



# KANSAS

# Exemption Certificates

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This booklet is designed to help businesses properly use Kansas sales and use tax exemption certificates as buyers and as sellers. It explains the exemptions currently authorized by Kansas law and includes the exemption certificates to use. Businesses with a general understanding of Kansas sales tax rules and regulations can avoid costly errors.

As a registered retailer or consumer, you will receive updates from the department when changes are made in the laws governing sales and use tax exemptions. Keep these notices with this booklet for future reference. You may also obtain the most current version of any exemption certificate or publication from our web site.

This publication is a general guide and will not address every situation. If you have questions or need additional information, please contact our assistance center.

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To obtain forms, publications and other information, please visit our web site:

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If there is a conflict between the law and information found in this publication, the law remains the final authority. Under no circumstances should the contents of this publication be used to set or sustain a technical legal position. Exemption certificates are updated as laws change; consult our web site for current versions. A library of current policy information is also available on our web site: [www.ksrevenue.org](http://www.ksrevenue.org)



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## THE CARDINAL RULE

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Kansas retailers are responsible for collecting the full amount of sales tax due on each sale to the final user or consumer. All Kansas retailers should follow this cardinal rule:

**All retail sales of goods and enumerated taxable services are considered taxable unless specifically exempt.**

Therefore, for every sale of merchandise or taxable service in Kansas, the sales receipt, invoice, or bill **MUST** either:

- show that the total amount of sales tax due was collected, **or**
- be accompanied by a Kansas exemption certificate.

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## WHAT IS AN EXEMPTION CERTIFICATE?

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An exemption certificate is a document that a buyer presents to a retailer to claim exemption from Kansas sales or use tax. It shows why sales tax was not charged on a retail sale of goods or taxable services. The buyer completes and furnishes the exemption certificate, and the seller keeps the certificate on file with other sales tax records.

An exemption certificate must be completed in its entirety, and by regulation K.A.R. 92-19-25b must:

- explain why the sale is exempt,
- be dated,
- describe the property being purchased, and
- contain the seller's name and address and the buyer's name, address, and signature.

Some exemption certificates also require a buyer to furnish the Kansas tax account number or a description of the buyer's business. The exemption certificates for nonprofit organizations require the driver's license number of an officer, office manager or administrator.

The Kansas exemption certificates beginning on page 16 meet these requirements. When the appropriate

certificate is used, and all the blanks are accurately filled out, the certificate may be accepted by a retailer.

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## ACCEPTING EXEMPTION CERTIFICATES

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An exemption certificate relieves a retailer from collecting sales tax when accepted in "good faith." As a retailer you have demonstrated "good faith" when you:

- 1) maintain the completed exemption certificate in your sales tax records;
- 2) verify the identity of the person or entity presenting the exemption certificate; and
- 3) have not been shown to have known the claim for exemption was improper.

You should obtain the appropriate Kansas exemption certificate from your customer at the time of the sale and **no later** than the actual delivery of the taxable item or service.

However, some customers claim to be exempt only after the goods or services have been delivered, and deduct the tax from the bill. When this happens, you are still responsible for obtaining an exemption certificate from the customer. If you are unable to secure an exemption certificate the sale is considered taxable, and as the retailer, you will be liable for the tax.

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## BLANKET EXEMPTION CERTIFICATES

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If you make recurring exempt sales of the same type to the same customer, you are not expected to obtain an exemption certificate for each transaction. You may instead accept a blanket exemption certificate to cover future sales of the same type. Most of the certificates in this booklet may be used as blanket certificates.



**IMPORTANT:** When you accept a blanket exemption certificate for your regular customers, ask them to verify or renew this document every year. This will help guarantee that the exempt customer's information remains accurate and up-to-date.

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## RECORD KEEPING

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You must keep all sales tax records, including exemption certificates, for your current year of business and at least three prior years. **DO NOT** send exemption certificates to the Department of Revenue with your sales tax return.



Probably the most widely used sales tax exemption is for the purchase of items intended for resale. When buying your inventory from a wholesaler or another retailer, or selling inventory items to another retailer, you will use a Resale Exemption Certificate.

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## RESALE EXEMPTION CERTIFICATE REQUIREMENTS

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A resale exemption certificate has two requirements.

- 1) The **items purchased must be for resale** in the usual course of the buyer's business.
- 2) The **buyer must have a Kansas sales tax account number**.

A retailer should make sure both requirements are met before accepting a Resale Exemption Certificate from the customer. The following discussion of these two requirements will help you avoid costly errors.

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## ITEMS PURCHASED MUST BE FOR RESALE

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When accepting a resale exemption certificate from a buyer, you must verify the property will be for resale and not for personal or other non-exempt use by the buyer. The property being purchased must be of the type normally sold at retail in the usual course of the buyer's business. For example, a restaurant owner cannot use an exemption certificate to buy tires or appliances since a restaurant does not customarily sell these items.

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## KANSAS SALES TAX ACCOUNT NUMBERS

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The Kansas Department of Revenue assigns a Kansas sales tax account number to you after you complete the Business Tax Application, Form CR-16. This number is printed on your Retailers' Sales Tax Registration Certificate and is used to report and pay the sales tax you collect from your customers to the department. It is also the number that **MUST** appear on a Resale Exemption Certificate, Form ST-28A.



**CAUTION:** DO NOT accept a photocopy of a customer's sales tax registration certificate **instead of** a completed exemption certificate. You cannot exempt a sale from tax simply because the buyer is a registered retailer.

A common misconception is that a sales tax account number is also a "tax-exempt" number. However, a sale is not exempt simply because the buyer has a sales tax number. A tax number only proves the customer is a registered retailer; it does not certify that the item(s) purchased are exempt (for resale or any other reason).

**A completed exemption certificate must be obtained from the customer before the sale is exempt.**

## Retailers from other states

Retailers from other states that are not registered in Kansas cannot provide a Kansas sales tax account number or a copy of their Kansas registration for the Resale Exemption Certificate. These buyers will use the Multi-Jurisdiction Exemption Certificate, Form ST-28M, on page 31 to buy items for their resale inventory while in Kansas. The Multi-Jurisdiction certificate is also used by wholesalers to buy their inventory. See also "Wholesalers" on page 11.

## Sales Tax Account Number Format

The Kansas Department of Revenue changed the format of a Kansas Sales tax account number in September, 1999. Businesses registered prior to that date received the new type of reporting number, but were not issued a new Registration Certificate with the new number format.

The following explanations will help you recognize the two types of Kansas sales tax account numbers that may appear on a Kansas Sales Tax Certificate of Registration. Either type of number is acceptable on an exemption certificate. However, you should obtain the new tax account numbers from those customers who are using blanket exemption certificates (see page 3). If you have any questions about a sales tax account number furnished by a customer, contact our office.

## Current Format of Sales Tax Account Numbers

A Kansas Sales tax account number is a fifteen-character number. There are three parts to your Kansas Sales Tax Account Number:

<b>004</b>	<b>4812345678F</b>	<b>01</b>
Tax Type	EIN or "K" number	End code
<b>004</b>	<b>K12345678F</b>	<b>01</b>

The tax type prefix for sales tax is "004." If you are registered with the department for other taxes (withholding, compensating use) the prefix will change to denote the

different tax type. For example, the prefix for withholding tax is "036."

Your account number is based on either your federal Employer Identification Number (EIN) or a "K" number assigned by the Kansas Department of Revenue for those accounts that are not required to have an EIN. All registration numbers end with the letter "F."

The two-digit end code at the end of the number denotes the number of registrations under this EIN or "K" number. For most taxpayers it is "01."

