FARM UTILITIES PROCESSING SALES TAX EXEMPTION

Fuels, including electricity, gas or water used directly and primarily in processing and production on the farm are exempt from state sales tax. The sale of fuel used to provide heat or cooling for livestock buildings is exempt from tax. Electricity and gas are considered to be a "fuel", and the term "livestock" includes domesticated fowl. If a building is used partially for housing livestock and partially for a nonexempt purpose, for any portions of the building which are heated or cooled, a proportional exemption from sales tax may be claimed based upon a percentage calculated from a fraction, the numerator of which is the number of square feet of the building heated or cooled and used for housing livestock, and the denominator of which is the number of square feet heated or cooled in the entire building.

Water, when sold to farmers who are purchasing water for both livestock production as well as for household and sanitation use, shall be subject to the imposition of the tax the same as electricity or steam.

Water sold to farmers and used directly as drinking water for livestock or poultry products for market, shall be exempt from the imposition of tax. Water used for other purposes such as household use, sanitation, or swimming pools shall be subject to tax. When water is used in livestock production, as well as for other purposes, the water may, when practical, be separately metered and separately billed to clearly distinguish the water consumed for livestock purposes from other purposes. When it is impractical to separately meter water which is exempt from that which is taxable, the purchaser may furnish a statement to the seller which will enable the seller to determine the percentage of water subject to the exemption. In the absence of proof to the contrary, the retailer of the water shall bill and collect tax on the first 4,000 gallons of water per month. The first 4,000 gallons of water per month will be considered to be for nonexempt use and the balance will be considered to be used as part of agricultural production.

Your power supplier is required by law to collect the sales tax on all of the electricity, gas or water sold to you unless you file an exemption form with your power supplier. If you have not previously filed an exemption form with your power supplier, you are eligible for a sales tax refund from the Iowa Department of Revenue and Finance on the electricity, gas or water you used in agricultural production. You can claim the refund for the preceding five years (five years from the date your claim is filed). If you have previously filed a claim for refund, you can file a new claim for refund back to the date of your previous filing.

In order to receive this exemption, a farmer must provide adequate documentation of the electric energy used for production. Using a separate meter for production (exempt) uses and another meter for all nonproduction (nonexempt) uses isn't practical for most farmers. Therefore, a listing of the equipment used for both nonproduction (nonexempt) and production (exempt) purposes on the farm is necessary. The nonexempt (nonproduction) kilowatts (kW) include all household use, the farm shop use, and all farm lighting. These uses are all subject to Iowa sales tax.

In most cases it will be easier to calculate the energy used for nonproduction (nonexempt) purposes. You need to calculate either production (exempt) or nonproduction (nonexempt) energy in order to calculate the percent used for production. Determine the percent of your electrical, gas or water energy consumed that is used for nonproduction and not eligible for

exemption. Your previous year's monthly statements can provide a guide for your total annual use. If for some reason last year was not a typical year for your electric usage, select any previous 12 month period that is representative. Any substantial and permanent change in the amount of electricity consumed or in the proportion of exempt and nonexempt use of electricity is an occasion for recomputing the exempt percentage and for filing a new exemption certificate.

Major appliances provide the greatest use of electricity for nonexempt (nonproduction) and tend to vary more between families. Enclosed is a list of home appliances and an average kWh usage for each appliance using a family of four as an average size family (pages 5 and 6).

Use these guide sheets to calculate the electricity used for all nonproduction (nonexempt) uses. This sum of electricity used for nonproduction (nonexempt) divided by the total use would be your percent for nonproduction (nonprocessing) purposes. The nonexempt percent subtracted from 100% is the exempt percent. Enclosed is a worksheet for Exemption Percentage Calculation (page 7). On the reverse side (page 8) is an example of a completed worksheet showing the format that is required.

EXAMPLE: Mr. Wilson is a farmer. He files an exemption certificate for the period beginning January 1, 1997. The year 1996 is one with a very mild winter, a relatively cool summer, and a very dry autumn. Mr. Wilson uses no electricity for grain drying and substantially less electricity than usual for heating and cooling his livestock buildings. Mr. Wilson must use a 12 month period which is more representative of his usual exempt electrical consumption than that of January through December 1996.

