

THE RETAIL SALES TAX ACT

FARM-USE EQUIPMENT AND OTHER ITEMS

This bulletin outlines the Retail Sales Tax exemptions allowed on farm implements and machinery, repair parts for such farm implements and machinery, and other items used “principally for farming”.

Section 1 - GENERAL INFORMATION

- The exemptions for farm-use equipment apply to farmers as well as to those who provide contract farming services (e.g., custom crop spraying, drainage works, etc.).
- Farming means the growing of field crops, primary production of food and raising of livestock on farmland for commercial sale. Farming also includes beekeeping, mink ranching, mushroom growing, harvesting wild rice, sod growing, tree nursery/greenhouse, poultry hatching and raising of fish for sale as food.
- Livestock means animals that are raised or kept commercially
 - for sale as food;
 - for the sale of their products as food; or
 - for the sale of their hides, hair or furs.
- Exempt items used principally for farming fall into the following categories:
 - Those that may be taxable when used in operations other than farming, but when used principally for farming qualify for the farm exemption. A “Farm-Use Certificate” as described on the next page must be obtained by the vendor when selling these items (see List “A”).
 - Those that are readily identifiable as farm-use equipment and generally have no other application. Vendors are not required to obtain a “Farm-Use Certificate” on sales of those items (see List “B”).
- See List “C” for those items that are always taxable at the time of sale.
- See List “D” for items that are commonly used for non-farming purposes but may in some cases be used principally for farming. In this case the farmer must pay the tax to the vendor at the time of purchase, but may be eligible for a tax refund upon review by the Taxation Division.

Note: Revisions to contents of previous Bulletin (July 2009) have been identified by shading ().

Definition of “principally for farming”

- Farm equipment is considered to be “principally for farming” if it is used at least 80 per cent for farming purposes during the 24 month period after purchase. Equipment used more than 20 per cent for non-farming purposes during the first 24 months after purchase is subject to tax on the full purchase price.

Example: A farmer purchased a tractor and used it 10 per cent of the time to mow grass for a municipality on their road allowances and 90 per cent for grain farming. In this case the tractor qualifies for the farming exemption.

- Where equipment used principally for farming in the 24-month period immediately following acquisition is subsequently switched to non-farm use, no tax applies on the change in use. However, repairs and maintenance to equipment no longer used principally for farming are taxable.
- In the case of non-organic fertilizers and other farm crop chemicals, they are used “principally for farming” if at least 80% of them are used on farm crops.

Farm-use certificate

- Where a vendor is required to obtain a Farm-Use Certificate at the time of selling equipment purchased “principally for farming” (see list “A”), it must be in the following form:

“I hereby certify that the goods shown on this invoice are farm implements, farm machinery or repair parts therefor, and will be used principally for farming.

....."

Date Purchaser's signature and land description

It must be printed, typed, written or applied by rubber stamp on the copy of the invoice or other document supporting the sale.

- When selling non-organic fertilizers, insecticides, fungicides, herbicides, rodenticides, agricultural lime, weed control chemicals, or livestock waste treatment chemicals, the Farm-Use Certificate should be amended as follows:

“I hereby certify that the goods shown on this invoice are non-organic fertilizers, insecticides, fungicides, herbicides, rodenticides, agricultural lime, weed control chemicals, or livestock waste treatment chemicals and will be used principally for farming.”

- When selling drugs and medicines for livestock used directly in farming production, the Farm-Use Certificate should be amended as follows:

“I hereby certify that the drugs and medicines shown on this invoice are for livestock used directly in farming production.”