### Sales Tax Account Numbers Before October, 1999

The registration number shown on Kansas Sales Tax Registration Certificates issued before October, 1999 had four parts (separated here by hyphens).

**1-000-X000-X000**

Part one is the tax type - "1" is for sales tax. Parts two and three are the unique letter (X) and number (0) combination assigned to the business. Part four is the local tax code. Parts two and three were used on exemption certificates, such as: 002-0000 or 2-0000.

The tax account numbers assigned by the department for other tax types (such as tire excise and transient guest tax) still follow this general format.

### SAMPLE COMPLETED RESALE EXEMPTION CERTIFICATE

All the blanks on an exemption certificate must be completed before the certificate may be accepted by a retailer (see also page 15). Use the completed Resale Exemption Certificate illustrated in the example below as a guide.



James Adams owns a candy store in Topeka, and buys his inventory from Wholesale Candies and Snacks. His sales tax account number is 004-740000000F-02. The Resale Exemption Certificate he completed for his vendor is below. He also purchased display racks from this vendor, but since he is the final consumer of the racks, they were invoiced separately and he paid the sales tax on them.

### Kansas Department of Revenue RESALE EXEMPTION CERTIFICATE

TO CONSERVE SPACE ONLY THE  
TOP PORTION OF THE CERTIFICATE  
IS REPRODUCED HERE.

The undersigned Kansas retailer certifies that the tangible personal property or repair service purchased from:

Seller: Wholesale Candies  
Business Name  
Address: 123 Main Street Topeka KS 66612  
Street, RR or P. O. Box City State Zip + 4

will be resold by me in the form of tangible personal property or repair service. I hereby certify that I hold valid Kansas sales tax registration number 004-740000000F-02, and I am in the business of selling food, gasoline, and beverages  
(May attach a copy of registration certificate)

(Description of product(s) sold - food, clothing, furniture, etc.)

#### Description of tangible personal property or repair service purchased:

candy, gum, packaged snacks

I understand and agree that if the items purchased with this certificate are used for any purpose other than retention, demonstration, or display while being held for sale in the regular course of business, I am required to report and pay the sales tax, based upon the purchase price of the items.

Purchaser: James Adams Convenience Store  
Address: 2181 Southwest Blvd Topeka, KS 66611  
Signature: James Adams Date: 4/28/05

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

# SALES TAX EXEMPTIONS

The sales tax exemptions authorized by Kansas law fall into three general categories. These are: **entities** who are exempt, specific **items** that are exempt, and **uses** of an item that makes it exempt. This section explains each category with examples and exceptions noted. Additional information about an exemption is part of the certificate designed for it.

## EXEMPT ENTITIES

All of the following entities are exempt from sales tax when making a direct purchase of goods. Most, but not all of these entities, are also exempt when making a direct purchase of a taxable service. You will want to consult their exemption certificate to determine whether their exemption is limited to just goods or whether the exemption extends to services as well. A direct purchase is one that is billed directly to the exempt buyer and paid for by a check or voucher from the exempt buyer.

- ♦ The U.S. Government, its agencies and instrumentalities
- ♦ The state of Kansas and Kansas political subdivisions - school districts, counties, cities, etc.
- ♦ Elementary and secondary schools
- ♦ Noncommercial educational television and radio stations
- ♦ Nonprofit blood, tissue and organ banks
- ♦ Nonprofit educational institutions
- ♦ Nonprofit 501(c)(3) historical societies
- ♦ Nonprofit hospitals
- ♦ Nonprofit 501(c)(3) museums
- ♦ Nonprofit 501(c)(3) primary care clinics
- ♦ Nonprofit 501(c)(3) religious organizations
- ♦ Nonprofit 501(c)(3) zoos
- ♦ Nonprofit youth development programs
- ♦ Parent-teacher organizations (PTA or PTO)

**FOR A COMPLETE LIST OF EXEMPT ENTITIES  
SEE NOTICE 04-10 ON p. 18.**

The 501(c)(3) designation refers to the section of the Internal Revenue Code under which a nonprofit entity has been granted an exemption from federal (and state) income tax. Although used to define who qualifies for an exemption, a nonprofit 501(c)(3) designation does not mean the organization is automatically exempt from sales tax. Only the entities listed here are exempt from paying Kansas sales tax on their direct purchases when the appropriate exemption certificate is completed and provided to the retailer.

Although exempt by law, these entities must still support their exemption with a completed exemption certificate. This booklet contains exemption certificates for each of these exempt buyers with examples and common pitfalls to avoid.

There are special rules for construction projects and repair work performed for some of these exempt entities. See "Project Exemption Certificates" on page 10.



**Exception:** When the state of Kansas or nonprofit hospital operates a taxable business (such as a public cafeteria or gift shop), or when a political subdivision sells or furnishes utilities, *non-inventory* items purchased for use in these taxable businesses are taxable to the otherwise exempt group.



A city's gas utility must pay sales tax on office equipment, pipe and vehicles used (even partially) by it's gas utility. A hospital must pay sales tax on its restaurant equipment, furniture, fixtures and reusable utensils purchased for its public cafeteria.

## Credit Cards

Many government agencies are issuing credit cards to their employees and agents who travel or make purchases while on official business or on behalf of the agency. When the agency is responsible for payment of any credit card charges, purchases made by employees with said credit card are exempt from Kansas sales or use tax as a direct purchase. When someone other than the exempt entity is responsible for payment of the credit card charge, the purchase is not exempt.

**Purchases made by agents or employees of an exempt buyer with their personal funds are taxable.**



**Exception:** Since July 1, 2002, the rental of hotel rooms by agents or employees of the U.S. Government while on official business are exempt regardless of the method of payment.

## Buyers who are **NOT** exempt

A common misconception is that all nonprofit organizations are exempt from sales tax. While a nonprofit status for income tax purposes may be a requirement for a Kansas sales tax exemption, nonprofit organizations that have not been granted a specific sales tax exemption must pay tax on their purchases. Groups and organizations that are NOT EXEMPT from paying Kansas sales tax include alumni associations, charitable and benevolent organizations, clubs, labor unions, and professional associations.

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## CERTIFICATES FOR EXEMPT ENTITIES

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Effective January 1, 2005, Kansas law required all sales tax exempt entities to obtain and utilize only exemption certificates issued by the Department of Revenue. See Notice 04-10 on pp. 17 & 18. These certificates, an example of which is on p. 16, contains the exempt entity's NAME, ADDRESS, and TAX EXEMPTION NUMBER issued by the Department of Revenue. The department attempted to identify all of the affected entities and began issuing the new certificates in November 2004 for use beginning January 1, 2005. Any sales tax exempt entity that has not received a new exemption certificate may apply on-line at the department's web site.

The purpose of the new exemption certificates is to control fraudulent tax-exempt purchases and to assist retailers, sales people and cashiers in identifying exempt entities and easily determining whether a claim for exemption is valid, based on the exempt entity's status. On and after January 1, 2005, if one of the entities listed in NOTICE 04-10 requests an exemption and they do not present the department-issued certificate containing a Tax-Exempt Identification Number or have it already on file with the seller, the seller must deny the request. The department asks that you advise the purchaser to contact the department for guidance.

Please note that this new exemption procedure will not apply to farmers, to purchases by the federal government, or to the manufacturing and processing related exemptions, or other use-based exemptions. Also, the Tax-Exempt Identification Number is separate and apart from a Kansas Sales Tax Registration Number, format 004-XXXXXXXXXX-F0X, required of anyone (including exempt entities) making retail sales of taxable goods, services or admissions in Kansas.

