

FAQs for AGRICULTURE EXEMPTION NUMBER PROGRAM

Why is the Agriculture Exemption Number needed?

KRS 139.481 requires that farmers who are eligible for agriculture exemptions from sales and use tax apply for and use their Agriculture Exemption (AE) Number on the certificates used to claim the applicable tax exemptions. This pre-qualification process will greatly reduce exemption claims by those not qualified for the exemptions. The deadline to apply for an AE Number is January 1, 2022.

What is the application process?

- Complete the online Application for Agriculture Exemption Number, [Form 51A800](#).
- Submit applications via email to DOR.webresponsesalestax@ky.gov or mail to:
Kentucky Department of Revenue
Division of Sales and Use Tax
Station 66
P.O. Box 181
Frankfort, KY 40602-0181
- Please print as legibly as possible and ensure you have fully completed the application before submitting. The Department of Revenue (DOR) will make every effort to process the application with the information provided.
- If more information is needed, DOR will send a letter via regular mail and/or email requesting additional documentation.
- When approved, DOR will send a letter containing the AE Number to the applicant's provided mailing address.
- Applicants may continue to use their Driver's License Number on applicable exemption certificates for qualifying purchases while awaiting their AE Number.
- *Please allow several weeks for processing due to the volume of applications being received.*

What do I need to include for verification of farming activity?

You must include at least ONE of the following items:

- Federal schedule F, Profit or Loss from Farming. (This is the preferred documentation and ensures the quickest processing time.);
- Federal Form 4835, Farm Rental Income and Expenses;
- Other documentation to verify sales of agricultural products, such as receipts, invoices, etc.; or

- A written statement of agriculture activity. (Only provide this if you are unable to submit any of the items 1-3).

What type of farming activity qualifies for the exemption?

- Occupation of tilling and cultivating the soil for the production of crops as a business, such as corn, flowers, fruit, hay, sod, soybeans, straw, timber, tobacco, vegetables or and wheat.
- Occupation of raising and feeding the kind of livestock that is sold for the purpose of food for human consumption. (Raising horses and beekeeping do not qualify.)
- Raising and feeding poultry.
- Producing milk for sale.
- Raising ratite birds, llamas, alpacas, buffalos, cervids or aquatic organisms.
- Agriculture activity MUST be for business purposes and not for personal use or personal consumption.

How do I use the assigned AE Number to make exempt purchases?

- Submit the Farm Exemption Certificates (Forms [51A158](#) and [51A159](#)) or the Streamlined Sales and Use Tax Agreement - Certificate of Exemption, Form [51A260](#) and use your AE Number on the certificate, instead of Driver's License Number or FEIN, when making a purchase.

When do I need to apply for the new AE Number?

- The statute requires every person claiming the agriculture exemption to include an AE Number on the applicable certificate as of January 1, 2022.
- If you submit the application before January 1, 2022 and have not yet received an AE Number, you may continue to issue Farm Exemption Certificates for eligible purchases by using a Driver's License Number or FEIN until July 1, 2022.
- Effective for purchases on or after July 1, 2022, any certificate claiming an agriculture exemption without an AE Number is invalid.

Will the AE Number have an expiration date?

- Yes, the AE Number is valid for 3 years from the date of issuance.
- The Department of Revenue will provide further details on the renewal process at a later date.

Will out-of-state residents need a Kentucky AE Number to make exempt purchases in Kentucky?

- Yes, all persons claiming a farm exemption in Kentucky must issue an Exemption Certificate with a valid Kentucky AE Number.
- If the Kentucky seller ships the products to the out-of-state resident's address or farm location, then, for Kentucky tax purposes, the sale is an exempt sale in interstate commerce without the need of a Kentucky AE Number. The Kentucky seller should consult the destination state regarding questions of taxability.

If the farm is under the ownership of multiple parties, do all parties need to apply for separate AE Numbers?

- No, the AE Number is for the purchasing entity. If the farm is jointly held, then only one AE Number is needed. If the farm does not have a legal name, include the names of the private owners as part of the "Legal Name."
- Farms that are incorporated and have multiple members may choose to apply for separate AE Numbers depending on the arrangement of purchasing responsibilities. However, each member should generally use the same AE Number for purchases by the same farm entity. Employees of the farm should use the assigned AE Number when making qualified purchases for the farm.

What is the contact information if I have questions or problems?

- You may call the Department of Revenue's taxpayer assistance line at (502) 564-5170 and select option 1.
- You may also send an email to DOR.webresponsesalestax@ky.gov.