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www.kencove.com

Fast, friendly service & expert advice

Business Hours: Monday - Friday 8am to 5pm, Saturday 8am to 12pm EST

Dear Valued Kencove Fence Customer:

The Kentucky Department of Revenue has informed Kencove that 6% sales tax must be paid on all non-exempt material shipped into the state. It is our present understanding that the only people NOT required to pay this tax are those who have the following signed forms on file with Kencove.

1. Kentucky Resale Certificate including your valid KY Sales and Use Tax Permit Number to indicate the material you buy is being resold under your KY tax permit.
2. Kentucky Agricultural Exemption Certificate form 51A159 for materials used in the **initial** construction of farm facilities used exclusively in the business of raising and feeding livestock (beef) or poultry. Schedule F (farm income) needs to be filed with your federal income tax return to qualify. Contractors building exempt facilities may also be covered. Any fence used by horses is not exempt.
3. Kentucky Agricultural Exemption Certificate form 51A158 for materials used in the renovation or repair of **existing** on-farm facilities used exclusively in the business of raising and feeding livestock (beef) or poultry. Schedule F (farm income) needs to be filed with your federal income tax return to qualify. Any fence used by horses is not exempt.

Please fill out exemption forms 51A158 and 51A159 if you will be doing new construction and repairing existing construction.

Kencove must charge sales tax until we receive the proper signed form. You can mail or fax the form using the information from the letterhead.

Sincerely,

A handwritten signature in black ink that reads "JoAnn Paouncic".

JoAnn Paouncic
Accounting Coordinator

FARM EXEMPTION CERTIFICATE

IMPORTANT
See Reverse Side for
Additional Information

This certificate may not be issued for purchases of tangible personal property (materials, machinery and equipment) which will be incorporated into the **initial** construction of on-farm facilities exempt under the provision of KRS 139.480. Revenue Form 51A159, On-Farm Facilities Certificate of Exemption for Materials, Machinery and Equipment, must be used for such purchases.

_____ Name of Farmer (Print)	_____ Social Security Number	_____ Name of Seller (Print)
_____ Mailing Address		_____ Seller's Address
_____ Farm Location		

I hereby certify that I am a farmer regularly engaged in the occupation of : **(farmer must initial appropriate line(s))**

- ____ tilling and cultivating the soil for the production of crops;
- ____ raising and feeding livestock or poultry the products of which ordinarily constitute food for human consumption; or
- ____ raising and feeding llamas, alpacas, ratites, buffalo, or aquatic organisms.

I also certify that I have read and understand the information contained on the reverse side of this certificate and that the tangible personal property that I shall purchase as indicated below will be used for the exempt purpose(s) provided for under KRS 139.480.

Farmer must INITIAL appropriate line(s).

- ____ Baling twine and wire
- ____ Farm chemicals
- ____ Farm machinery, attachments and repair/replacement parts therefor
- ____ Farm work stock
- ____ Feed and feed additives
- ____ Gasoline, special fuels, natural gas or liquefied petroleum gas
- ____ Livestock or poultry the products of which ordinarily constitute food for human consumption
- ____ Ratites, llamas, alpacas, buffalo, or aquatic organisms
- ____ Machinery, equipment, attachments and repair/replacement parts therefor to be incorporated into an *existing* on-farm grain/soybean facility and poultry, livestock, ratite, llama, alpaca, or aquaculture facilities*
- ____ Seed or fertilizer
- ____ Materials to be incorporated into the renovation or repair of an *existing* on-farm grain/soybean facilities and poultry, livestock, ratite, llama, alpaca, or aquaculture facility*
- ____ Water used in the production of crops as a business or in the raising of livestock/poultry, ratites, llamas, alpacas, buffalo, aquatic organisms and dairy cattle.

Blanket Certificate: The use of this certificate by the purchaser constitutes the issuance of a blanket certificate and will remain valid until the purchaser notifies the seller in writing that it is no longer valid.

I, the purchaser, understand that if the property described above is used in a nonexempt manner, I am liable for the payment of sales tax as provided in KRS 139.490, as if I were the retailer making a retail sale of the property at the time of such use and the cost to me shall be deemed the gross receipts from such retail sale. I will immediately remit to the Revenue Cabinet, Frankfort, Kentucky 40620, the required tax measured by the purchase price of the property. I also understand that the Cabinet shall hold the purchaser liable for the remittance of the tax and may apply any penalties as provided in KRS 139.990.

Under penalties of perjury, I swear or affirm that the information on this certificate is true and correct as to every material matter.

_____ Signature	_____ Date
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Caution: Sellers failing to obtain a valid certificate will be held liable for the sales and use tax. Furthermore, sellers accepting or soliciting certificates who have failed to exercise care or have facts which give rise to a reasonable inference that the purchaser does not intend to use the property in an exempt manner may be held liable for the sales and use tax.

