p>Type of Farm Equipment and Machinery (or parts thereof)</p> <hr/>	
<p>*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.</p> <p>I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.</p>	
<hr/> PURCHASER'S NAME OR COMPANY NAME (if applicable)	<hr/> DATE
<hr/> SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	<hr/> PERMIT NUMBER (if applicable) ³
<hr/> TITLE	<hr/> TELEPHONE NUMBER
<hr/> ADDRESS	<hr/> CITY
<hr/> STATE, ZIP	
<p>¹ If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities.</p> <p>² Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products.</p> <p>³ If you are not required to hold a seller's permit, please enter "Not Applicable."</p>	

APPENDIX B: VEHICLES CONSIDERED FARM EQUIPMENT AND MACHINERY

The following list of typical vehicles regarded as farm equipment and machinery is adapted from the list in [Regulation 1533.1](#), Farm Equipment and Machinery. Vehicles not included on that list do not qualify for the partial sales tax exemption unless the DMV determines that they are implements of husbandry (see [Vehicles](#)).

1. A lift carrier or other vehicle, operated and moved on a highway, designed and used exclusively for lifting and carrying implements of husbandry or tools used exclusively for agricultural production or harvesting.
2. A tip-bed-type trailer used exclusively for transporting implements of husbandry or tools used exclusively for agricultural production or harvesting.
3. A trailer or semi-trailer having no bed, designed and used solely for transporting a hay loader or swather.
4. A spray or fertilizer applicator rig used exclusively for agricultural spraying or fertilizing. Exception: Anhydrous ammonia fertilizer applicator rigs with a transportation capacity of more than 500 gallons (see next item).
5. A trailer or semi-trailer with a maximum transportation capacity of more than 500 gallons, but not more than 1,000 gallons, used exclusively for transporting and applying anhydrous ammonia, provided the vehicle is equipped with operating brakes or is towed on a highway by a motor truck with a manufacturer's gross vehicle weight rating of 3/4 ton or more.
6. A nurse rig or equipment designed or modified for fueling, repairing, or loading an applicator rig or airplane used for dusting, spraying, fertilizing, or seeding crops.
7. A row duster.
8. A wagon or van used exclusively for carrying farm products on a farm or between farms. Must be used solely for agricultural purposes. Includes a van used in harvesting alfalfa or cotton that is only incidentally operated or moved on a highway as a trailer.
9. A wagon or portable house on wheels (1) used solely by shepherds as a permanent residence in connection with sheep raising operations, and (2) moved on a ranch or between ranches, that is only incidentally operated or moved on a highway as a trailer.
10. A trap wagon, as defined in California Vehicle Code section 36016, moved on a ranch or between ranches and operated or moved on a highway only incidental to agricultural operations. The fuel tank or tanks of the trap wagon cannot have a total capacity of more than 1,000 gallons.
11. Any vehicle operated on a highway only for transporting agricultural products in trips of one mile or less from the point of origin.
12. A portable honey-extracting trailer or semi-trailer.
13. A fertilizer nurse tank or trailer that is not self-propelled, which is towed empty on the highway and used to assist a spray or fertilizer applicator rig.
14. Any cotton trailer used on the highway exclusively to transport cotton from a farm to a cotton gin and for the empty return trip.
15. A truck tractor or truck tractor and semi-trailer combination owned by a farmer and operated on the highway, (1) incidental to a farming operation, (2) not for compensation, (3) for a distance of not more than two highway miles each way and (4) at a speed of 25 miles per hour or less. This applies only to truck tractors with a manufacturer's gross vehicle weight rating over 10,000 pounds equipped with all-wheel drive and off-highway traction tires on all wheels, and also to semi-trailers used exclusively in combination with those truck tractors for tomato production or harvesting.

16. Any farm tractor used on a highway to pull a farm trailer carrying farm produce or to pull any trailer or semi-trailer carrying implements of husbandry. The tractor must be traveling between farms or from a farm to a processing or handling point and back (with or without the trailer).

APPENDIX C: STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES

The Standard Industrial Classification (SIC) Codes were established by the federal government to provide a framework for collecting statistical information. The Sales and Use Tax Law and regulations require the use of certain SIC Codes to define the types of businesses that qualify for the LPG, diesel, and farm equipment exemptions. For more information about SIC Codes, see the website for the federal Occupational Safety and Health Administration (OSHA) (select SIC/NAICS Search from the OSHA website index).