EXAMPLE: Mr. Jackson is also a farmer. He files an exemption certificate for the period beginning January 1, 1998. The year 1997 is one in which the summer is extraordinarily hot, the winter exceedingly cold, and the autumn very wet. Mr. Jackson uses far more electricity than normal to dry his grain and heat and cool his livestock buildings. He should use a 12 months period more representative of his customary exempt use of electricity than the period January through December 1997.

EXAMPLE: Suppose your total use for last year was 25,000 kW. Using the information supplied in the packet, you calculated your nonproduction (nonexempt) use to be 14,500 kW per year. The percentage used for nonproduction (nonexempt) is 14,500 ÷ 25,000 x 100 = 58%, 100% - 58% = 42% production exempt. Unless you expect to make major changes in your electricity use, that value can be used in your application for exemption for five years. The exemption on the completed exemption sheet can also be used to file a sales tax exemption with your power supplier. However, there are some power companies that have their own exemption calculation forms.

EXAMPLE: You are billed for the entire farmstead on one meter but you pay to have a separate meter installed on your house for your use in calculating nonexempt electricity. The energy use for a year in the house adds up to 9,844 kWh. Based on the equipment and the hours it was used, you calculate another 1,100 kWh was used in your farm shop (farm shop use is not exempt). You calculate another 600 kWh used for nonhome lighting. So your nonproductive (nonexempt) use was 9,844 + 1,100 + 600 = 11,544 kWh. Your total farm usage for the year was 24,050 kWh. Your production (exempt) use for the year is 24,050 minus 11,544 equals 12,506. Your percentage used for production in this case was 12,506 ÷ 24,050 x 100 = 52%.

INSTRUCTIONS FOR SALES TAX REFUND WORK SHEET
(Exemption Percentage Calculation)

Step 1. Fill in the wattage of your home appliances under nonexempt on the worksheet (page 7). These numbers are listed on the serial plate affixed to each appliance. The wattage of an appliance determines the electrical usage per hour. It is possible that the electrical requirements will be expressed in amperes to obtain the wattage. **Example: 120 volts x 12.1 amps = 1452 watts.**

Step 2. Estimate and fill in the number of hours you used each appliance during the day. The enclosed sheet entitled "GUIDE OF HOME ELECTRICITY USE" (page 5) lists typical home usage, however, your usage may vary from the average. Use your best judgment.

Step 3. Multiply the wattage of each appliance by the hours each appliance is used for the year and divide by one thousand to get kilowatt hours (kWh) used by each appliance for the year. **Example: 1452 watts x 104 hours ÷ 1000 = 151 kwh.** Also, include electricity used for lights in the home and farm use and also electricity used in a farm shop.

For incandescent bulbs, add rated wattages and divide by 1,000. For fluorescent lights, add rated wattages plus an additional 20 percent of rated wattages, then divide by 1,000.

Incandescent Lights: $\frac{\text{Watts}}{1{,}000} = \text{Kilowatts Per Hour (kWh)}$

Fluorescent & Other High Intensity Lights: $\frac{\text{Watts} + .20\ (\text{Watts})}{1{,}000} = \text{Kilowatts Per Hour (kWh)}$

Step 4. Add up the total kWh's of the nonexempt items. This will be your total kWh's used for nonexempt purposes.

Step 5. List on a separate sheet of paper the total kW's you purchased from your power supplier for each month of the year. You will find this information listed on your monthly bills. Total the kW's you purchased for the year. Subtract the total kW's used for the nonexempt purposes from the total kW's you purchased for the year. The resulting number will be your total kW's exempt from Iowa Sales/Use Tax.

Step 6. Make a listing of all the items that are used directly and primarily in your agricultural production on your farm under the exempt activity. **Example: Grain dryer, 6 ventilation fans - nursery, bulk tank cooler, three grain augers and heat exchanger - farrowing house.** When you calculate the processing (exempt) percentage, use the same procedures as the nonprocessing (nonexempt). Some examples for motor usage are on page 6.

EXAMPLE: Assume that a grain dryer uses 30 kilowatts per hour of operation. During a 12-month base period, the grain dryer is used in processing 200 hours per month, for 3 months. The calculation for total number of kilowatt hours of exempt use for the 12-month period is as follows:

Kilowatts Per Hours		Hours of Exempt Use Per Month		Number of Months of Use Equals Total Number of Exempt Kilowatt Hours		
30	x	200	x	3	=	18,000

Step 7. Complete the bottom of the sheet calculating the exempt percentage. Take your total sales tax paid times your exempt percentage to get your sales tax refund for the year.