Section 2 - EXEMPTION FOR EQUIPMENT AND OTHER ITEMS USED FOR FARMING**List "A"
Conditionally
exempt**

THE SELLER IS REQUIRED TO OBTAIN A FARM-USE CERTIFICATE TO SUPPORT THE SALE OF THE FOLLOWING ITEMS:

- Aeration equipment specifically designed for storing grain, potatoes or other farm crops.
- Aircraft that are specifically designed and licensed for farm spraying and are used principally for that purpose.
- Antibiotic test kits used to test cow's milk.
- Barn cleaning equipment including high pressure washers.
- Batteries, tires and tubes specifically designed for use in farm machinery. This exemption is **not** allowed on batteries, tires and tubes that can be used for a truck or car.
- Bird scare cannons.
- Bluestone purchased for adding to water in a dugout.
- Boxes for farm trailers or wagons. This exemption is **not** allowed on boxes for trucks required to be licensed under The Drivers and Vehicles Act.
- Branding irons.
- Bull nose rings.
- Cabs designed for exempt farm machinery.
- Calcium chloride for tractor tires.
- Chemical applicators for the care of livestock.
- Containers for dead animal pick up.
- Containers for farm produce including barrels, drums, boxes, crates, cartons, sacks, milk cans and pails.
- Coverings specifically designed for exempt farm machinery.
- Crawler tractors and six-wheel drive tractors for farm use.
- Debeakers.
- Dehorning paste.
- Drugs and medicines for the purpose of diagnosis, treatment, mitigation or prevention of disease in livestock that are used directly in a farming operation.
- Earth moving equipment, including trenchers, used for clearing or levelling farm land or otherwise moving earth for farm purposes. (Road construction and maintenance is not farm use).
- Egg candlers, graders and washers.
- Electric generators, (heavy duty) used exclusively in farm production. **But** lighting plants, generators and emergency power transfer switches used on a farm site for domestic use are taxable.
- Electric power converters used exclusively for the operation of a grain dryer or other farm equipment.
- Electrical systems and components (such as, electrical wiring, transformers, panels, plugs, switches and installation or repair labour) used to supply electricity for exempt farm equipment, **but not** systems or components used to supply electricity for general-use, e.g., to a farm residence or shop, lighting in a barn and other equipment that is not exempt farm equipment.
- Farm fencing for livestock and poultry including barbed wire, fence posts, staples, electric fence equipment and other materials that are designed for farm fencing, but not including general purpose materials (see List

- “D” for exception).
- Farm tractors and attachments.
 - Farm trailers and wagons that are not required to be licensed under The Drivers and Vehicles Act.
 - Fertilizers (non-organic), insecticides, fungicides, herbicides, rodenticides, agricultural lime, weed control chemicals.
 - Field drainage tiles and related materials.
 - Filters for exempt farm equipment (gas, oil and air filters).
 - Front-end loaders, blades and forklifts for farm and garden tractors.
 - Garden and lawn tractors and attachments.
 - Grain handling equipment including dryers, cleaners, augers and conveyers.
 - Grain shovels, forks and related items. This exemption is **not** allowed on shop tools, hand tools or shop equipment.
 - Granaries purchased by a farmer that are designed and used exclusively for storage of grain. (See Bulletin No. 021 – Granaries and Farm Storage Buildings.)
 - Guidance devices for exempt farm equipment, including Global Positioning Systems (GPS) equipment used directly for farming operations, e.g. aerial crop spraying.
 - Haystack covers including related weights and rope.
 - Heaters, radios and air conditioning equipment that are specifically designed for farm machinery. If not specifically designed, they **must** be already installed when the exempt farm machinery is purchased.
 - Heating systems and components (including heat exchangers, boilers, ducting, piping, valves, etc. and installation or repair labour) used specifically for the caring of livestock or growing of plants for sale, **but** systems or components (including materials and installation labour) used to supply heat for general-use e.g. to a farm residence, office, equipment shed, are taxable.
 - Hoists including power take-offs for farm trucks.
 - Horse harness.
 - Horticultural charcoal, vermiculite and perlite.
 - Hydraulic oil for exempt farm equipment.
 - Hydroponic forage units.
 - Identification ear tags.
 - Installation of exempt farm machinery (also see “electrical”, “heating” and “water supply systems” in this List).
 - Irrigation equipment (see “electrical systems” and “water supply systems” in this List for tax exemption on installation).
 - Livestock semen. (For information on artificial insemination, see Bulletin 047 “Artificial Insemination Industry”)
 - Manure slurry tanks and liners for manure lagoons.
 - Manure separators, digesters and related pumping systems; chemicals used in the treatment of livestock waste.
 - Milk cooling tanks.
 - Milk strainers and filters.
 - Mink farming supplies such as, pelting boards, pelt cleaning fluids and compounds, mink food and fleshing tools.
 - Moisture meters, temperature probes and sample probes for handling and storing grain and vegetable crops.
 - Monitoring devices used in the care of livestock, such as a video scanner

installed in a birthing room.

