

Special Notice

Intended audience: Custom Farmers and Farm Managers.

July 17, 2024

Sales/Use Tax Exemption Refund Request for Eligible Farmers

Farmers who perform custom farming or farm management services are exempt from sales and use tax on purchases of retail goods and services. The exemption is provided in the form of a refund up to \$10,000 on purchases made on or after July 1, 2024, through Dec. 31, 2029.

Who qualifies for the exemption?

An eligible farmer as defined in [RCW 82.04.213\(3\)\(a\)](#) who performs custom farming services or farm management services as those terms are defined in [RCW 82.04.758](#).

What purchases qualify?

Any retail purchase made on or after July 1, 2024, by an eligible farmer, where Washington sales or use tax has been previously paid. For example, a purchase of a licensed vehicle where use tax is paid to the Department of Licensing will qualify for a refund, assuming all other requirements are met. Likewise, retail purchases where sales tax is paid at the time of purchase also qualifies for a refund, including home goods and electronics.

How do I apply for the refund?

You may apply for a refund by completing an [Application for Refund or Credit](#). You can access the application through your My DOR account or via a paper form found at [dor.wa.gov](#). You may request a refund for multiple purchases in one application per quarter. Claims must be filed by Dec. 31, 2029.

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You will need to provide the following information:

- Taxpayer account number (UBI #).
- Period of the refund claim (e.g. 1/1/2025 – 6/30/2025).
- Total refund amount claimed.
- Purchase information (include copy of receipt).
 - Date of purchase.
 - Purchase price.
 - Location of purchase (sales tax rate).
 - Amount of sales tax paid.
 - Invoice/receipt #.
- Name of claimant, including address and telephone number.
- Proof of eligibility (e.g. a copy of your Schedule F, or any other documentation that supports you are a custom farmer or provide farm management services).

Why was this exemption created?

In 2007, the Legislature enacted a business and occupation (B&O) tax exemption for farmers who provide custom farming services and farm management services to other farmers. The exemption expired Dec. 31, 2020, and was later reauthorized beginning July 1, 2022, as a permanent exemption.

The Legislature’s intent is to recognize the loss of the B&O exemption for eligible farmers by providing a sales/use tax exemption in the form of a refund up to the amount of \$10,000.

Definitions

An “**eligible farmer**” is a farmer as defined in [RCW 82.04.213\(3\)\(a\)](#) as one of the following:

1. Whose gross sales or harvested value of agricultural products grown, raised, or produced by that person or gross sales of bee pollination services was at least ten thousand dollars for the immediately preceding tax year.
2. Whose agricultural products had an estimated value of at least ten thousand dollars for the immediately preceding tax year, if the person did not sell or harvest an agricultural product or bee pollination service during that year.
3. Who has merely changed identity or the form of ownership of an entity that was an eligible farmer, where there was no change in beneficial ownership, and the combined gross sales, harvested value, or estimated value of agricultural products or bee pollination services by both entities met the requirements of 1 or 2 (above) for the immediately preceding tax year.

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4. Who does not meet the definition of “eligible farmer” in 1, 2, or 3 (above), and who did not engage in farming for the entire immediately preceding tax year, because the farmer is either new to farming or newly returned to farming.

5. Anyone who otherwise meets the definition of “eligible farmer” except that they are not a “person” as defined in [RCW 82.04.030](#).

“Custom farming services” are specific farming operations performed by an operator using any farm machinery or equipment, farm implement, or draft animal, when both of the following apply:

- The specific farming operation consists of activities directly related to the growing, raising, or producing of any agricultural product to be sold or consumed by a farmer.
- The performance of the specific farming operation is for, and under a contract with, or the direction or supervision of, a farmer.

“Farm management services” are consultative decisions made regarding farm operations, including, but not limited to:

- Determining which crops to plant.
- Choosing and timing fertilizers and chemicals.
- Determining horticultural practices to apply.
- Marketing crops and livestock.
- Caring and feeding animals.

Additional information

- [Second Engrossed House Bill 1757](#).
- [Agriculture Tax Guide](#).
- [Special Notice: Services for farmers – B&O and public utility tax exemptions](#).

Questions?

For questions, call the Taxpayer Account Administration Division at 360-705-6215.

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