### **Sales to Exempt Entities not based in Kansas after January 1, 2005.**

Many of the exemptions granted under K.S.A. 79-3606 and listed in NOTICE 04-10 apply also to non-Kansas organizations. While a Kansas-based organization must provide its numbered certificate to make an exempt purchase of goods or taxable services in Kansas after January 1, 2005, many non-Kansas exempt organizations will not initially be issued an Exempt Entity ID#. While encouraged to obtain a Kansas Exempt Entity ID# (visit [ksrevenue.org](http://ksrevenue.org) to apply), a non-Kansas exempt entity (such as a school located in another state) making a direct purchase in Kansas will simply need to complete an exemption certificate for the retailer. The Designated or Generic Exemption Certificate, Form ST-28, has been redesigned for this purpose.

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## ITEMS EXEMPT FROM SALES TAX

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These items are enumerated in the law as exempt from sales tax:

**Aircraft** sales, parts, and repair services for carriers in interstate or foreign commerce; and repair, replacement & modification parts and service on all aircraft

**Broadcasting equipment** purchased by over-the-air free access radio and television stations to generate their broadcast signals

**Drill bits & explosives** used in the exploration of oil & gas

**Drugs** and pharmaceuticals sold to veterinarians

**Farm machinery** and equipment

**Food** sold to groups providing meals to the elderly and homebound, or sold by a nonprofit 501(c)(3) organization under a food distribution program that sells food below cost in exchange for community service

**Integrated production machinery** and equipment

**Materials** purchased by a community action group to repair or weatherize low-income housing

**Medical supplies** and equipment purchased by a nonprofit nursing home

**Public health** educational materials purchased by a nonprofit corporation for free distribution to the public

**Railroad** parts, materials, and services for railroad rolling stock used in interstate or foreign commerce

**Rolling stock** (trucks, buses, tractor-trailers, etc.), repair or replacement parts, and motor fuels purchased by ICC carriers

**Warehouse machinery** and equipment

Other items not taxed in Kansas include food stamp purchases, Child Nutrition Act (WIC) program purchases, lottery tickets, prescription drugs and insulin, and prosthetic and orthopedic appliances.

### **Prosthetic and Orthopedic Appliances**

A prosthetic or mobility enhancing equipment purchased by the individual for whom it was prescribed in writing by a licensed physician, chiropractor, optometrist, dentist, or podiatrist is not taxed (K.S.A. 79-3606(r)). Exempt devices and mobility enhancing equipment include canes, crutches, eyeglasses, orthodontic braces, prosthetic limbs and braces, wheelchairs, and accessories attached to motor vehicles, such as wheelchair lifts and specialized hand or foot controls. See NOTICE 04-05 for information on hearing aids.

Repair and replacement parts for the appliance are also exempt if you have the original prescription order on file. However, charges for labor services to repair the appliance are taxable.

Sales of prosthetic and orthopedic appliances to doctors for their inventory, display or use in the performance of their duties are taxable.

**NOTE:** This exemption does not apply to hot tubs, whirlpools, motor vehicles, or personal property which when installed becomes a fixture to real property.

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## USES THAT ARE EXEMPT

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Items may also be exempt from sales tax because of how they are used. Items that are ingredient or component parts or are consumed in the production of property or services that are later sold to the final consumer are exempt. These two exemptions are applicable to many types of businesses.

**IMPORTANT:** Contractors may NOT use the Consumed in Production or the Ingredient or Component Part exemptions to buy their materials.

### Ingredient or Component Part

Items that become a part of a finished product to be sold to the final consumer are exempt as ingredient or component parts. In order to qualify the item must:

- be necessary and essential to the finished product,
- be used in or on the finished product,
- become a physical part of the finished product, and
- become an ingredient or compound part of property or service for retail sale.

As a *general* rule, if the item leaves with the product and is not returned for reuse by the manufacturer or retailer, it is an ingredient part. Examples include, but are not limited to:

- paper and ink for publishing newspapers and magazines;
- containers, labels, shipping cases, twine, and wrapping paper which are not returned to the manufacturer;
- food that will be prepared and sold as meals;
- paper bags, drinking straws, and paper plates used in food sales;
- feed for commercial livestock, and
- fertilizer used in the production of plants and plant products produced for resale.

To use the Ingredient or Component Part Exemption Certificate, the buyer must have a Kansas sales tax account number OR a Kansas manufacturers' or processors' exemption number (see page 11).

## Consumed in Production

Like ingredient or component parts, items that are "consumed in production" must meet certain qualifications to be exempt. The item must be:

- necessary and essential to the process,
- used in the actual process,
- consumed or dissipated by the process within one year,
- used in the process of:
  - producing, manufacturing, processing, mining, drilling, refining or compounding of tangible personal property,
  - the treatment of by-products or wastes from any such production process,
  - the providing of services,
  - the irrigation of crops, or
  - the storage and processing of grain, and
- not reusable for such purposes.

Examples include utilities to power manufacturing machinery, or fertilizers and insecticides used in growing crops. Additional examples are in the Consumed in Production Exemption Certificate, Form ST-28C.

## Exempt Agricultural Uses

Since many items used in agriculture are exempt either as ingredient or component parts or are consumed in production, these two exemptions are part of the Agricultural Exemption Certificate, Form ST-28F. Other exempt agricultural uses are:

**Agricultural animals** (cattle, hogs, sheep, chickens, ostriches, etc.) and aquatic animals and plants. These are exempt when used in the production of food for human consumption; the production of animal, dairy, poultry, or aquatic plant and animal products, fiber, or fur; or the production of offspring for the above purposes. The purchase of pleasure animals or pets is taxable.

**Agricultural Soil Erosion Prevention.** Seeds, tree seedlings, chemicals, and services purchased and used for the purpose of producing plants to prevent soil erosion on land devoted to agricultural use are exempt from sales tax.

**Propane for Agricultural Use.** Propane used for an agricultural purpose is exempt from sales tax. Examples include propane to power farm implements or to provide heat for brooder or farrowing houses. Propane for recreational use, such as RVs and barbecue grills, is taxable.

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## THE UTILITY EXEMPTION

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Utilities may be exempt from sales tax in much the same way as goods or services — certain buyers are



exempt, and certain uses are exempt. As used here, “utilities” are electricity, gas, water or heat.

### Buyers Who Are Exempt

The exempt buyers listed on page 6 do not pay sales tax on their utilities. *However*, when the state of Kansas, a political subdivision or a nonprofit hospital is also engaged in a taxable business, utilities used in that business are TAXABLE, unless the use itself qualifies for exemption. Exempt and taxable uses for political subdivisions and nonprofit hospitals are illustrated below.

**City Electric Departments.** *Exempt:* Utilities used to generate the electricity. *Taxable:* Utilities used to heat, cool and/or light the generating plant and/or administrative offices.

**Nonprofit Hospitals.** *Exempt:* Utilities used to provide medical services and nonprofit hospital administration; electricity/gas to operate grills and ovens in the public cafeteria. *Taxable:* Utilities used by a gift shop; water to clean the cafeteria.

**Nonprofit corporations** who provide nursing or foster care for children, the elderly, or disabled may also be exempt from paying sales tax on their utilities. To qualify, the Kansas Board of Tax Appeals (BOTA) must first have granted the nonprofit corporation an exemption from real estate property tax.

### Exempt Utility Uses

Electricity, gas, water and heat used in these industries and ways are exempt from sales tax:

- Agricultural\*
- Consumed in production
- Ingredient or component part
- Irrigation of crops
- Movement in interstate commerce
- Noncommercial residential\*
- Providing taxable services
- Severing of oil

**\*NOTE:** Agricultural and noncommercial residential use are exempt from the state sales tax, but are subject to any applicable local (city and/or county) sales tax in effect at the customer’s location.