Step 8. IOWA 843 REFUND CLAIM FORM - To apply for a refund, fill out, sign, date and mail the form to the address provided on the claim form. Be sure to attach the completed exemption percentage calculation form (page 9) and copies of your utility bills or a printout from your power supplier.

Make copies of everything you are mailing to the Iowa Department of Revenue and Finance for your files. The energy study you have completed whether it be gas, electric or water remains in effect for five (5) years unless your farming operation changes.

It may take one to two months for the Iowa Department of Revenue and Finance to process your claim.

GUIDE OF HOME ELECTRICITY USE

The following is a typical list of home appliances and an average kwh usage for each appliance. This listing has been compiled from several different sources. These are only averages. Your actual usage may differ.

APPLIANCE	AVERAGE WATTAGE	AVERAGE HOURS USAGE/YEAR	AVERAGE KWH – USAGE/YEAR
Air Conditioner - room	1000 (varies)	1200 hours	1200
Air Conditioner - central	3000 (varies)	667 hours	2001
Attic Fan	370	3600 hours	1332
Automatic Blanket	200	900 hours	180
Clock	4	8760 hours	35
Clothes Dryer - electric	4350	221 hours	961
Clothes Dryer - gas	450	133 hours	60
Coffee Maker	850	71 hours	60
Computer	360	667 hours	240
Dehumidifier	300	83 hours	249
Dishwasher	1190	303 hours	361
Electric Filter	50	8640 hours	432
Freezer - standard	350	3428 hours	1200
Freezer - frost free	440	4091 hours	1800
Food Mixer or Blender	110	109 hours	12
Frying Pan	1200	150 hours	180
Furnace - gas or oil	600	500 hours	300
Hair Dryer	1250	29 hours	36
Heat - electric	varies	12kwh/sq ft/yr	varies
Heat - portable	1500	1.5 kwh/hr	varies
Humidifier	80	1000 hours	80
Iron (hand)	1100	131 hours	144
Lighting - house (varies)	1600-4000	56-450 hours	1200
Microwave	1,450	124 hours	180
Oscillating Fan	88	568 hours	50
Radio	70	1543 hours	108
Radio - Stereo	110	1418 hours	156
Range	12,000	100 hours	1200
Refrigerator - standard	256	4453 hours	1140
Refrigerator - frost free	475	3789 hours	1800
Sewing Machine	75	160 hours	12
Spa-Hot Tub	varies	240 kwh/mo	2880

APPLIANCE	AVERAGE WATTAGE	AVERAGE HOURS USAGE/YEAR	AVERAGE KWH USAGE/YEAR
Television - black & white	75	1440 hours	108
Television - color	250	1680 hours	420
Toaster	1100	44 hours	48
VCR	25	1440 hours	36
Vacuum Cleaner	700	51 hours	36
Washing Machine	600	160 hours	96
Water Heater - electric	2500 (varies)	1920 hours	4800 (varies)
Water Pump	750-1000	550 hours	480
Waterbed Heater	300	4000 hours	1200
Window Fan	200	3600 hours	720
Farm Shop	various	various	100
Light - farm	various	various	125

kWh Per Hour of Use

Motor Size in hp	Typical Motor Single Phase	3 Phase	High Efficiency Single Phase	3 Phase
1/20	0.11			
1/12	0.15			
1/8	0.23			
1/6	0.27			
1/4	0.38			
1/3	0.50			
1/2	0.60			
3/4	0.80		0.68	
1	1.0	1.0	0.85	0.85
1.5	1.5	1.5	1.27	1.2
2	2.0	1.9	1.70	1.7
3	3.0	2.8	2.55	2.4
5	5.0	4.6	4.25	4.2
7.5	7.5	6.7	6.37	6.3
10.0	10.0	8.8	8.50	8.4
15.0	15.0	13.0	12.75	12.4
20.0	20.0	17.0	17.00	16.5
25.0	25.0	21.2	21.25	20.4

EXEMPTION PERCENTAGE CALCULATION WORKSHEET

Exempt Activity	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)	Non-exempt	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)

Total Use ______________

Total Exempt Use ________

Exempt % ________

Total Non-Exempt Use ________

Non-Exempt % ________

EXAMPLE OF EXEMPTION PERCENTAGE CALCULATION

Complete the calculation below for each meter which metered energy for both exempt and non-exempt purposes. If documentation cannot be completed on this form, attach additional sheets and file this form with the Iowa Department of Revenue and Finance.