This certificate may be used to purchase the following items exempt from tax.

Baling Twine and Baling Wire—Baling twine and baling wire for the baling of hay and straw. KRS 139.480

Farm Chemicals—Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be used in the production of crops as a business, or in the raising and feeding of livestock or poultry the products of which ordinarily constitute food for human consumption, ratites, llamas and alpacas, buffalo, or aquatic organisms. KRS 139.480

Farm Machinery, Attachments, and Repair and Replacement Parts—The term “farm machinery” means machinery used exclusively and directly in the occupation of tilling the soil for the production of crops as a business, or in the occupation of raising and feeding livestock or poultry or of producing milk for sale. The term “farm machinery,” includes machinery, attachments, and replacements therefor, repair parts, and replacement parts which are used or manufactured for use on, or in the operation of farm machinery and which are necessary to the operation of the machinery, and are customarily so used; but this exemption shall not include automobiles, trucks, trailers, and truck-trailer combinations. KRS 139.480(11)

Examples of items which qualify for exemption in addition to the more commonly known items of “farm machinery” are: irrigation systems, tobacco curing equipment, farm wagons, portable insecticide sprayers, chain saws, mechanical cleaning equipment, mechanical shop equipment, mechanical posthole diggers, silo unloaders (augers), grain and hay elevators, milking machines, automatic washers, mechanical bulk tanks, cooling units, brooders, incubators, automatic egg gathering systems, egg processing equipment, automatic feeding equipment, automatic waterers, tobacco transplant clipping system, tobacco transplant heating systems including fans, and tobacco transplant seeding systems.

Farm Work Stock—Farm work stock for use in farming operations. KRS 139.480(6)

Feed and Feed Additives—Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the products of which ordinarily constitute food for human consumption, ratites, llamas and alpacas, buffalo, or aquatic organisms. (KRS 139.480) This exemption does not include feed or feed additives for farm work stock.

Gasoline, Special Fuels, Natural Gas and Liquefied Petroleum Gas—Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively and directly to operate farm machinery, on-farm grain/soybean facilities, on-farm poultry, livestock, ratite, llama, alpaca, dairy, or aquaculture facilities. KRS 139.480

***Machinery, Equipment, Attachments and Repair/Replacement Parts Therefor to be Incorporated into an Existing On-Farm Facility**—KRS 139.480 provides the following examples:

1. vent board equipment, waterer and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems used in raising poultry and livestock;
2. incubation systems, egg processing equipment, water and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems used in raising ratites;
3. waterer and feeding systems, ventilation systems, and alarm systems used in raising llamas and alpacas or buffalo; and
4. waterer and feeding systems, ventilation, aeration, and heating systems, processing and storage systems, production systems such as ponds, tanks, and raceways, harvest and transport equipment and systems, and alarm systems for producing products of aquaculture.

Livestock—Livestock of a kind the products of which ordinarily constitute food for human consumption provided the sales are made for breeding or dairy purposes and by or to a person regularly engaged in the business of farming. KRS 139.480(4)

***Materials to be Incorporated into the Renovation or Repair of Existing On-Farm Facilities**—Materials incorporated into the renovation or repair of *existing* on-farm grain or soybean facilities, on-farm ratite raising facilities, on-farm llama or alpaca facilities, on-farm buffalo raising facilities or on-farm aquaculture facilities. KRS 139.480

Seed and Fertilizer—Seeds, the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business, and commercial fertilizer to be applied on land, the products from which are to be used for food for human consumption or are to be sold in the regular course of business; provided such sales are made to farmers who are regularly engaged in the occupation of tilling and cultivating the soil for the production of crops as a business, or who are regularly engaged in the occupation of raising and feeding livestock or poultry or producing milk for sale; and provided further that tangible personal property so sold is to be used only by those persons designated above who are so purchasing. KRS 139.480(7)

Water—Water used in the production of crops as a business or in the raising of livestock/poultry, ratites, llamas, alpacas, buffalo, aquatic organisms and dairy cattle. KRS 139.480

Questions should be directed to the Sales and Use Tax Section, (502) 564-5170.

**ON-FARM FACILITIES
CERTIFICATE OF EXEMPTION
FOR
MATERIALS, MACHINERY AND EQUIPMENT**

IMPORTANT
*See Reverse Side for
Additional Information*

This certificate may be executed only for those purchases of tangible personal property (materials, machinery and equipment) which will be incorporated into the **initial construction of on-farm facilities** exempt under the provisions of KRS 139.480. This certificate may be executed (1) by the farmer who purchases the items directly from the retailer or (2) jointly by the farmer and a contractor who is under contract with the farmer and purchases the property to fulfill the terms of the construction contract.