Use these general guidelines and illustrations to determine if a portion of the utilities used by your business is exempt. Unless part of an integrated production operation, utilities used to light, heat, cool, clean, or maintain equipment, buildings, or business facilities are TAXABLE.

**Agricultural.** *Exempt:* Any utility use related to farming or ranching, such as the electricity needed to operate milking machines or to run a grain auger. (Local sales tax applies.)

**Consumed in Production.** The utility use must meet the consumed in production criteria on page 9. *Exempt:* Utilities used to operate tools and manufacturing machinery. *Taxable:* Utilities to light, heat or cool a non-production area.

**Ingredient or Component Part.** The utility use must meet the definition of an ingredient or component part on page 8. *Exempt:* Water to make soft drinks or other beverages. *Taxable:* Water used to clean vats and brewing equipment.

**Irrigation of Crops.** *Exempt:* Electricity to run an irrigation pump or water applied to growing crops.

**Movement in Interstate Commerce by Railroad or Public Utility.** *Exempt:* Electricity or gas used to pump or push oil or gas through an interstate pipeline. (To be exempt, the pipeline must be registered with the Federal Energy Regulatory Commission.) *Taxable:* Utilities used to operate railroad signal lights and switches; utilities used by non-interstate pipelines.

**Noncommercial Residential.** *Exempt:* The utilities used in your home for non-business purposes. (Local sales tax applies.)



**CONDOMINIUMS AND APARTMENT COMPLEXES.** *Exempt:* Utilities used in the apartment or condominium by the lessee for residential purposes (local sales tax applies). *Taxable:* Utilities used in the management offices and common areas, parking lot, restaurant, swimming pool, etc.

**Providing Taxable Services.** To qualify, the service must be subject to sales tax. Utilities used by those who provide non-taxable services, such as a doctor, lawyer, accountant, or childcare center are TAXABLE.



**HOTELS.** *Exempt:* Utilities actually used in the rooms occupied by hotel guests. *Taxable:* Utilities for lobbies, conference rooms, hallways, administrative offices, swimming pools, and parking lots.

**Severing of Oil.** *Exempt:* Electricity or gas to power pumps that remove oil or gas from the ground. *Taxable:* Electricity or gas for lighting and other nonextraction purposes at the pump station.

### Obtaining a Utility Exemption

To request an exemption for electricity, gas or water used in your business you must complete Form ST-28B, Statement for Sales Tax Exemption on Electricity, Gas or Water Furnished Through One Meter.

You will need to complete a form for each utility meter on which you are requesting an exemption. Follow these steps to obtain an exemption on your utility.

- 1) Using the instructions and examples that accompany the form, determine your exempt percentage. You may need the assistance of a plumber or electrician to complete the formula.
- 2) Give the original completed form to your utility company along with all the workpapers and documents used to compute your "Exempt Percent." Be sure to keep a copy of the form and your work papers for your records.
- 3) The utility company may forward your exemption request to the department for review before granting the exemption.
- 4) Once approved, the utility will grant the exemption.



**IMPORTANT:** When there is a change in your "Exempt Percent," it is your responsibility to *immediately* file a revised utility exemption form with your utility provider.

## SPECIAL SITUATIONS

### CONTRACTORS

A contractor, subcontractor, or repairman (hereafter referred to as "contractor") is any person who agrees to furnish and install parts or materials, or performs the labor service of installing the parts or materials for a specified price. Contractors are considered to be the final user or consumer of their materials and must, therefore, pay sales tax on them when purchased from their vendors.

A retailer/contractor is a contractor who **maintains an inventory of materials**. Examples of retailer/contractors are building, electrical, and plumbing supply houses that not only sell to the final consumer but also perform construction or installation work.

This distinction between a contractor and a retailer/contractor only determines **when** sales tax is paid on materials. Materials are **always** taxable unless purchased with a Project Exemption Certificate (opposite column).

A **contractor** must pay sales tax on all supplies and materials when buying them from the supplier. If the supplier is an out-of-state retailer, a contractor will pay

Consumers' Compensating Use Tax on the supplies and materials (see page 14). Contractors cannot use a Resale Exemption Certificate to buy their materials and supplies without sales tax.

A **retailer/contractor** must either collect sales tax when the merchandise is sold at retail or self-accrue the tax due when materials are removed from its tax-exempt resale inventory for a contract job. (See page 12, "Paying Tax on Personal Use of Inventory.") Retailer/Contractors will use the Retailer/Contractor Exemption Certificate, Form ST-28W, to purchase their inventory.

### Labor Services

The services of **installing, applying, servicing, repairing, altering, or maintaining tangible personal property** are subject to sales tax. This includes work performed on tangible personal property that, once installed or applied, becomes a part of real property. However, the labor services of "installing" or "applying" are not taxable when performed in connection with the "original construction" of a building or facility.

"Original construction" is defined as the:

- ♦ first or initial construction of a new building or **facility**,\*
- ♦ addition of an entire room or floor to an existing building or facility,
- ♦ construction, reconstruction, repair, replacement, remodeling or renovation of a **residence**,\*\*
- ♦ restoration, reconstruction, or replacement of a building or facility damaged or destroyed by fire, flood, tornado, lightning, explosion, or earthquake,
- ♦ completion of any unfinished portion of an existing building or facility, or
- ♦ construction, reconstruction, restoration, replacement, or repair of a bridge or highway.

\*A **facility** is a mill, plant, or refinery; oil, gas, or water well; feedlot; and a transmission and distribution line owned by a REA or municipality.

\*\*A **residence** includes all types of dwellings where individuals customarily live — homes, apartments, nursing homes, etc.

When a subcontractor is performing taxable labor services for a general contractor, the subcontractor must charge sales tax to the general contractor. A contractor may NOT use a Resale Exemption Certificate to purchase the labor services of another contractor without tax.

### PROJECT EXEMPTION CERTIFICATES

A Project Exemption Certificate (PEC) is a numbered document issued only by the Kansas Department of Revenue or its authorized agent (See "Agent Status,

page 11). As the name implies, a PEC exempts the entire project — materials and labor — from sales tax. Two types of projects may receive a project exemption. Projects for entities who are exempt, and certain economic development projects.

The following exempt **entities** qualify to use the Project Exemption Request, Form PR-76, to request a Project Exemption Certificate for most construction, remodel, or repair projects:

- Kansas political subdivisions\*
- Nonprofit hospitals\*
- Nonprofit schools & educational institutions\*
- Nonprofit zoos
- Primary care clinics and health centers
- Religious organizations
- U. S. Government and its agencies



**CAUTION:** The state of Kansas and its agencies DO NOT qualify for a Project Exemption Certificate. Materials purchased by contractors for a state of Kansas project are always taxable. Only direct purchases by the state of Kansas or its agencies are exempt using the State of Kansas or Political Subdivision Exemption Certificate, Form PR-78KS.

A project may also qualify for a Project Exemption Certificate because it is an economic development project. The qualifications are outlined in the request form PR-70b that begins on page 36.



**IMPORTANT:** Project Exemption Certificates are dated and are not retroactive. All materials purchased and all taxable labor services performed prior to the effective date of the Project Exemption Certificate are taxable. Project exemptions only to one specific project and expire upon completion of that project.

### Agent Status for Project Exemptions\*

Since July 1, 1997, certain exempt entities may apply to the department for agent status for the sole purpose of issuing and furnishing Project Exemption Certificates to contractors working for them. Entities with agent status do not complete steps one through three below. If you wish to obtain agent status, contact our Office of Policy and Research, (785) 296-3081.

