



**Revenue Ruling
No. 02- 017
Sales and Use Tax
October 23, 2002**

Sales Tax Exemption Applies to Sales of Farm Products “Direct from the Farm” by the Producers

The purpose of this Revenue Ruling is to discuss the requirements that producers and sellers of farm products must meet in order for their sales to qualify as non-taxable sales “direct from the farm”.

Louisiana Revised Statute 47:305(A)(1) provides as follows:

The gross proceeds derived from the sale in this state of livestock, poultry, and other farm products direct from the farm are exempted from the tax levied by this Chapter, provided that such sales are made directly by the producers. When sales of livestock, poultry, and other farm products are made to consumers by any person other than the producer, they are not exempted from the tax imposed by this Chapter.

In order for this exemption from tax collection to apply,

- The products sold must be in the state that the products were produced on the farm and not have been processed into different products. For example, cucumbers and strawberries are considered farm products, but derivatives of those products, such as pickles and strawberry jam, are not considered products sold “direct from the farm”.

and

- The products must be sold directly by the producers of the products.

On sales of livestock or poultry, the producers will be the persons who raise the livestock or poultry from the time of its birth or hatching to the time of its sale. On sales of eggs, milk, or other livestock products, the producers will be the persons who own the production livestock. In cases of plants, shrubbery, trees, or other horticultural products, the producers will be the persons who grow the products from seed or seedling, or the persons whose purposeful cultivation and care of the products away from a sales display location adds substantial commercial value to the products. Nurseries and garden centers who purchase or acquire horticultural products from others, and immediately offer or display those products for sale, will not be considered the producers of those products, even though the products might experience some growth while in the care of the nurseries or garden centers awaiting sale. Sales directly by producers will be considered sales “direct from the farm”, regardless of the locations where the sales are made.

Dealers in livestock, poultry, and other farm products who sell both products that they have produced and those that they have not produced are authorized by La. R.S. 47:305(A)(1) to exempt the sales tax only on sales of products that they have produced. The state sales or use tax must be collected on their sales of products produced by others.

Questions concerning this matter can be directed to the Taxpayer Services Division at (225) 219-7356.

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