THE UNDERSIGNED HEREBY CERTIFIES THAT THE PROPERTY TO BE PURCHASED FROM:

Name of Vendor and Address

will be incorporated into an: **(farmer must initial on the appropriate line)**

- | | |
|-----------------------------------------------------|------------------------------------------------|
| _____ On-farm grain/soybean facility | _____ On-farm ratite raising facility |
| _____ On-farm livestock or poultry raising facility | _____ On-farm aquaculture facility |
| _____ On-farm buffalo raising facility | _____ On-farm llama or alpaca raising facility |

Description of Property to be Purchased

Location of the Farm

Expected Completion Date

The use of this certificate by the purchaser constitutes the issuance of a blanket certificate and will remain valid until the completion of the construction project. Revenue Form 51A158, Farm Exemption Certificate, must be executed for all subsequent purchases of materials to be incorporated into the repair or renovation of an existing on-farm facility.

I, the purchaser, understand that if the property described above is used in a nonexempt manner, I am liable for the payment of sales tax as provided in KRS 139.490, as if I were the retailer making a retail sale of the property at the time of such use and the cost to me shall be deemed the gross receipts from such retail sale. I will immediately remit to the Revenue Cabinet, Frankfort, Kentucky 40620, the required tax measured by the purchase price of the property. I also understand that the Cabinet shall hold the purchaser liable for the remittance of the tax and may apply any penalties as provided in KRS 139.990.

Under penalties of perjury, I swear or affirm that the information on this certificate is true and correct as to every material matter.

Farmer's Name (Print)

Contractor

Signature

Sales/Use Tax Permit Number (if applicable)

Social Security Number

By _____
Signature Title

Date _____

Date _____

Address _____

Address _____

Contractor's Note: This certificate may not be used to purchase or rent/lease construction equipment or consumable supplies used in fulfilling a contract.

Caution: Sellers failing to obtain a valid certificate will be held liable for the sales and use tax. Further, sellers accepting or soliciting certificates who have failed to exercise care or have facts which give rise to a reasonable inference that the purchaser does not intend to use the property in an exempt manner will be held liable for the sales and use tax.

This certificate may only be used for the purchase of materials, machinery and equipment incorporated into the **initial** construction of the following on-farm facilities. Revenue Form 51A158, Farm Exemption Certificate, must be used to purchase tangible personal property used to repair or renovate an existing on-farm facility or for the purchase of feed/feed additives, water, gasoline, special fuels, liquefied petroleum gas, farm chemicals, etc., for each of these facilities.

On-Farm Grain or Soybean Facilities—This certificate applies to the equipment, machinery, attachments, and any materials incorporated into the initial construction of on-farm facilities used exclusively for grain or soybean storing, drying, processing, or handling. KRS 139.480(14)

On-Farm Facilities Used Exclusively for Raising Poultry or Livestock—This certificate shall apply to the equipment, machinery, attachments and any materials incorporated into the initial construction of on-farm facilities used exclusively for raising chickens or livestock. The exemption shall apply, but not be limited to, vent board equipment, waterer and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems. KRS 139.480(15)

On-Farm Ratite Production Facilities—This certificate shall apply to equipment, machinery, attachments, and any materials incorporated into the initial construction of on-farm facilities used in the breeding and producing of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-products. The exemption shall apply to incubation systems, egg processing equipment, waterer and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems. KRS 139.480(24)

On-Farm Llama and Alpaca Production Facilities—This certificate shall apply to equipment, machinery, attachments, and any materials incorporated into the initial construction of on-farm facilities used for the production of hides, breeding stock, fiber and wool products, meat, and llama and alpaca by-products. The exemption shall apply to waterer and feeding systems, ventilation systems, and alarm systems. KRS 130.480(26)

On-Farm Buffalo Production Facilities—This certificate shall apply to equipment, machinery, attachments, and any materials incorporated into the initial construction of on-farm facilities used for the production of hides, breeding stock, meat and buffalo by-products. The exemption shall apply to waterer and feeding systems, ventilation systems, and alarm systems. KRS 139.480

On-Farm Aquaculture Facilities—This certificate shall apply to equipment, machinery, attachments, and any materials incorporated into the initial construction of on-farm facilities used in producing products of aquaculture. The exemption shall apply, but not be limited to: waterer and feeding systems; ventilation, aeration, and heating systems; processing and storage systems; production systems such as ponds, tanks, and raceways; harvest and transport equipment and systems; and alarm systems. KRS 139.480

“Aquaculture” means the science, art, and business of producing and raising aquatic organisms under controlled or semi-controlled conditions. KRS 260.960

Questions concerning the use of this certificate should be directed to the Sales and Use Tax Section, (502) 564-5170.