- Motors for exempt farm machinery (electric motors, gas or combustion engines).
- Mowers and tillers for farm and garden tractors.
- Pasteurizers.
- Plumbing systems and components (see “water supply systems” below)
- Post hole augers used for farm fencing.
- Potato graders, washers, seed cutting machines, mobile potato boxes (except truck boxes), pallets, bin loader piler, flumes and other ventilating equipment for potatoes when used directly in the operation of potato growing. (But ventilation flumes that are poured as part of the concrete floor do not qualify for the exemption.)
- Poultry pluckers, leg bands and thermometers.
- Propane tanks used exclusively for grain drying.
- Pumps used to keep water supply dugouts from freezing (also see “water supply systems” in this List).
- Refrigeration equipment purchased for use in the storage of fruit and vegetables and other farm products grown commercially for sale.
- Refrigeration equipment for use in the storage of dead stock.
- Repair and installation services to exempt farm equipment (also see “installation” listed above).
- Repair parts or replacement parts for farm equipment. This includes nuts, bolts, screws and other fasteners that a farmer uses to replace parts on farm equipment, but not when purchased for other miscellaneous uses.
- Replacement parts custom manufactured (by a supplier of steel and other materials) to specifications of the original farm equipment part, i.e. the steel is cut, shaped, welded, drilled, etc. to duplicate the original part. For these items the supplier must clearly describe the manufactured part on the invoice. Tax is payable on steel and other materials purchased by farmers for general purpose uses, including steel that has simply been cut to length by the supplier. (See List “D” for parts manufactured by farmers.)
- Riding mowers.
- Safety accessories that are required under The Highway Traffic Act and are designed exclusively for installation on farm machinery, e.g. clearance lights.
- Scales for weighing farm produce and livestock.
- Sheep shears and clippers.
- Snow blowers designed to be mounted on farm tractors.
- Silver nitrate sticks.
- Soil testers.
- Spraying or spreading equipment for fertilizers, insecticides or weed control chemicals including crop sprayers for all-terrain vehicles.
- Surfactants, defoamers and wetting agents purchased for use with fertilizers, insecticides, fungicides, herbicides, rodenticides and weed control chemicals.
- Tanks and containers that are designed to be attached or pulled behind a fertilizer, insecticide, weed control sprayer or other exempt farm equipment. Portable tanks specifically designed to haul fertilizer, chemicals or water to the field sprayer are exempt when purchased by a farmer.

- Tattooing tools and ink.
- Teat dip, dilators, instruments and protectors.
- Temperature alarm systems used in caring of livestock.
- Udder supports.
- Ventilation fans, dust collectors and dust filters for buildings that are used for confining livestock and poultry or for the storage of crops.
- Veterinary equipment purchased for the farmer's own use in the care of livestock.
- Water supply systems used principally for farm production (e.g. for use in watering livestock, spraying or irrigating crops). The system must be located in, or connected to a production area and includes:
 - The well equipment, (e.g. casing, well cribbing or pitless adapters, well head connections and piping, pumps, injectors and foot valves)
 - The distribution system leading to and in the production areas (e.g. piping, pipe accessories, valves, hydrants, watering bowls)
 - Labour to install the well equipment and distribution system leading to the production area, including electrical hook-up.

Please note: The cost of materials and labour to install pipe and plumbing fixtures which serve the farmhouse and other non-production areas, are taxable.

If the well is for a water pressure system intended mainly for household use, (even if there are water taps or hose connections placed on the outside of the house or at the wellhead) the total cost of materials and labour to install the water system is taxable
- Weed burners.
- Welding rods.
- Wood chips and shavings used in the care of livestock.