LPG and farm equipment exemptions—SIC codes used to define qualified persons

As noted under Agricultural use of LPG, and Qualified persons, purchasers qualifying for the LPG and farm equipment exemptions must be engaged in a business described by SIC Codes 0111 to 0291. Major Group 01 (Codes 0111 to 0191) defines crops. Major Group 02 (Codes 0211 to 0291) defines livestock and animal specialties.

SIC Major Group 01: Agricultural Production Crops

This explanatory information is adapted from the federal SIC Code Manual.

This major group includes businesses primarily engaged in producing crops, plants, vines, and trees (except forestry operations). Examples include farms, orchards, greenhouses, and nurseries. This major group also includes businesses primarily engaged in operating sod farms and cranberry bogs; in producing mushrooms, bulbs, flower seeds, and vegetable seeds; and in growing hydroponic crops. Businesses that produce seeds of field crops are classified in the same industry as businesses that grow these crops for other purposes.

Industry Group 011: Cash Grains

- 0111 Wheat
- 0112 Rice
- 0115 Corn (not including sweet corn or popcorn)
- 0116 Soybeans
- 0119 Cash Grains, Not Elsewhere Classified: Barley, beans, buckwheat, cowpeas, flaxseed, other grains, lentil, milo, mustard seed, oats, peas, popcorn, rye, safflower, sorghum, sunflowers

Industry Group 013: Field Crops, Except Cash Grains

- 0131 Cotton, including cotton seed
- 0132 Tobacco
- 0133 Sugarcane and Sugar Beets
- 0134 Irish Potatoes (does not include sweet potatoes or yams)
- 0139 Field Crops, Except Cash Grains, Not Elsewhere Classified: Alfalfa, broomcorn, clover, grass seed, hay, hops, mint, peanuts, sweet potatoes and yams, timothy

Industry Group 016: Vegetables and Melons

- 0161 Vegetables and Melons: Asparagus, green beans, beets, bok choy, broccoli, cabbage, cantaloupe, cauliflower, celery, sweet corn, cucumber, fresh peas, fresh lima beans, lettuce, market gardens, melon, onions, peppers (sweet and hot), squash, tomatoes, watermelons, truck and vegetable farms

Industry Group 017: Fruits and Tree Nuts

- 0171 Berry Crops
- 0172 Grapes
- 0173 Tree Nuts (almonds, filberts, macadamias, pecans, pistachios, walnuts)
- 0174 Citrus Fruits (grapefruit, lemons, limes, oranges, tangerines)
- 0175 Deciduous Tree Fruits (apples, apricots, cherries, nectarines, peaches, pears, persimmons, plums, pomegranates, prunes, quinces)
- 0179 Fruits and Tree Nuts, Not Elsewhere Classified: Avocados, bananas, coffee, dates, figs, kiwi, olives, pineapples, plantains, tropical fruit

Industry Group 018: Horticultural Specialties

- 0181 Ornamental Floriculture and Nursery Products: bedding plants, bulbs, flowers and shrubs except forest shrubs, fruit stock, preseeded mats, nursery stock, ornamental and potted plants, roses, seeds, sod
- 0182 Food Crops Grown Under Cover: bean sprouts, fruit, hydroponic crops, mushrooms, rhubarb, seaweed, tomatoes, truffles, vegetables

Industry Group 019: General Farms, Primarily Crop

- 0191 General Farms, Primarily Crop

SIC Major Group 02: Agricultural Production Livestock and Animal Specialties

This explanatory information is adapted from the federal SIC Code Manual.

This major group includes businesses primarily engaged in keeping, grazing, or feeding livestock for the sale of livestock or livestock products (including serums), for breeding, or for increasing the livestock's value. Examples include farms, ranches, dairies, feedlots, egg production facilities, broiler facilities, poultry hatcheries, and apiaries. Livestock includes cattle, hogs, sheep, goats, and poultry of all kinds, plus horses, rabbits, bees, pets, fish in captivity, and furbearing animals in captivity.