### Project Exemption Steps

The following chronological steps illustrate how a Project Exemption Certificate is requested, issued and used by the project's owner, contractors and suppliers.

- 1) A qualifying entity (petitioner) completes a request for project exemption.
- 2) The Kansas Department of Revenue (KDOR) receives and approves or denies the request.

- 3) If approved, KDOR issues a numbered Project Exemption Certificate to the petitioner.
- 4) The petitioner furnishes the numbered certificate to the contractors and subcontractors for the job.
- 5) Contractors and subcontractors furnish the numbered certificate to their suppliers.
- 6) Suppliers put the certificate number on all project invoices to verify the sale of materials and/or labor is exempt.
- 7) When the project is complete, contractor(s) must furnish the Project Completion Certification (page 41) to the petitioner with a copy to KDOR.
- 8) Contractor(s) keep all project invoices for five years.

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## MANUFACTURERS AND PROCESSORS

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Manufacturers and processors are eligible to purchase their raw materials or parts exempt from sales tax. However, if they do not also sell to the final consumer and have a tax account number, they will not be able to provide a Kansas Retailers' Sales tax account number that is required in order to use the Ingredient or Component Part exemption certificate.

To remedy this situation, the department issues a Manufacturers' or Processors' Sales Tax Exemption Certificate Number to those manufacturers and processors that **never** make a retail sale, and therefore do not have a sales tax account number. To apply, complete Form ST-90, "Application for Manufacturers' or Processors' Sales Tax Exemption Certificate Number." Use this number on the Ingredient or Component Part Exemption Certificate when buying raw materials.



**CAUTION:** Manufacturers and processors who make sales to the final user or consumer must be registered to collect sales tax on these sales. Often these sales are to their employees – a the sale of factory seconds or first-quality products at discount.

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## WHOLESALEERS

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A wholesaler is a company that sells *only* to other wholesalers or to retailers registered for sales tax. A wholesaler by definition **never** sells to the final consumer (retail sale). Kansas wholesalers are not required to register with the Department of Revenue to collect sales tax.

However, an exemption certificate must accompany wholesale sales. When a wholesaler sells to a Kansas retailer for resale, the Resale Exemption Certificate, Form ST-28A should be used. The Multi-Jurisdiction Exemption Certificate, Form ST-28M, is used when a wholesaler is buying inventory, selling to another wholesaler, or selling to a retailer from another state.

A wholesale company that only occasionally makes retail sales must still register to collect sales tax on its retail sales. To simplify sales tax reporting in this situation, it is suggested that a separate retail division be established within the organization from which all retail sales are made.



Sharon Jones purchases the inventory for her clothing store without tax using a Resale Exemption Certificate. When she takes a blouse out of inventory for a gift and a suit for herself, she reports her cost in these items (\$70.00) on line 2 of her sales tax return. The amount becomes a part of the net sales total on which sales tax is due.

Detach and send with payment

<b>ST-16</b> (Rev. 12/02)		<b>Kansas Retailers' Sales Tax Return</b>		FOR OFFICE USE ONLY <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>		<b>Part I</b>	
Tax Account Number 004740000123F01		BN 740000123		1. Gross Sales/Receipts 7265.50		Tax Rate 6.65%	
Beginning Date 03-01-2003		Ending Date 03-31-2003		2. Merchandise Consumed 70.00			
Due Date 04-25-2003		Jurisdiction Code HUTRN		3. Deductions -			
Business Name and Address Sharon M Jones Sharon's Fashions 1111 N Main Hutchinson KS 67501				4. Net Sales 7335.04			
Date Business Closed <div style="border: 1px solid black; width: 50px; height: 15px; display: inline-block;"></div> Amended Return <input type="checkbox"/> Additional Return <input type="checkbox"/> Name or Address Change <input type="checkbox"/>				5. Net Tax 487.81			
				6. Credit Memo -			
				7. Subtotal 487.81			
				8. Penalty -			
				9. Interest -			
				10. Total Due 487.81			
Please Sign The Back of This Return 400203				Payment Amount \$		<div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div>	

(Note: To conserve space, only the front of the return is shown here.)

## PAYING TAX ON PERSONAL USE OF INVENTORY

All of the exemption certificates in this booklet have this statement above the buyer's signature:

"The undersigned purchaser understands and agrees that if the property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax."

When you remove merchandise from your inventory to use personally or as a gift, you become the final consumer or user of the item(s) and must pay the sales tax due. The sales tax is based upon your cost for the item, not its retail price.

To report and pay the tax on tax exempt inventory used for a taxable purpose, use the line or column of your sales tax return entitled "MERCHANDISE CONSUMED." This is illustrated by the sample return above. Retailer/contractors will also use this line or column to report the cost of materials removed from a tax exempt inventory for use on a contract job.

## WHEN IN DOUBT ...

When there is a question that is not answered in this booklet, contact the Department of Revenue. DO NOT GUESS. Prompt clarification of whether a sale is taxable or exempt will save you time in dealing with the issue in

the future and could also save you money by avoiding costly sales tax deficiencies.

Many questions can be answered by the customer representatives in our office, or by consulting the department's Policy Information Library on our web site. However, there are unique situations that may require an interpretation or clarification based upon the law, regulations, and specific facts of the case. When this happens, document the problem or question in writing and request a Private Letter Ruling or an Opinion Letter from the department. Mail or fax your request to:

Office of Policy and Research  
Kansas Department of Revenue  
915 SW Harrison St., Room 230  
Topeka, KS 66612-1588  
Fax: 785-296-7928

You will receive a written ruling within 30 days after your request (and any additional information necessary for the ruling) is received.



**IMPORTANT:** Although they are published in our Policy Information Library (see below) Opinion Letters and Private Letter Rulings are limited **ONLY** to the requesting taxpayer and that taxpayer's specific factual situation. They cannot be relied upon or cited by any other person.

## Policy Information Library

As a service to taxpayers our web site contains a library of policy information for all taxes administered

by the department. This policy library contains the Kansas Statutes and Regulations, Revenue Notices, Revenue Rulings and other written advice issued by the department. Opinion Letters and Private Letter Rulings are also included, but are “scrubbed” to protect the privacy of the taxpayer — any information that would identify the taxpayer, such as name, address, product, etc., is blanked out.

## Key Statutes and Regulations

The information in this guide is based on these statutes and regulations and others cited are in the text. They are a part of the policy library on our web site.

K.S.A. 79-3602 – Sales tax definitions  
K.S.A. 79-3603 – Taxing statute  
K.S.A. 79-3606 – Exempting statute  
K.S.A. 79-3651 – Exemption certificates  
K.A.R. 92-19-25b – Exemption certificates  
K.A.R. 92-19-66e – Project Exemption certificates

## RELATED TOPICS

## AUDIT ISSUES

Your sales tax records, including exemption certificates, are subject to audit by the Department of Revenue. If your exemption certificates are found to be missing or incomplete during an audit, you have **only 60 days** from notice by the Director of Taxation to obtain completed exemption certificates for these sales. (K.S.A. 79-3609(a)).

Since our audits usually cover a three-year period, this task can be very time-consuming. If you cannot locate the customer or he refuses to comply, you may become liable for the sales or use tax due on that sale, plus penalty and interest.



**Avoiding Common Errors.** Here are some of the most common exemption certificate errors we find during an audit with tips on how to correct or avoid making these mistakes.

### An exemption certificate is incomplete.

Completing every blank on the certificate designed for that exemption will help to avoid most errors of omission. All exemption certificates must have the name of the seller, the name and address of the purchaser, a description of the item(s) purchased, the reason it is exempt, and be signed and dated by the purchaser.

