



Rhode Island Department of Revenue Division of Taxation

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Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
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Information for Farmers

Sales tax requirements, farm exemption, and helpful resources

PROVIDENCE, R.I. – The Rhode Island Division of Taxation pursues its mission of assisting taxpayers, in large part, through a focus on educating taxpayers regarding their tax responsibilities. Ensuring that all taxpayers know and understand their tax obligations reduces confusion, increases voluntary compliance, and builds strong relationships between citizens and government.

Permit to Make Sales at Retail

All taxpayers that make retail sales, including farmers, must register with the Rhode Island Division of Taxation and obtain a sales permit. The permits are subject to annual renewal on or before February 1 of each year. There is no fee for the application or renewal. See below for more information and resources for applying for a sales permit.

Even if a farm or farmer sells only products that are exempt from sales tax, a sales permit is required.

Sales Tax Exemption for Qualified Farmers

The Division reminds farmers of Rhode Island's Sales and Use Tax Exemption for farm equipment, and its requirements.

Farms are eligible for an exemption that relieves the farm of its obligation to pay sales and use tax on its purchases of certain equipment and supplies used in farming operations. A farm- with a valid farm exemption certificate must still collect and remit sales tax on all taxable sales. The exemption applies only to the tax the farm would pay on its own purchases, not its sales to customers.

While the sales of fruit, vegetables, and related items are exempt from sales tax in Rhode Island, farms that make retail sales of other items that are taxable must collect and remit Rhode Island sales tax on those taxable retail sales.¹

About the exemption

A farm must apply with the Division of Taxation to obtain a Certificate of Exemption for Farm Equipment/Structure Construction Material if it qualifies for the exemption.

To qualify for the exemption, a new applicant must provide proof of annual gross sales from commercial farming of either \$2,500 (Level I) or \$10,000 (Level II) for 1 year prior to the application. For subsequent renewal, the taxpayer must provide proof of the annual gross sales from commercial farming of at least \$2,500 (Level I) or \$10,000 (Level II) for 2 years prior to the renewal. The level for which the farmer qualifies impacts the value of a motor vehicle that can be purchased.

Obtaining a Sales Permit

Before retail sales are made, be sure to register with the Division of Taxation. To obtain a sales permit visit the Division's website under Sales and Use Tax: [Sales & Use Tax | RI Division of Taxation](#)

¹ All sales are taxable unless specifically exempt by law. Examples of exemptions include, the sale of fruits and vegetables, seeds and plants that are used to grow food.

The Division's Audit and Investigation Unit (AIU) reviews the exemption applications under [R.I. Gen. Laws § 44-18-30\(32\)](#) and works with taxpayers to ensure the Division has the documentation needed to substantiate the statutory requirements for the exemption. This can include the Federal Schedule F for some entities or other accounting documents for other entities that do not file a Federal Schedule F. At times, there may be follow-up requests based on the taxpayer's submissions and tax filings; however, the same initial information is requested from all taxpayers seeking the exemption. The AIU team reviews each application and works with the taxpayer to ensure farms remain in compliance with applicable tax laws. This protects both those that qualify for the exemption and the State in accordance with the law.

The exemption expires four years from date the certificate was issued and may be renewed every 4 years if the farm still qualifies. The same form is used to both apply for the exemption and to renew an existing exemption. There is no application or renewal fee.

The Farm Exemption application is located on the Division's website: <https://tax.ri.gov/sites/g/files/xkgbur541/files/forms/2021/Excise/Sales-%26-Use/Exemption---Farm.pdf>

Items needed for applications and renewals

- New applications must include the preceding year's federal tax return along with Schedule F.
- Applications for renewal must include the federal returns for the preceding 2 years, including Schedule F and a copy of your most recent certificate.
- Trial balance and chart of accounts must be provided if a Schedule F is not available for said years.
- Applicants with gross income from boarding horses must provide copies of at least five (5) boarding agreements.
- If the farmland is leased, a copy of the current lease agreement must be provided.
- Additional documentation as requested.

Sales Tax Responsibilities

- [R.I. Gen. Laws § 44-19-1\(a\)\(1\)](#) requires that every person making retail sales in Rhode Island have a sales permit. This is regardless of whether the sales are of products that are exempt from sales tax and whether the sales are made by a business entity. To obtain a sales permit, a taxpayer must complete the Business Application and Registration form, which can be completed online: <https://www.ri.gov/taxation/BAR/>.
- A farm's obligation to collect and remit Rhode Island sales tax on its taxable retail sales is separate and distinct from its farm exemption (a farm exemption certificate relieves the farm of its obligation to pay tax on its purchases of certain equipment and supplies used in farming operations). A farm's exemption certificate does not exempt the farm from collecting and remitting sales tax on all taxable retail sales. The exemption applies only to purchases made by the farm.

- Farms that make retail sales of taxable items must collect Rhode Island sales tax on those taxable retail sales and remit that tax to Rhode Island Division of Taxation.

For more information on sales and use tax requirements and responsibilities, please refer to the Division's Sales and Use Tax Frequently Asked Questions (FAQ) document: <https://tax.ri.gov/tax-sections/sales-excise-taxes/sales-use-tax>.

Electronic Filing Mandate

Rhode Island's Electronic Filing Mandate may apply to some farms. For more information on Rhode Island's Electronic Filing Mandate, including how to determine if it applies to you, visit the Division's dedicated Electronic Filing Mandate webpage.

For farms that fall under the Electronic Filing Mandate, filing and paying through Rhode Island's Taxpayer Portal ensures compliance with the mandate's requirements. Information on how to register for and use the Taxpayer Portal is available at: <https://taxportal.ri.gov>.

Contact Information

Questions related to the farm exemption certificate may be directed to the Division's Audit and Investigation Unit by email at: tax.audit@tax.ri.gov, or by phone at: 401-574-8962, between 8:30 a.m. and 3:30 p.m. on business days.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.
