

DOCUMENTATION TO VALIDATE ELIGIBILITY FOR FARM VEHICLE REGISTRATION OR EXEMPTION

The Department of Transportation requires that owners of vehicles applying for an annual farm vehicle registration or a biennial farm vehicle certificate of exemption must submit a copy of their “last current filing of PA Income Tax Form, Schedule F” along with their MV-77 application.

A number of questions have recently been raised regarding farmers’ requirement for “submitting Schedule F returns.” Farmers who operate as a farm corporation and farmers who begin their farming enterprises in the year they apply for a farm vehicle registration or exemption will not be able to meet the specific requirement for submitting a Schedule F return. And concerns have been expressed relative to the extent to which the owner may erase or cross out sensitive income tax information that would otherwise appear on the copy of the return submitted.

This document tries to provide information that will help applicants better understand what tax documents and information accompanying MV-77 applications will meet the requirement for issuance of farm vehicle registrations and exemptions.

1. When must tax documents accompanying MV-77 applications be submitted?

The tax documents must be submitted along with the completed MV-77 application.

2. What tax documents accompanying an MV-77 application will meet the requirements for a vehicle that is owned by a farm partnership, corporation or Subchapter S corporation?

Partnerships. If the vehicle is owned by a partnership, the partnership may submit one of the following:

1. A copy of the latest 1065 or 1065-B federal income tax return filed by the partnership, which indicates by the Principal Business Activity Code stated on the return that the partnership is engaged in a farming enterprise; or
2. A copy of the latest Schedule F that was filed with the partnership’s 1065 or 1065-B federal income tax return.

Corporations. If the vehicle is owned by a corporation other than a Subchapter S corporation, the corporation may submit a copy of the latest 1120 or 1120-A federal income tax return filed by the corporation, which indicates by the Principal Business Activity Code (Schedule K of the 1120 return or Part II of the 1120-A return) that the corporation is engaged in a farming enterprise.

Subchapter S Corporations. If the vehicle is owned by a Subchapter S corporation, the corporation may submit a copy of the latest 1120-S federal income tax return filed by the corporation, which indicates by the Principal Business Activity Code stated on Schedule B of the return that the corporation is engaged in a farming enterprise.

3. How will the Department treat the situation where an MV-77 application is submitted by a new farm business?

If the vehicle is owned by a sole proprietor, partnership or corporation that has not been in the business of farming for a sufficient period as to have filed the tax documents mentioned above that normally apply to a farm business, the owner (or authorized representative) may submit a signed and notarized affidavit that the proprietor, partnership or corporation is engaged in farming as a business enterprise. The owner will be expected to submit the appropriate tax document whenever the owner's submits a subsequent MV-77 application for farm vehicle registration or exemption.

4. What information is required or not required to be shown on the copy of the tax document that accompanies the MV-77 application?

The copy that is submitted must only contain such information that demonstrates to the Department that the owner of the vehicle has filed the tax document and the owner is in the business of farming. It is not required that the submitted copy provide specific income or cost information that originally appeared on the tax return originally filed. A copy version that has redacted income or cost information contained in originally filed document will be acceptable, provided that the copy shows that an original tax filing was made and the owner of the vehicle is in the business of farming.

5. If I have previously submitted a tax document for a vehicle that I applied for and obtained a farm vehicle registration or farm vehicle exemption, will I be required to submit a tax document for every subsequent MV-77 application I submit for the same vehicle?

Once the owner has submitted a tax document with an MV-77 application and has been issued a farm vehicle registration or farm vehicle exemption for a particular vehicle, the owner will not be required to submit any additional tax documents for any subsequent MV-77 applications the owner submits for the same vehicle. However, for any vehicle that the owner is submitting an MV-77 application for the first time, the application must be accompanied by a copy of the latest PA Schedule F or tax document identified above that was filed by the owner.