The resale, retailer/contractor, tire excise, and dry cleaning exemption certificates must also show a Kansas

tax registration number for that tax type. Exemption certificates for nonprofit organizations require the Driver's License number of an officer, office manager or administrator (K.S.A. 79-3651(f)).



**A resale exemption certificate was accepted that does not show a Kansas sales tax registration number.**

A resale exemption certificate that is missing the purchaser's Kansas sales tax account number is incomplete and, therefore, not acceptable. Furthermore, a retailer cannot accept a resale exemption certificate from a purchaser who does not have a Kansas sales tax registration number. Wholesalers and out-of-state retailers should use the Multi-Jurisdiction Exemption Certificate, Form ST-28M, when buying their resale inventory in Kansas.



**A non-specific exemption certificate was accepted for property not normally sold in the customer's business.**

A retailer cannot accept a blanket exemption certificate for items that a customer normally does not sell in its business. A reasonable and prudent inquiry on the part of the retailer is necessary. Each certificate must have a specific description of the property purchased with that certificate.



**Tax-free sales are made to a buyer that provides only a Kansas sales tax number.**

A retailer cannot exempt a sale from tax simply because the customer provides a Kansas sales tax number or a copy of a certificate of registration. A completed resale exemption certificate must also be obtained. (See page 4, “Resale Exemption Certificate Requirements”).



**A retailer fails to remit sales tax to the state because the customer crossed the tax off the bill without providing a completed exemption certificate.**

A retailer is still responsible for obtaining an exemption certificate *even when* the customer refuses to pay the tax. In the absence of a completed exemption certificate, the sale is taxable, and the sales tax is due.



**Failure of contractors to pay tax on materials used in a project for an other exempt entity (such as a school, nonprofit hospital, religious organization, the federal government) that did not obtain a Project Exemption Certificate.**

A contractor is responsible for paying the sales tax on all materials used in performing labor services, unless working under a Project Exemption Certificate issued by the Department of Revenue or its authorized agents (see pages 10-11). When the exempt entity has not obtained a project exemption number, materials purchased or furnished by its contractor(s) are taxable.

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## LOCAL SALES TAX

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Each Kansas county or city has the authority to levy a local sales tax. When levied, a local sales tax rate is added to the statewide sales tax. The resulting total is collected from the consumer and then sent by the retailer to the Kansas Department of Revenue. Unless otherwise noted, a sales tax exemption exempts the sale from the state, city and county sales tax. A list of all the combined state and local tax rates, Sales Tax Jurisdiction Code booklet, Pub. KS-1700, is available from our web site.

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## OUT OF STATE SALES

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Kansas sales tax law applies only within the boundaries of Kansas. When goods or merchandise are shipped or delivered outside of Kansas (and not returned to a point in Kansas), Kansas sales tax is not due. Out-of-state delivery may be made by the seller, a common carrier, or through the mail.

Since these sales are a deduction on your sales tax return like an exempt sale, your books and records must show the merchandise was delivered outside Kansas. Acceptable proof of an out-of-state sale is a:

- Waybill or bill of lading, showing delivery to another state,
- Post office, insurance, or registry receipt,
- Trip sheet signed by the seller's delivery agent, showing the address and signature of the person outside Kansas who received the merchandise.

When goods or merchandise are delivered to a buyer in Kansas, Kansas sales tax is due even though the buyer may later transport the property out of Kansas.

**NOTE:** If you have established a physical presence or "nexus" in another state, you may be required to register for that state's sales or use tax. See "What is Nexus?"

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## COMPENSATING USE TAXES

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Sales tax exemption certificates may also be used to claim exemption from compensating use tax. Compensating use tax applies to purchases of goods from businesses in other states. The purpose of use tax is to protect Kansas businesses from unfair competition from businesses in other states that may not charge tax. The use tax rate is the same as the state and local sales tax rate in effect where the item is used, stored or consumed. There are two types of use tax: Consumers' Compensating Use Tax and Retailers' Compensating Use Tax.

### Consumers' Compensating Use Tax

Consumers' compensating use tax is due when goods or merchandise are purchased *outside* Kansas for use,

storage, or consumption (not resale) *in* Kansas, and a sales tax equal to the state and local sales tax rate in effect where the item is used, stored or consumed, has not been paid. The tax applies whether the item is shipped into Kansas or purchased outside of Kansas and brought back into Kansas. For Kansas businesses, use tax is due when equipment, fixtures and supplies are purchased from another state without tax. Consult Publication KS-1700, Sales Tax Jurisdiction Code Booklet, for sales/compensating tax rates by alphabetical listing of cities and counties. Sales/compensating tax rates for specific addresses may be obtained at the department's on-line sales/compensating tax rate locator - [www.ksrevenue.org](http://www.ksrevenue.org).



A Topeka, Kansas hotel needs to replace its worn out linens and room furniture. The hotel buys them from a Texas company; sales tax is not charged on the invoice. This hotel would owe 7.45% use tax (the Topeka sales tax rate) on the total delivered price (including shipping, postage, and handling charges) of the linens and furniture.

### Retailers' Compensating Use Tax

Out-of-state retailers collect this use tax on merchandise they deliver or ship to their Kansas customers. Retailers in other states are required to register and collect the Kansas Retailers' Compensating Use tax from their Kansas customers if they have a physical presence in Kansas or have established "nexus."

### **What is Nexus?**

**Nexus** is defined as a "means of connection" or a "link;" it means you have a business presence for tax purposes. What constitutes nexus varies from situation to situation. Some of the ways that a business may establish nexus in Kansas are listed below.

- Kansas business location, including an office.
- The presence in Kansas of sales or service representatives.
- Operation of mobile stores in Kansas (example: trucks with driver salespersons).
- Stocking inventory in a Kansas warehouse or on consignment.
- Providing tangible personal property for lease or rental in Kansas.
- Delivering merchandise to Kansas customers using company vehicles or contract carriers, rather than interstate common carriers.
- Providing or contracting for installation, repair, construction, or other services in Kansas. (Maintenance contracts require a Kansas Retailers' Sales tax registration).

If you are a retailer in another state, and any of the above describes your business activity in Kansas or the

activities of your agents, you are required to register and collect the appropriate Retailers' Sales or Compensating Use Tax from your Kansas customers.



A Kansas resident orders a personal computer from a Illinois retailer, which is shipped to him from its warehouse in St. Louis. The Illinois retailer also maintains a retail outlet in Kansas. This out-of-state retailer is **required** to collect and remit Kansas Retailers' Compensating Use tax on this sale.



A Kansas resident orders furniture from a Nebraska retailer. The retailer delivers the furniture to her home in Kansas using its own delivery vehicle. This Nebraska retailer is **required** to register with the Kansas Department of Revenue to collect Kansas Retailers' Compensating Use tax, since the delivery of the furniture into Kansas with a company vehicle has established nexus.

Similarly, a Kansas retailer may establish "nexus" in another state in these same ways. If any of the "nexus" activities listed on page 14 describe your business activity in another state, you should contact that state to register to collect the sales/use tax from your customers in those states. If you fail to register in those states, you may become liable for the taxes that were not collected on your sales.

Additional information about Kansas use taxes, including sample completed returns for individuals and businesses is in our Publication KS-1510, "Kansas Sales and Compensating Use Tax." All retailers operating in Kansas should obtain a copy of this booklet; it is available from our office or web site.

## USING EXEMPTION CERTIFICATES

On the following pages in alphabetical order are the exemption certificates currently provided by the Department of Revenue for the specific exemptions in Kansas sales tax law. The certificates are designed to be reproduced directly from this book. They may also be downloaded from our web site.

