

■ Additional Items Qualify as Farm Machinery and Equipment

TO: Retailers and Servicepersons

Beginning June 30, 1998, additional items qualify for the farm machinery and equipment exemption. Certain items that you sold at retail in the past can now be purchased tax-free under this exemption.

What types of items are affected by this change?

Items of farm machinery and equipment and their replacement parts that may be purchased tax-free under this exemption now include

- implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery, agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code.

Note: No other motor vehicles required to be registered under the Illinois Vehicle Code may be purchased tax-free under this exemption.

- agricultural chemical tender tanks and dry boxes when they are purchased for use on a motor vehicle that must be licensed **if** the tender tank or dry box is either
 - purchased separately from the motor vehicle, or
 - purchased already mounted on the motor vehicle and the selling price of the tender tank or dry box is separately stated.
- precision farming equipment that is installed or purchased to be installed on farm machinery and equipment. Precision farming equipment includes soil testing sensors, computers, monitors, software, and global positioning and mapping systems, and other like kinds of equipment.
- computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities. In general, this is the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals.

What records must I keep to document these exempt sales?

In order to support each deduction that you take on your tax return for the sale of farm machinery and equipment, you must maintain in your records

- the amount of receipts from each sale,
- the date of each sale, and
- Form ST-587, Equipment Exemption Certificate or other certification from the purchaser that includes
 - the seller's name and address,
 - the purchaser's name and address, and
 - a statement that the property purchased will be used primarily in production agriculture or state and federal agricultural programs.

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.

For information or forms...

Call us at 1 800 732-8866 or 217 782-3336

Call our TDD (telecommunications device for the deaf) at 1 800 544-5304

Write us at Illinois Department of Revenue, 101 W. Jefferson St., P.O. Box 19044, Springfield, IL 62794-9044

Visit our Web site at www.revenue.state.il.us

Call "Illinois Tax Fax" our fax-on-demand service at 217 785-3400

Call our 24-hour Forms Order Line at 1 800 356-6302