



BUSINESS OPERATIONS TAXES

Your business will need to fulfill its tax obligations to the federal government, the State of Idaho, and local jurisdictions. The type of business you operate, whether you own your land, have employees, and where and how you sell your farm products all affect the taxes you are responsible for. Farms are subject to certain tax exemptions. This Fact Sheet is intended to help you navigate your tax responsibilities as an entrepreneur. The list below may not be comprehensive to your farm or ranch business and is not intended to be used as legal tax advice. To determine the taxes that apply to you, we recommend you contact the resources in the “Who Can Help?” section of this fact sheet and/or a certified accountant or bookkeeping service familiar with farm businesses in your area.

SELLER'S (SALES TAX) PERMIT

Every Idaho retailer needs a Seller's Permit, also known as a Sales Tax Permit, issued by the Idaho State Tax Commission. Applications for Seller's Permits are free and can be filed online. Once issued, permits must be displayed in a visible location at your business. Instructions on how to file your tax returns will be mailed to you along with your permit. Applications for a permit can take 10 days (if filed online) to 4 weeks (if mailed in) to be issued to you. Plan for this delay; selling before you have a seller's permit can result in fines. If you buy a permit from an existing business, the previous seller's permit will not transfer, and a new application will need to be submitted. If you sell at an Idaho farmers market, you are required to have a copy of Form ST-124 in your assigned space at all times. The Idaho State Tax Commission has the right to conduct unscheduled tax compliance inspections.

Temporary Sales Permit

If you plan to make sales at a farmer's market, flea

market, craft fair, or some similar event, you will likely need a temporary sales permit. (See *Fact Sheet 3.6 Farmers Markets for more information*).

IDAHO SALES & USE TAX

All retailers in the state of Idaho must collect sales tax, file a sales and use tax return, and forward the tax to the Tax Commission. The 2023 Idaho sales tax rate is six percent (6%). This applies to those selling goods, leases, rentals of tangible personal property, fees for admissions, recreations, hotel, motel, campground accommodations, intrastate charter flights, and some types of labor. Any tangible personal property stored, used, or consumed in Idaho is subject to a six percent use tax, including items purchased online or by mail order.

Exemptions

Goods for resale, or materials used directly in the production of items for resale, are exempt from sales tax. All irrigation equipment and supplies used directly and primarily for agriculture are also exempt. If exempt, you may use a Sales Tax Resale or Exemption Certificate (Form ST – 101) to make purchases. Visit the Idaho State Tax Commission to learn more.

SPECIAL EXCISE & OTHER TAXES

An excise tax is a tax imposed on the sale of specific goods or services, or on certain uses, and are imposed by both the federal government and the state of Idaho. The following list of excise taxes is modified from that published by the Idaho Department of Commerce and is not meant to be comprehensive. Many farms and ranches in Idaho produce a variety of goods and services for sale, including agritourism experiences. Contact the IRS and the Idaho State Tax Commission to determine which

taxes are applicable to your farm or ranch business.

FEDERAL EXCISE TAX

Telephone communications
and air transportation
Manufacturers tax on a variety of goods
Retail and use tax on motor fuels and
certain new heavy truck sales
Windfall profit tax on domestic
crude oil production
Environmental tax on receipt
of hazardous materials
Environmental tax on manufacturing
petroleum and chemicals
Tax on the use of highways by
heavy trucks and buses
Production, sales, or importation of
alcohol, tobacco, or firearms
Luxury tax

IDAHO STATE EXCISE & OTHER TAXES

Beer & wine tax – paid by distributors
Insurance tax – paid to the Department
of Insurance by insurers
Cigarette and tobacco tax – paid
by wholesalers or importers
Coin operated amusement device annual
decals – paid by owners or operators
International Fuel Tax Agreement
Licenses - paid by interstate truckers
Mine license tax – paid by miners
or royalty recipient
Motor fuels tax – paid by distributors
Electricity tax – paid by hydroelectric
power producers

Local Sales Taxes

In addition to state sales tax, some resort cities in Idaho have a city sales tax. Often referred to as local “option” taxes, these taxes are decided by the vot-ers in the affected communities. These taxes may include everything subject to the state sales tax or be limited to certain types of businesses or indi-vidual products such as restaurant food, alcoholic

drinks, or lodging. Resort cities with local “option” taxes are listed on the Idaho State Tax Commission website. Contact cities directly to learn the specifics of their local sales tax and whether it applies to your farm or ranch products or services.

PROPERTY TAXES

Property taxes are collected by counties to support local services, cities, and schools. In addition to real property (land and buildings), personal property (desks, computers, and other business equipment) used in a business are also taxable. You are required to annually report and pay taxes on the assessed value of the property to the county assessor’s office. Visit the Idaho State Tax Commission for more details.

RELATED FACT SHEETS IN OTHER CHAPTERS:

3.6 Farmers Markets