List "B"
Unconditionally
exempt items

THE SELLER IS NOT REQUIRED TO OBTAIN A FARM-USE CERTIFICATE TO SUPPORT THE SALE OF ANY OF THE FOLLOWING EXEMPT ITEMS:

- Agricultural feeds.
- Animals considered livestock (as described in section 1).
- Barn pens, stalls and stanchions.
- Binder twine, baler twine and baling wire.
- Cattle chutes and squeezes.
- Combines.
- Cow mats.
- Cow trainers.
- Cream separators.
- Cultivators.
- Discs.
- Farm horses, including horses for cattle ranching, raising of horses for sale, horses used in production of estrogen and race horses.
- Farrowing crates and pens.
- Feed grinders, crushers, rollers, mills and mixers used by farmers for processing feed for their livestock.
- Forage harvesters.
- Harrows (chain, disc or tooth).
- Haying equipment designed for farm use including mowers, loaders, presses, balers, rakes, sweeps and stack movers.

- Livestock feeders, waterers and other equipment designed for use in the production, handling, feeding or care of livestock but not silos used for storing silage.
- Livestock protector devices used to protect cattle from insects and other pests (e.g. cattle oilers, back rubbers, dust bags and ear tags).
- Manure loaders, spreaders and related pumping systems.
- Milking machines.
- One-way tillers.
- Organic fertilizer, peat moss, top soil, loam, manure, bone meal, compost and lawn dressing.
- Plants or plant products that ordinarily constitute food or drink for human consumption including seeds, tubers, bulbs, corms and rhizomes used to raise the plants.
- Plows.
- Potato planters and diggers.
- Poultry brooders, incubators, cages, nests, pit cleaners and other equipment designed for use in the handling, feeding or care of poultry.
- Rock pickers and weeders.
- Seeders, seed drills and seed treating equipment.
- Silage cutters.
- Silo unloaders.
- Slatted flooring for livestock barns.
- Straw bunchers and chaff savers.
- Straw choppers and spreaders including extensions.
- Swathers and swath turners.
- Vegetable harvesters.
- Veterinary services.

Section 3 – PURCHASES THAT ARE NOT EXEMPT FOR FARM USE

List “C” THE FOLLOWING ITEMS ARE ALWAYS TAXABLE AT THE TIME OF
Taxable items SALE:

- Aerial photographs, including infrared crop photographs.
- Air compressors and related equipment (see List “D” for exception).
- Air conditioners for household use.
- Aircraft not specifically designed and licensed for farm spraying.
- All-terrain vehicles (see List “D” for exception).
- Antifreeze and other additives.
- Automobiles, trucks, trailers and other vehicles required to be licensed under The Drivers and Vehicles Act and all parts, repairs and service to such vehicles.
- Batteries, tires and tubes of a size or type that can be used for a car or truck.
- Boxes for trucks required to be licensed under The Drivers and Vehicles Act.
- Cellular telephones.
- Chain saws.
- Computers and software (including cable installation), **but** computers and software that are a part of exempt farm equipment may be purchased tax exempt.

