

City and County of Denver, Colorado

TAX GUIDE

Topic No. 27

FARM EQUIPMENT

The Denver Revised Municipal Code (DRMC) exempts sales of farm equipment that will be used directly for plowing, planting, cultivating or harvesting of crops are exempt from Denver's sales and use taxes.

The DRMC defines "farm equipment" as:

- Farm tractors, as defined in Section 42-1-102(33), C.R.S., any implement of husbandry, as defined in Section 42-1-102(44), C.R.S., and irrigation equipment having a per unit purchase price of at least one thousand dollars (\$1,000.00);
- Attachments and baling wire, binders twine and surface wrap used primarily and directly in any farm operation, regardless of the purchase price;
- Parts that are used in the repair or maintenance of the farm equipment, all shipping pallets, crates, or aids paid for by a farm operation, and aircraft designed or adapted to undertake agricultural applications, regardless of the purchase price; and
- Dairy equipment, regardless of the purchase price.

The DRMC excludes the following from the definition of "farm equipment":

- Vehicles subject to the registration requirements of Section 42-3-103, C.R.S., regardless of the purpose for which such vehicles are used;
- Machinery, equipment, materials, and supplies used in a manner that is incidental to a farm operation;
- Maintenance and janitorial equipment and supplies; and
- Tangible personal property used in any activity other than farming, such as office equipment and supplies and equipment and supplies used in the sale or distribution of farm products, research, or transportation.

EXAMPLES

1. ABC Heavy Equipment, a Denver vendor, deals exclusively in farm machinery and equipment. Farmer Jones purchases all of his combines, tractors, plows, discs, planters, and rakes from this Denver vendor. Farmer Jones uses this machinery strictly for plowing, planting, cultivating and harvesting of crops on his land which is zoned for farming. All of the above items that Farmer Jones purchases are considered farm equipment and are therefore exempt from sales and use tax.

2. XYZ Landscaping, a commercial landscaping construction contractor, buys three tractors from ABC Heavy Equipment and takes delivery of the equipment in Denver. XYZ's equipment purchases do not qualify for the farm machinery exemption and are therefore taxable.

- * DRMC Section 53-53(a)(11). Definitions – Farm Equipment
- * DRMC Section 53-55(a)(12). Exemptions.
- * DRMC Section 53-103(a)(13). Definitions - Farm Equipment
- * DRMC Section 53-105(a)(13). Exemptions.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.