Industry Group 021: Livestock, Except Dairy and Poultry

- 0211 Beef Cattle Feedlots
- 0212 Beef Cattle, Except Feedlots
- 0213 Hogs, Hog Feedlots
- 0214 Sheep and Goats
- 0219 General Livestock, Except Dairy and Poultry

Industry Group 024: Dairy Farms

- 0241 Dairy Farms, including Heifer Replacement Farms

Industry Group 025: Poultry and Eggs

- 0251 Broiler, Fryer, and Roaster Chickens, including Cornish Hens
- 0252 Chicken Eggs
- 0253 Turkeys and Turkey Eggs
- 0254 Poultry Hatcheries
- 0259 Poultry and Eggs, Not Elsewhere Classified: Ducks, geese, pheasant, pigeon, quail, squab

Industry Group 027: Animal Specialties

- 0271 Fur-bearing Animals and Rabbits: Chinchilla, fox, mink, rabbit, fur and game farms
- 0272 Horses and Other Equines: Burros, donkeys, horses, mules, ponies
- 0273 Animal Aquaculture: catfish, crustaceans, finfish farms, goldfish, minnows, mollusks, tropical aquarium fish, trout
- 0279 Animal Specialties, Not Elsewhere Classified: Alligators, apiaries, aviaries, bees, cats, dogs, earthworms, frogs, kennels that breed and raise their own stock, laboratory animal farms, rattlesnakes, silkworms

Industry Group 029: General Farms, Primarily Livestock and Animal

0291 General Farms, Primarily Livestock and Animal Specialties

SIC Codes for those who assist qualified ranchers and farmers

Businesses within the SIC Codes described in this section are defined as persons who assist qualified ranchers and farmers. They therefore qualify for the exemption on their sales and purchases of LPG (see [Agricultural use of LPG](#)), and farm equipment and machinery (see [Qualified persons](#)). For more information, see [Regulation 1533](#), *Liquefied Petroleum Gas*, and [Regulation 1533.1](#), *Farm Equipment and Machinery*.

SIC Major Group 07: Agricultural Services

This explanatory information is adapted from the federal SIC Code Manual.

This major group includes businesses primarily engaged in performing soil preparation services, crop services, veterinary services, other animal services, farm labor and management services, and landscape and horticultural services, for others on a contract or fee basis. Please note that feedlots and poultry hatcheries operated on a contract or fee basis are included in Major Group 02 (see [SIC Major Group 02: Agricultural Production Livestock and Animal Specialties](#)).

Industry Group 071: Soil Preparation Services

0711 Soil Preparation Services: Chemical treatment, fertilizing, lime spreading, plowing, seed bed preparation, weed control prior to planting

Industry Group 072: Crop Services

0721 Crop Planting, Cultivating, and Protecting: Aerial dusting and spraying, tree and vine bracing, orchard cultivation services, corn detasseling, disease control, ground dusting and spraying, entomological services, hoeing, insect control, irrigation system operation, planting, pollinating, pruning, seeding, thinning, vineyard cultivation services, weed control after planting

0722 Crop Harvesting, Primarily by Machine: Machine harvesting of berries, cotton, fruits, grain, nuts, peanuts, sugar beets, sugarcane, vegetables; chopping and silo filling; combining; haying; threshing

0723 Crop Preparation Services for Market, Except Cotton Ginning: Bean and seed cleaning; corn, nut and peanut shelling; drying corn, rice, hay, fruits and vegetables; flax decorticating and retting; pre-transportation fruit and vegetable cooling; fruit and vegetable vacuum cooling; grain cleaning, fumigation and custom grinding; moss ginning; sorting, grading, packing and packaging fresh and dried fruits and vegetables; potato and sweet potato curing; tobacco grading

0724 Cotton Ginning

Industry Group 074: Veterinary Services

0741 Veterinary Services for Livestock: animal hospitals for livestock; veterinarians and veterinary services for livestock

0742 Veterinary Services for Animal Specialties: Animal hospitals for pets and other animal specialties, veterinarians and veterinary services for pets and animal specialties

Industry Group 075: Animal Services, Except Veterinary

0751 Livestock Services, Except Veterinary: Artificial insemination for livestock; livestock breeding, cattle spraying, poultry coop cleaning, dairy herd improvement associations, milk testing, pedigree record services, sheep dipping and shearing, showing livestock, custom slaughtering for individuals, vaccinating livestock

