



Kentucky State Tax Exemption and Incentive Information

Smart Farm Systems products may be eligible for State-related tax benefits that incentivize the purchase, installation and use of our technology. These programs help minimize costs for farmers interested in adopting Advanced Irrigation Water Management (AIWM) systems. We recommend consulting with a CPA for advice related to your state and federal taxes related to purchase of a Smart Farm System.

Farm Equipment and Machinery Sales Tax Exemption (reference KY KRS 139.480(11))

Sales Tax Exemption:

A review of the precision irrigation control systems indicates that the components will be eligible for the farm machinery exemption under 103 KAR 3:020 under KRS 139.480(11) <http://www.lrc.ky.gov/Statutes/statute.aspx?id=47352>.

The exemption also covers repair and replacement parts for the same.

It is understood that the irrigation control system includes several components installed as an integrated unit such as 1) pump controls, 2) flow meters, 3) soil moisture and water level probes and monitoring stations, 4) weather monitoring station and 5) network equipment to operate a wireless cellular communication network.

KY Regulation 103 KAR 30:010 further expands upon the sales and use tax exemptions available for farmers. Section 3(21) specifically lists irrigation systems as exempt. (<http://www.lrc.ky.gov/kar/103/030/091.pdf>)

Within Section 11 of the PDF it states: Exemption Certificates. (1) A farmer shall issue a Form 51A158, Farm Exemption Certificate, or a Form 51A260, Streamlined Sales and Use Tax Agreement - Certificate of Exemption, which are incorporated by reference in 103 KAR 3:020, for the exempt purchase of tangible personal property other than tangible personal property exempted under KRS 139.480.

Form 51A260 must be completed to be eligible.

This information was provided to Smart Farm by:

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For further information regarding application for the exemptions/incentive, contact the Kentucky Department of Revenue at (502) 564-5523 or visit their website at <https://revenue.ky.gov/>.

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