**BEFORE ACCEPTING ANY CERTIFICATE**, carefully read the exemption statement and the accompanying explanation and instructions. Most certificates contain a restatement of the Kansas law (K.S.A. — Kansas Statutes Annotated), or regulation (K.A.R. — Kansas Administrative Regulations) that established the exemption.



**IMPORTANT:** If your customer or the purchase does not fit the definition or the exempt examples given in the certificate, the sale is most likely not exempt.

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## COMPLETING THE CERTIFICATE

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Follow these three rules when completing any exemption certificate.

**1) Print or type all information**, except for the authorized signature.

The information on the certificate must be legible both to you and to our auditors. Do not print a signature, although it is often helpful to print or type the name below the signature.

**2) Fill in all the blanks.**

A certificate is complete only when all the requested information is provided. Addresses must include the street or PO Box, city, state, and zip code.

An exemption certificate is also not complete unless the customer supplies the appropriate tax account numbers required by the certificate. On the resale exemption certificate, the seller may demand a copy of the buyer's sales tax certificate of registration as a condition of honoring the certificate.

**3) Give specific descriptions.**

Be as precise as possible when describing the property or services purchased. You may use an itemized list, refer to an itemized invoice number, or at the very least provide a general description of the items. When describing a business activity, include the principal product(s) sold or manufactured.

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## PENALTIES FOR MISUSE

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A buyer who issues an exemption certificate in order to unlawfully avoid payment of the sales tax for business or personal gain is guilty of a misdemeanor, and upon conviction may be fined up to \$1,000 or imprisoned for up to a year, or both. When a buyer is found to have used a Resale Exemption Certificate to avoid payment of the tax, the director may also increase any penalty due on the tax by \$250 or 10 times the tax due, whichever is greater, for each transaction where the misuse of a Resale Exemption Certificate occurred. (K.S.A. 79-3651(g)).

**KANSAS DEPARTMENT OF REVENUE**  
**DIVISION OF TAXATION**

**TAX-EXEMPT ENTITY EXEMPTION CERTIFICATE**

The Kansas Department of Revenue certifies that the entity to which it has issued this numbered certificate is exempt from paying Kansas sales and/or compensating use tax pursuant to:

K.S.A. 79-3606(c), which exempts all sales of tangible personal property and services, including the renting or leasing of tangible personal property, purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution. The property or services will be used primarily by such schools or educational institutions for nonsectarian programs and activities provided or sponsored by them, or in the erection, repair or enlargement of buildings to be used for such purposes. **EXCEPTION:** This exemption does not apply to property or services used to erect, construct, repair, enlarge or equip buildings used primarily for human habitation.

By furnishing this certificate, the undersigned tax-exempt entity certifies that its direct purchase of:

\_\_\_\_\_  
Description of property or service purchased

Seller's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Street, RR or PO Box

City

State

Zip

is exempt from the state and local sales or compensating use tax. The undersigned tax-exempt entity further understands and agrees that if the tangible personal property and/or service are used other than as stated, or for any other purpose that is not exempt from the tax, the undersigned tax-exempt entity becomes liable for the state and local sales or use tax. The unlawful or unauthorized use of this certificate is expressly prohibited, punishable by fine and/or imprisonment.

**TAX-EXEMPT ENTITY INFORMATION**

**Name:** ABC ELEMENTARY SCHOOL

**Address:** 123 MAIN



**K A N S A S**

**Kansas Exemption Number:**  
KS100X77Y88

**Expiration Date:** 12-31-2010

Authorized Signature: \_\_\_\_\_ Federal ID or Driver's License #: \_\_\_\_\_ \*

Officer, Office Manager or Administrator

\* Required by K.S.A. 79-3651(f)

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

**USE OF THIS EXEMPTION CERTIFICATE**

**What purchases are exempt:** The direct purchase, rental or lease of tangible personal property or repair services for the stated purposes are exempt. Purchases of property used for human habitation (beds, blinds, desks, construction materials, etc.) are taxable; residential dorm labor for repairs due to wear and elevator or pest control are exempt; repair due to damage is generally taxable.

Materials furnished by or through a contractor or the materials and/or labor of a subcontractor for real property projects are taxable.

**Project Exemption Certificate (PEC) applicability:** This entity is authorized to receive or issue a Project Exemption Certificate (PEC) in order that the materials purchased or furnished by a contractor or the materials and labor of a subcontractor on a real property project may be purchased without tax.

**INFORMATION FOR RETAILERS**

- You must keep a copy of this completed certificate with your other sales tax records for a period of at least three years from the date this certificate was signed and presented to you.
- A completed certificate may be used by the organization as a blanket exemption for future purchases from you of the same type for the same exempt purpose.
- All purchases must be a direct purchase – billed directly to the entity, and/or paid for with entity funds (check or credit card).
- Sales to employees or agents of the exempt entity using their personal funds are taxable, even when the employee/agent is reimbursed the expense by the exempt entity.
- The items purchased must be used exclusively by the exempt entity for the stated exempt purpose(s).



## **Notice 04-10**

### **Department to Issue Identification Numbers to Exempt Entities**

The Kansas Department of Revenue wishes to thank retailers for their time and effort expended as our partners in collecting state and local sales tax and documenting the exempt status of sales made to the various statutorily exempt entities. Recognizing that the scope and number of these exemptions often creates misunderstandings and additional paperwork for retailers, and as a result of new legislation, the department is changing how many exempt entities will claim their exemption effective January 1, 2005. We believe the changes to be made will simplify the handling of exemption requests for you and your employees and also assist in deterring abuses. To quickly and easily document the exempt status of sales to exempt entities, the department will assign a unique Tax Exempt Identification Number and issue a special Tax Exemption Certificate containing this number to known Kansas exempt entities.

This new procedure is in accordance with the provisions of Sections 16 and 21 of 2004 House Bill 2375 that will become effective January 1, 2005. This legislation requires entities and organizations exempt from sales tax under K.S.A. 79-3606 (listed on page 2 of this notice) to provide an identification number issued to the entity by the Department of Revenue on an exemption certificate in addition to its name and address. Beginning in November 2004, the department will begin issuing to all Kansas-based tax-exempt entities an exemption certificate that will assign a unique tax-exempt number to each entity. Beginning January 1, 2005, this new certificate must be presented to the retailers for the purchase to be tax-exempt; blank certificates from these Kansas-based entities will no longer be acceptable for purchases made after January 1, 2005. If you have tax exempt entities making purchases in December using exemption certificates that do not include its new exemption number, please suggest that they contact the department so they will have their new certificate by the effective date.

The new numbered exemption certificate will clearly state the exempt entity's name, its Tax Exempt Identification Number, the types of sales that are exempt and the types of payment that can be accepted to receive the tax exemption. Unless otherwise stated on the certificate, only direct purchases (billed directly to the entity and paid with the entity's check or voucher) are exempt. Purchases by employees with their personal funds are TAXABLE. Each entity's numbered certificate will replace the individual certificates currently used by the exempt organizations listed on page 2 of this notice (Nonprofit Museum, Religious Organization, PTA/PTO, etc.).

On or after January 1, 2005, the only change to the retailer's process for documenting exempt sales to these entities will be to keep a copy of the numbered, entity-specific exemption certificate in your sales tax records, just as you do with the current types of exemption certificates.

The purpose of this new procedure is to control fraudulent tax-exempt purchases and to assist retailers, your sales people and cashiers in identifying exempt entities and easily determining whether a claim for exemption is valid, based on the exempt entity's status. After January 1, 2005, if one of the entities listed on page 2 requests an exemption and they do not present the department-issued certificate containing a Tax-Exempt Identification Number or have it already on file with you, you must deny the request. The department asks that you advise the purchaser to contact the department for guidance.

