

Farm Equipment Exemption Expanded

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The farm equipment exemption was expanded effective July 1 of this year. The exemption, which previously applied only to non-registered farm vehicles "designed" for agricultural purposes, now includes non-registered farm vehicles "adapted" or "used" for agricultural purposes. As in the previous year, only non-registered vehicles, trailer and towable not driven over the road are exempt. All-terrain vehicles (ATVs) for example, are now exempt if used primarily and directly in a farm operation.

Parts for the repair and maintenance of the farm equipment that qualify for the exemption are an important new exemption. To qualify as a "part," it must be integral to the operation or maintenance of the exempt farm equipment. For example, oil and filters are parts necessary for the maintenance and, therefore, exempt. Paint, on the other hand, is not considered integral to maintenance and is not exempt.

Last year, industry representatives expressed concern that the term "farm" in the existing statute would not encompass "livestock operations." The statute was amended to expressly include exempt equipment used in livestock operations.

Shipping pallets and aids, and aircraft designed or adapted for agricultural applications also were added to the list of exemptions.

There has been some question whether "implements of husbandry" include only "vehicles" with wheels or tracks (such as Caterpillar tractors), or more broadly, include any farm equipment that is "movable." The department will allow the exemption only to vehicles with wheels or tracks as defined by the Colorado Motor Vehicle statutes.

Finally, the department will closely scrutinize exemptions for all-terrain vehicles. These vehicles are exempted only if used primarily in agricultural operations. A purchaser claiming the exemption must fill out an affidavit regarding the proposed use of the ATV and must be able to document the exempt use.