Period used for basis of computation - consider seasonal operations when selecting period.

Location No. 4-03-01-0001

January 1, 1997 through December 31, 1997

Exempt Activity	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)	Non-exempt	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)
10 hp. Grain Dryer Motor	10	192	1,920	Lighting	.611	2,160	1,320
2-5 hp. Grain Unloading Mtrs.	10	25	250	Heating/ Air Cond.	Per Season	Per ISU	1,500
3 hp. Grain Aeration Motor	3	600	1,800	Office Equip.	.360	200	72
2 hp. Grain Transfer Motor	2	24	48	Refrigeration	.475	2,526	1,200
2-3 hp. Grain Spreader Motors	4	24	96	Maintenance			
5 hp. Feed Auger Hog Bldg.	5	24	120	Other, Specify			
3-Half hp. Exhaust Fan Motor	1.8	8,760	15,768	Gas Furnaace	.600	625	375
1-Half hp. Exhaust Fan Motor	.6	3,240	1,944	Gas Clothes Dryer	.325	120	39
						96	96
				Dishwasher			
				Deep Freeze	0.35	3,428	1,200
				Elec. Range	12	70	840
EXAMPLE				TV	0.25	1,440	360
				Elec. Water Htr.	2.5	960	2,400
				Misc Household	2 Per Mo.	12	24
				Engine Heaters		29	29
EXAMPLE				Elec. Fencer	0.00975	4,320	42
				Welder	Annual Usage	Per ISU	100
				Lights in Farm Bldgs.	.8	90	72
Total Use		Total Exempt Use	21,946			Total Non-Exempt Use	9,669
31,615		Exempt %	69%			Non-Exempt %	31%

EXEMPTION PERCENTAGE CALCULATION FORM

Complete the calculation below for each meter which meters energy for both exempt and non-exempt purposes. If documentation cannot be completed on this form, attach additional sheets and file this form with the Iowa Department of Revenue and Finance.

Period used for basis of computation - consider seasonal operations when selecting period.

_____ through _____

Exempt Activity	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)	Non-exempt	(A) Energy Use (Watts/ccf)/hr.	(B) Hours of Use	Total (A x B)

Total Use _____ Total Exempt Use _____ Exempt % _____ Total Non-Exempt Use _____ Non-Exempt % _____

22-009

625-0283
(5-95)

IOWA CLAIM FOR REFUND
SALES, USE, LOCAL OPTION, WITHHOLDING

IA 843

FOR OFFICE USE ONLY

NAME	ACCOUNT NUMBER
BUSINESS NAME	CONTROL NUMBER
CURRENT MAILING ADDRESS - STREET OR RURAL ROUTE OR BOX NO.	TAX AMOUNT
CITY OR TOWN, STATE, ZIP CODE	INTEREST AMOUNT
SOCIAL SECURITY NUMBER / SALES OR USE TAX PERMIT NUMBER	TOTAL REFUND
FEDERAL IDENTIFICATION NUMBER / COUNTY NUMBER	AUTHORIZATION: NAME / T500 #
	EXAM DATE / DUP
	INTEREST DATE

Check the box corresponding to the type of refund you are claiming.
Complete all sections of the form.
See reverse side for documentation required to support claim.

- ☐ RETAIL SALES
  - ☐ FUEL USED IN IMPLEMENT OF HUSBANDRY
  - ☐ FUEL USED IN PROCESSING
  - ☐ MACHINERY, EQUIPMENT, & COMPUTERS
- ☐ CONSUMER'S USE
- ☐ RETAILER'S USE
- ☐ VEHICLE USE - Enter your VIN number _____
- ☐ LOCAL OPTION - MUST COMPLETE SCHEDULE ON REVERSE SIDE
- ☐ WITHHOLDING

CLAIM PERIOD _____ **TO** _____

BREAK DOWN CLAIM PERIOD BY QUARTERS. ATTACH ADDITIONAL SHEET IF NEEDED.

