

Exemptions For Agricultural Products Sold By The Producer.

(1) There are ~~two~~ various exemptions in the sales and use tax statutes relative to agricultural products sold by the producer. ~~One is found~~ These exemptions are codified in ~~§§40-23-4(a)(5) and 40-23-62(8),~~ Code of Ala. 1975, ~~and the other in §40-23-4(a)(44)(45), Code of Ala. 1975.~~ A sale of agricultural products that does not qualify for one of these exemptions may still qualify for ~~the other~~ another.

(2) ~~§§40-23-4(a)(5) and 40-23-62(8), Code of Ala. 1975, exempt sales of products~~ Products of the farm, dairy, grove, or garden are exempt from sales and use tax when the products (i) are sold by the producer, by members of the producer's immediate family, or by persons employed by the producer to assist in the production of the products and (ii) have not been processed, except to the extent that the products are customarily processed by operators of farms, dairies, groves or gardens in preparing products for market.

(a) This exemption does not apply to agricultural products sold by the producer through a store which the producer operates. (Curry v. Reeves, 195 So. 428 (Ala. 1940)).

(b) Unlike the exemption outlined in paragraph (3) below, this exemption is not limited to products that are planted, or cultivated, and harvested by the producer. Examples of products that may qualify for this exemption but not the exemption in paragraph (3) include but are not limited to milk, eggs, catfish, minnows, bees, honey, rabbits, and hamsters produced on farms.

(3) ~~Section 40-23-4(a)(44), (45) exempts fruit~~ Fruit or other agricultural products are exempt from sales and use tax when sold by the person or ~~corporation~~ company that planted or cultivated, and harvested the products on land owned or leased by them. Unlike the exemption outlined in paragraph (2) above, this exemption is not lost to the producer who sells qualifying agricultural products through a store operated by the producer.

(4) Sales of agricultural products which otherwise qualify for one or both of the exemptions outlined in paragraphs (2) and (3) above, do not lose their exempt status if the products, retain their raw, unprocessed form when prepared by the producer for marketing or merchandising. ~~An agricultural product is no longer in its raw, unprocessed form if it is cooked, boiled, roasted, or mixed or compounded with ingredients other than additional exempt agricultural products.~~

~~(a) Examples of prepared~~Prepared agricultural products ~~which that~~ do not lose their exempt status when they otherwise qualify for ~~either one~~ or both exemptions outlined in paragraphs (2) and (3) ~~are:~~

~~1. include, but are not limited, to~~ raw pecans or peanuts when cracked or shelled

~~2. raw shelled peanuts~~

~~3. , raw shelled peas, or beans, or butterbeans~~

~~4. raw shucked corn~~

~~5. , and~~ raw washed fruits and vegetables.

~~(b) Examples of processed~~(5) Beginning October 1, 2022 through September 30, 2027, unless extended by an act of the legislature, producer value added agricultural products ~~which do not qualify for the exemptions outlined in paragraphs (2) and (3) above are:~~

~~1. apple cider~~

~~2. are exempt from sales and use taxes when the sale is made by the producer, the producer's immediate family, or by the producer's employees. Producer value added agricultural products are fruits or other agricultural products that have undergone some degree of further processing by the original producer of the agricultural product, including but not limited to bound cut flowers, jams, jellies, and~~ boiled or roasted peanuts.

~~3. candy~~

~~4. cane or sorghum syrup~~

~~5. fruit pies~~

~~6. ice cream~~

~~7. jellies and jams~~

~~8. peanut butter~~

~~9. pickled peaches~~

~~10. pickles~~

~~11. roasted pecans~~

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Statutory Authority: [§§40-2A-7\(a\)\(5\)](#), [40-23-1](#), [40-23-4\(a\)](#), [40-23-31](#), [40-23-83](#), Code of Ala. 1975, ~~[§§40-2A-7\(a\)\(5\)](#)~~, ~~[40-23-4\(a\)\(44\)](#)~~, ~~[\(45\)](#)~~, ~~[40-23-31](#)~~, ~~[40-23-83](#)~~.

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