

FAQs for AGRICULTURE EXEMPTION NUMBER PROGRAM

(Updated with Senate Bill 121 provisions, effective March 30, 2022)

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 to claim the applicable tax exemptions. This pre-qualification process will greatly reduce exemption claims by those not qualified for the exemptions.
- Farmers should submit their applications for the agriculture exemption as soon as possible to allow the Department time to review and assign an Agriculture Exemption Number to qualifying applicants before the new January 1, 2023, deadline.
- Any transaction claiming an agriculture exemption without an AE Number is invalid for purchases on or after January 1, 2023.

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.
- Until January 1, 2023, 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 previously listed items).

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 Streamlined Sales and Use Tax Agreement - Certificate of Exemption, Form [51A260](#) and use your AE Number on the certificate; or
- Provide the AE Number to your existing farm supplier, so the seller can record the AE Number with the existing certificate information already on file; or
- Provide the AE Number to a new farm supplier, so the new seller can establish an exemption record that connects all your exempt purchases with the farm and address associated with the AE Number.
- Kentucky Farm Exemption Certificates (Forms [51A158](#) and [51A159](#)) are also available for use with the new AE Number.

How should sellers handle the new AE Number received from customers?

- Eligible farmers may provide the AE Number without completing any exemption certificate paperwork. However, sellers must still maintain documentation that ties the AE Number provided to the specific customer and items purchased.
- Sellers may continue to request and maintain the Streamlined Sales and Use Tax Agreement - Certificate of Exemption, Form 51A260 or the Kentucky Farm Exemption Certificates (Forms 51A158 and 51A159) as long as they include their customer AE Number on the respective forms.
- Sellers may access the department's online database at the following site to verify the AE Number of the buyer: <https://supers.dor.ky.gov/>

Does the AE Number have an expiration date?

- Yes, the current AE Numbers expire on December 31, 2026, and renewals from that date forward will expire after 4 years.
- The Department of Revenue will provide further details on the renewal process at a later date.
- A farmer with an AE Number must contact the Department of Revenue within 60 days after the farmer ceases activities that qualify the operation for an AE Number for cancellation purposes.

Do 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 have 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 for Sales Tax at (502) 564-5170 and select option 1.
- You may also send an email to DOR.webresponsesalestax@ky.gov.