- Construction materials and pre-fabricated packages for barns, animal shelters and other farm buildings or structures, whether movable or immovable (except certain farm storage structures as per List “D”). The labour charges to construct, erect or repair these buildings are not taxable.
- Culverts.
- Disinfectants.
- Field marker dye and field marker soap.
- Fuel storage tanks, pumps, hoses, etc. for handling fuel except for propane tanks if used exclusively for a grain dryer.
- Grease and lubricating oil.
- Hardware, electrical supplies and plumbing supplies (except when part of exempt water supply systems or other exempt farm machinery).
- Heaters, radios and air conditioning equipment, when purchased separately from, and not specifically designed for farm machinery.
- Herding dogs.
- Hoists and power take-offs on equipment used for hauling sand, gravel, earth, etc.
- Household appliances.
- Installation and repair services of plumbing, heating, cooling, electrical, electronic and telecommunication systems for general-use (see List “A” for exemption). For more information, see Bulletin No. 031 – Mechanical and Electrical Trades.
- Lawn mowers.
- Lighting plants, generators and emergency power transfer switches for domestic use.
- Lumber, paint and other building materials (see List “D” for exception).
- Motorcycles.
- Nuts, bolts, screws and other fasteners (see “repair parts” under List “A” for exception).
- Road construction and maintenance equipment.
- Rope (rope for haystack covers is exempted).
- Safety clothing and safety equipment.
- Sand and gravel.
- Scales for weighing trucks.
- Shop equipment, including all power equipment and hand tools.
- Silos.
- Soaps, detergents and other cleaning compounds.
- Snow blowers and attachments (tractor-mounted snow blowers used principally for farm-use are exempt).
- Snowmobiles.
- Steel pipe, angle iron, sheet steel and other materials purchased for general farm use (see List “D” for exception).
- Tarpaulins and other covers for trucks or general purpose use.
- Trailers that are required to be licensed under The Drivers and Vehicles Act.
- Water pressure systems used mainly for household use.
- Water softeners, including water softener salt and iron removers.
- Welding equipment of all types and welding gases.

Section 4 - EXEMPTION ALLOWED BY REFUND

List "D"

THE FOLLOWING ITEMS MAY BE ELIGIBLE FOR A TAX REFUND WHERE THE TAXATION DIVISION, UPON INVESTIGATION, IS SATISFIED THAT THE PURCHASER IS USING IT PRINCIPALLY FOR FARMING:

- Air compressors for use in manure pumping systems.
- All-terrain vehicles.
- Farm storage buildings constructed from steel or pre-cast concrete and designed and used specifically for storing potatoes, grain and other field crops grown commercially for sale. (For additional information, see Bulletin No. 021– Granaries and Farm Storage Buildings)
- Liners for manure lagoons purchased from a contractor in a one price supply and install contract. The farmer must attach documentation proving that the contractor paid the tax in respect of the liner.
- Roto tillers.
- Saddles, bridles, horse shoes, bits and halters.

Farm fencing

- Lumber, steel tubing, railway ties and other miscellaneous materials are generally subject to RST when purchased by farmers. Therefore, businesses must collect the tax when selling these materials to farmers. However, farmers may apply to the Taxation Division for a refund of the tax paid if these materials were purchased and used exclusively to construct fencing for raising livestock or poultry.

Machinery and equipment manufactured by farmers

- Steel, bolts, screws, hardware and other general purpose materials and parts purchased by farmers are generally taxable. Therefore, businesses must collect the tax on sales of these materials to farmers. However, farmers who purchase these materials to manufacture farm equipment, or repair parts for farm equipment, may apply to the Taxation Division for a refund of the tax paid. If upon review of the application, the Taxation Division is satisfied that the materials and parts were purchased to manufacture equipment or a part therefor used principally for farming, the tax on these items may be refunded to the farmer.

Section 5 – EXEMPT USES OF ELECTRICITY AND FUEL

Marked Fuel, electricity, propane, bunker fuel, crude oil and natural gas

- Farmers may purchase marked fuel (exempt) for the following uses:
 - To operate agricultural machinery while carrying out agricultural work on farm land.
 - To operate farm trucks with a "Farm Plate" issued under The Drivers and Vehicles Act.
- Marked fuel, electricity, propane, bunker fuel, crude oil and natural gas may be purchased exempt for the following uses:
 - To heat farm buildings situated on a farm used exclusively for the growing of farm crops or raising livestock, including a farm residence.
 - To dry grain in the course of farming, including the operation of aeration fans.

For more details regarding the tax exemption on fuels and electricity for farmers, contact one of the Taxation Division offices listed below.

FURTHER INFORMATION

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to *the Retail Sales Tax Act and Regulations*. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087

Westman Regional Office

Manitoba Finance
Taxation Division
314, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Telephone (204) 726-6153
Manitoba Toll Free 1-800-275-9290
Fax (204) 726-6763

E-mail: MBTax@gov.mb.ca

ONLINE SERVICES

Our Web site at manitoba.ca/finance/taxation provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at manitoba.ca/TAXcess provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.