0752 Animal Specialty Services, Except Veterinary: Animal shelters, artificial insemination and breeding of animal specialties, boarding horses and kennels, dog grooming, dog pounds, honey straining on the farm, pedigree record services for pets and animal specialties, showing of pets and animal specialties, horse training excluding racing, training or vaccinating pets or animal specialties

Industry Group 076: Farm Labor and Management Services

0761 Farm Labor Contractors and Crew Leaders

0762 Farm Management Services: Citrus grove, orchard and vineyard management and maintenance with or without crop services; farm management services

Industry Group 078: Landscape and Horticultural Services

0781 Landscape Counseling and Planning: Garden planning, horticultural counseling services, landscape architecture, counseling and planning

0782 Lawn and Garden Services: Bermuda sprigging; cemetery upkeep; garden maintenance and planting; lawn care, fertilizing, mowing, mulching, seeding, spraying and sprigging; mowing and seeding highway center strips; sod laying

0783 Ornamental Shrub and Tree Services: Arborist services; ornamental bush and tree planting, pruning, bracing, spraying, removal and surgery; tree trimming for utility lines

SIC Codes used to define food processors

SIC Major Group 20: Food and Kindred Products

This explanatory information is adapted from the federal SIC Code Manual.

As noted in the section on the sale and purchase of diesel fuel, only businesses with certain SIC Codes qualify as food processors for purposes of the diesel partial exemption. Those businesses are within specific Industry Group Codes in SIC Major Group 20, *Food and Kindred Products*. This major group includes businesses manufacturing or processing foods and beverages, and certain related products, such as manufactured ice, chewing gum, vegetable and animal fats and oils, and prepared feeds for animals and birds.

Industry Group 201: Meat Products

2011 Meat Packing Plants

2013 Sausages and Other Prepared Meat Products

2015 Poultry Slaughtering and Processing

Industry Group 202: Dairy Products

2021 Creamery Butter

2022 Natural, Processed, and Imitation Cheese

2023 Dry, Condensed, and Evaporated Dairy Products

2024 Ice Cream and Frozen Desserts

2026 Fluid Milk

Industry Group 203: Canned, Frozen, and Preserved Fruits, Vegetables

2032 Canned Specialties

2033 Canned Fruits, Vegetables, Preserves, Jams, and Jellies

2034 Dried and Dehydrated Fruits, Vegetables, and Soup Mixes

2035 Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings

2037 Frozen Fruits, Fruit Juices, and Vegetables

2038 Frozen Specialties, Not Elsewhere Classified

Industry Group 204: Grain Mill Products

2041 Flour and Other Grain Mill Products

2043 Cereal Breakfast Foods

2044 Rice Milling

2045 Prepared Flour Mixes and Doughs

2046 Wet Corn Milling

2047 Dog and Cat Food

2048 Prepared Feeds and Feed Ingredients for Animals and Fowls, Except Dogs and Cats

Industry Group 206: Sugar and Confectionery Products

2068 Salted and Roasted Nuts and Seeds

Industry Group 208: Beverages

2084 Wines, Brandy, and Brandy Spirits

FOR MORE INFORMATION

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

CUSTOMER SERVICE CENTER

1-800-400-7115

TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

FIELD OFFICES

City	Area Code	Number
Bakersfield	1-661	395-2880
Culver City	1-310	342-1000
El Centro	1-760	352-3431
Fairfield	1-707	427-4800
Fresno	1-559	440-5330
Glendale	1-818	543-4900
Irvine	1-949	440-3473
Norwalk	1-562	466-1694
Oakland	1-510	622-4100
Rancho Cucamonga	1-909	257-2900
Rancho Mirage	1-760	770-4828
Redding	1-530	224-4729
Riverside	1-951	680-6400
Sacramento	1-916	227-6700
Salinas	1-831	443-3003
San Diego	1-858	385-4700
San Francisco	1-415	356-6600
San Jose	1-408	277-1231
Santa Clarita	1-661	222-6000
Santa Rosa	1-707	576-2100
Ventura	1-805	677-2700
West Covina	1-626	480-7200
Out-of-State Field Offices		
Chicago, IL	1-312	201-5300
Houston, TX	1-713	739-3900
New York, NY	1-212	697-4680
Sacramento, CA	1-916	227-6600

INTERNET

www.boe.ca.gov

You can log onto the BOE website for additional information—such as laws, regulations, forms, publications, industry guides, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on the BOE website (look for "[Verify a Permit/License](#)") or call the BOE's toll-free automated verification service at 1-888-225-5263.

