

Illinois—Sales and Use Tax: Dozer Used Primarily for Production Agriculture Exempt

Taxpayer's purchase of a dozer qualified for the Illinois farm machinery and equipment sales and use tax exemption because the dozer was used primarily for production agriculture. Production agriculture includes the activities necessary in tilling the soil, which the taxpayer did 30% of the time with the subject dozer and a root rake. Also, the clean-up of cattle manure in the raising of livestock for profit, which the dozer did 30% of the time, was exempt production agriculture as opposed to non-exempt farm maintenance.

Taxpayer was unable to prove that 10% of the dozer's use was to maintain set-aside land as mandated by the U.S. Department of Agriculture. The remaining 30% was not exempt since the activity of clearing fallen trees and brush was expressly excluded from the exemption. Further, the time the dozer spent on activities to build and maintain lanes and roadways to farm fields was also not exempt. Since the dozer was used primarily, 60% of the time, for production agriculture, it was exempt from use tax.

Administrative Hearing Decision No. UT 16-03, Illinois Department of Revenue,
December 17, 2015, released April 2016