TAX PERIOD	ORIGINAL TAX PAID	CORRECTED AMOUNT	TAX TO BE REFUNDED	FOR OFFICE USE ONLY INTEREST	FOR OFFICE USE ONLY TOTAL REFUND
SUBTOTALS					
TOTAL REFUND DUE - add tax and local option					

REASON FOR REFUND REQUEST. EXPLAIN IN DETAIL REASONS A REFUND IS DUE, INCLUDING CODE SECTION AND RULES RELIED C

ATTACH ALL SUPPORTING DOCUMENTATION AS REQUIRED. SEE INSTRUCTIONS

I, THE UNDERSIGNED, DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS CLAIM, INCLUDING ALL ACCOMPANYING SCHEDULES, DOCUMENTATION AND STATEMENTS, AND, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS A TRUE, CORRECT AND COMPLETE CLAIM.

CLAIMANT'S SIGNATURE | PRINT NAME | TITLE (IF CORPORATION) | ( ) PHONE NUMBER | DATE

COMPUTATION OF LOCAL OPTION SALES TAX. CLAIM PERIOD _____ TO _____

BREAK DOWN CLAIM PERIOD BY QUARTERS. ATTACH ADDITIONAL SHEET IF NEEDED.

ADD LOCAL OPTION TAX AND SALES TAX, THEN RECORD ON FRONT OF CLAIM ON TOTAL REFUND DUE LINE.

TAX PERIOD	COUNTY NUMBER	ORIGINAL TAX PAID	CORRECTED AMOUNT	TAX TO BE REFUNDED	FOR OFFICE USE ONLY	
					INTEREST	TOTAL REFUND
TOTALS						

INSTRUCTIONS FOR IA 843

WHO MAY FILE Any taxpayer who believes that an overpayment of retail sales tax, retailer's use tax, consumer's use, local option tax, or withholding tax exists may file this claim for refund form.

Individual: Must provide your social security number.
Sole Proprietors: Must provide a social security number and a federal identification number if applicable.
Partnerships and Corporations: Must provide a federal identification number.
All claims must include a sales or use tax number if applicable.

WHO MUST SIGN If a claim is filed for a corporation, the claim must be signed either by an officer or other authorized representative of the corporation. If an attorney or agent is filing the claim on behalf of the claimant, a power of attorney (original) authorizing the attorney or agent to sign must be submitted with the claim. A power of attorney should clearly identify who is to receive the refund check and where it should be mailed.

SUPPORTING DOCUMENTATION REQUIRED BEFORE THE CLAIM CAN BE PROCESSED:

RETAIL SALES/USE TAX, CONSUMER'S USE TAX: Copies of the invoices, exemption certificates, credit memos and any other supporting documentation applicable.

FUEL USED IN IMPLEMENTS OF HUSBANDRY: A processing vs. nonprocessing energy study to determine the exempt percentage, copies of all invoices and a schedule of energy used.

FUEL USED IN PROCESSING: A processing vs. non processing energy study to determine exempt percentage, copies of invoices and a schedule of energy used. Explain the manufacturing process (how the equipment using the fuel is used in this process) and describe the tangible personal property to be sold at retail.

INDUSTRIAL MACHINERY AND EQUIPMENT: Copies of the invoices, verification it is subject to property tax and how it is used directly and primarily in your manufacturing process.

FARM MACHINERY: Copies of all invoices, explanation of how items are directly and primarily used in agricultural production.

COMPUTERS: Copies of all invoices, verification it is subject to property tax, how it is used in processing or storing data, and explain your type of business or occupation.

VEHICLE USE TAX: Provide copy of the original bill of sale, a copy of the title and any additional supporting information. NOTE: Be sure your vehicle identification number (VIN) has been entered on the front side.

LOCAL OPTION TAX: Provide copies of the invoices and verification that local option tax has been paid to the state of Iowa.

WHERE TO FILE:

COMPLIANCE DIVISION
IOWA DEPARTMENT OF REVENUE AND FINANCE
P.O. BOX 10456
DES MOINES, IOWA 50306

WHERE IS MY SALES/USE TAX REFUND? (515) 281-6177

FOR ANY OTHER QUESTIONS OR ASSISTANCE CALL:

IN DES MOINES OR OUTSIDE OF IOWA: (515) 281-3114

FROM ELSEWHERE IN IOWA, OMAHA OR ROCK ISLAND- MOLINE CALLING AREAS: 1-800-367-3388

HOURS: 8:00 A.M. TO 4:15 P.M. MONDAY THROUGH FRIDAY