Multilingual versions of publications are available on the BOE [website](#) at www.boe.ca.gov.

Another good resource—especially for starting businesses—is the California Tax Service Center at www.taxes.ca.gov.

TAX INFORMATION BULLETIN

The quarterly Tax Information Bulletin (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current and archived TIBs on the BOE website at www.boe.ca.gov/news/tibcont.htm. Sign up for BOE updates email list and receive notification when the latest issue of the TIB has been posted to the BOE website.

FREE CLASSES AND SEMINARS

Most of the BOE statewide field offices offer free basic sales and use tax classes with some classes offered in other languages. Check the Sales and Use Tax Section on the BOE website at www.boe.ca.gov for a [listing of classes and locations](#). You can also call your local field office for class information. We also offer [online seminars](#) including the Basic Sales and Use Tax tutorial and how to file your tax return that you can access on the BOE website at any time. Some online seminars are also offered in other languages.

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Please visit the BOE website at: www.boe.ca.gov/email to email your request. You may also send your request in a letter to: Audit and Information Section, MIC:44, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0044.

TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see [publication 70, Understanding Your Rights as a California Taxpayer](#), or contact the [Taxpayers' Rights Advocate Office](#) for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; State Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0070.

Regulations and publications

Lists vary by publication

Selected [regulations](#), [forms](#), and [publications](#) that may interest you are listed below. A complete listing of sales and use tax [regulations](#), [forms](#), and [publications](#) appears on the BOE [website](#). Multilingual versions of the BOE publications and other multilingual outreach materials are also available at www.boe.ca.gov/languages/menu.htm.

Publications

- 17 *Appeals Procedures: Sales and Use Taxes and Special Taxes*
- 36 *Veterinarians*
- 44 *District Taxes*
- 46 *Leasing Tangible Personal Property*
- 51 *Resource Guide to Free Tax Products and Services for Small Businesses*
- 52 *Vehicles and Vessels: Use Tax*
- 58A *How to Inspect and Correct Your Records*
- 61 *Sales and Use Taxes: Exemptions and Exclusions*
- 70 *Understanding Your Rights as a California Taxpayer*
- 73 *Your California Seller's Permit*
- 74 *Closing Out Your Account*
- 75 *Interest, Penalties, and Fees*
- 76 *Audits*
- 79 *Documented Vessels and California Tax*
- 79A *Aircraft and California Tax*
- 100 *Shipping and Delivery Charges*
- 101 *Sales Delivered Outside California*
- 102 *Sales to the United States Government*
- 103 *Sales for Resale*
- 105 *District Taxes and Delivered Sales*
- 109 *Internet Sales*
- 110 *California Use Tax Basics*
- 113 *Coupons, Discounts and Rebates*
- 116 *Sales and Use Tax Records*
- 117 *Filing a Claim for Refund*
- 126 *Mandatory Use Tax Registration for Service Enterprises*

Publicaciones disponibles en su idioma
以您的母語出版的出版物
Các Ấn Phẩm Có Sẵn Trong Ngôn Ngữ Của Quý Vị
귀하의 언어로 된 간행물이 있습니다

Selected regulations

- 1533 *Liquefied Petroleum Gas*
- 1533.1 *Farm Equipment and Machinery*
- 1533.2 *Diesel Fuel Used in Farming Activities or Food Processing*
- 1587 *Animal Life, Feed, Drugs and Medicines*
- 1588 *Seeds, Plants, and Fertilizer*
- 1589 *Containers and Labels*
- 1610 *Vehicles, Vessels, and Aircraft*
- 1628 *Transportation Charges*
- 1641 *Credit Sales and Repossessions*
- 1642 *Bad Debts*
- 1654 *Barter, Exchange, "Trade-ins" and Foreign Currency Transactions*
- 1655 *Returns, Defects and Replacements*
- 1660 *Leases of Tangible Personal Property-In General*
- 1661 *Leases of Mobile Transportation Equipment*
- 1667 *Exemption Certificates*
- 1668 *Sales for Resale*
- 1698 *Records*
- 1700 *Reimbursement for Sales Tax*
- 1821 *Foreword*