Please note that this new exemption procedure will not apply to farmers, to purchases by the federal government, or to the manufacturing and processing related exemptions, or other use-based exemptions. Also, the Tax-Exempt Identification Number is separate and apart from a Kansas Sales Tax Registration Number, format 004-XXXXXXXXXX-F0X, required of anyone (including exempt entities) making retail sales of taxable goods, services or admissions in Kansas.

#### **Sales to Exempt Entities not based in Kansas after January 1, 2005.**

Many of the exemptions granted under K.S.A. 79-3606 and listed on page 2 apply also to non-Kansas organizations. While a Kansas-based organization must provide its numbered certificate to make an exempt purchase of goods or taxable services in Kansas after January 1, 2005, many non-Kansas exempt organizations will not initially be issued an Exempt Organization ID#. While encouraged to obtain a Kansas Exempt Entity ID# (visit [ksrevenue.org](http://ksrevenue.org) to apply), a non-Kansas exempt entity (such as a school located in another state) making a direct purchase in Kansas will simply need to complete an exemption certificate for the retailer. The Designated or Generic Exemption Certificate, Form ST-28, will be redesigned for this purpose and available from our web site later this year.

## **Taxpayer Assistance.**

If you have questions about this notice, please contact the department. Additional information about this process and the revised Exemption Certificate Guide, Publication KS-1520, will be posted on our web site as they become available. Additional copies of this and other notices are available from our web site or may be ordered through the department's voice mail forms request line at (785) 296-4937.

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The following entities and organizations will begin receiving their numbered tax exemption certificates from the department beginning in October, 2004. For a copy of the legislation that authorized the exemption number to go (our site or the legislative site) within the policy library.

State of Kansas and its agencies

Kansas political subdivisions – cities, counties, townships school districts

Nonprofit hospitals

Nonprofit blood, tissue and organ banks

Nonprofit educational institutions (colleges, universities, trade schools, etc. providing education above grade 12)

Elementary and secondary schools

Kansas groundwater management districts

Rural water districts and water supply districts

Port authority

Nonprofit nursing home, assisted living facility, interim care home

Nonprofit, nonsectarian, comprehensive youth development organizations

Community-based mental retardation facilities or mental health centers

Nonprofit public health corporations

Community action groups/agencies for weatherization of low-income homes

Nonprofit museums

Nonprofit historical societies

Nonprofit zoos

Public broadcasting stations (radio and TV)

Nonprofit organizations building Kansas Korean War Memorials

Parent-Teacher Associations and Organizations

Contractors preparing meals for the homebound elderly, disabled, indigent or homeless (such as Meals on Wheels)

Rural volunteer fire fighting organizations

Kansas chapters of these Medical Education Organizations:

American Diabetes Association, Kansas Affiliate

American Heart Association

Kansas Alliance for the Mentally Ill

Kansas Mental Illness Awareness Council

American Lung Association

Alzheimer's Disease and Related Disorders Assn., Inc.

Parkinson's disease association

National Kidney Foundation (of KS and Western MO)

The Cystic Fibrosis Foundation, Heart of America Chapter (effective 1/1/2005)

Spina Bifida Association (effective 1/1/2005)

Habitat for Humanity for housing project materials

Free-Access Radio and TV Stations

Religious Organizations

Primary care clinics and health centers serving the medically underserved

Kansas Academy of Science

Heartstrings Community Foundation (effective 1/1/2005)

Domestic violence shelters that are members of the Kansas Coalition against Sexual and Domestic Violence (KCSDV),  
(effective 1/1/2005)

Kansas Bioscience Authority - 2004 HB 2647, Section 12, (effective 7/1/2004)

KANSAS DEPARTMENT OF REVENUE  
AGRICULTURAL EXEMPTION CERTIFICATE

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason (check one box):

- ☐ Ingredient or component part      ☐ Consumed in production      ☐ Propane for agricultural use
- ☐ The property purchased is farm or aquaculture machinery or equipment, repair or replacement parts, or labor services on farm or aquaculture machinery or equipment which will be used exclusively in farming, ranching, or aquaculture.

Description of tangible personal property or services purchased: \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS CERTIFICATE?** Farmers, ranchers, feedlots, fisheries, grass farms, nurseries, Christmas tree farms, custom cutters, crop dusters, and others engaged in farming, ranching, aquaculture, or farm and ranch work for hire are entitled to this exemption.

**WHAT PURCHASES ARE EXEMPT?** This certificate contains three separate exemptions. Examples of items or uses that are exempt, and those that are taxable are given for each exemption. In addition to meeting the definition for an "ingredient or component part" or the "consumed in production" exemption, items purchased with this certificate must be used exclusively in agriculture or aquaculture to produce a product for resale — food, fiber, fur, or offspring for such purposes.

**INGREDIENT OR COMPONENT PART: EXEMPT:** Wheat, corn, milo, soybean, and sunflower seed used to produce these crops; feed for beef or dairy cattle, sheep and hogs, ground grain for chickens in a poultry or egg-laying operation; food for aquatic plants and animals (fish); baler twine, baler wire and bale wrap used on hay that will be resold or used in the farmer or rancher's own livestock production operation. **TAXABLE:** Bedding plants and seeds for a home garden; or food for pets and pleasure animals.

**CONSUMED IN PRODUCTION: EXEMPT:** Insecticides, herbicides, fungicides, fumigants (such as gastoxin), germicides, pesticides, and other such chemicals used on growing agricultural crops for resale or used in the processing or storage of fruit, vegetables, feeds, seeds, and grains; antibiotics, biologicals, pharmaceuticals, vitamins, minerals, and like products which are fed, injected, or otherwise applied to livestock for resale; off-road diesel fuel, oil, and oil additives consumed by farm tractors and combines; LP gas for agricultural use. **TAXABLE:** Insecticides and the like purchased for use in a home garden; antibiotics, vitamins, etc. purchased for pets or pleasure animals; fuels, oils, and additives for cars, trucks, and ATVs.

**PROPANE FOR AGRICULTURAL USE: EXEMPT:** Propane used to operate farm machinery. **TAXABLE:** Propane for non-agricultural use, including for barbecue grills, campers, RV equipment and vehicles licensed to operate on public highways.

**FARM OR AQUACULTURE MACHINERY AND EQUIPMENT:** To qualify, the machinery or equipment must be used **ONLY** in farming, ranching, the operation of the feedlot or nursery, farm or ranch work for hire, or aquaculture. The exemption applies to the rental or purchase of farm or aquaculture machinery and equipment, as well as the parts and labor purchased to repair or maintain the farm or aquaculture machinery and equipment. **EXEMPT:** Combines, discs, farm tractors, harrows, hay balers, irrigation and milking equipment, planters, plows, and tillers. **TAXABLE:** Air compressors and tanks, all terrain vehicles (ATVs), automobiles and trucks, barn ventilators, building and electrical materials, bulldozers, fencing materials and tools, garden hoses, grain bins, hand tools, lawnmowers, silos, water and gas wells, welding equipment, and any equipment that becomes a part of a building, facility, or land improvement.

**Note:** Additional information regarding the sales tax exemptions available to farmers, ranchers and the agricultural industry is contained in Publication KS-1550, "Kansas Sales and Use Tax for the Agricultural Industry," which may be obtained from the department's web site: [www.ksrevenue.org](http://www.ksrevenue.org)

KANSAS DEPARTMENT OF REVENUE  
**AIRCRAFT EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(g) exempts all sales of aircraft including remanufactured and modified aircraft sold to persons using directly or through an authorized agent such aircraft as certified or licensed carriers of persons or property in interstate or foreign commerce under authority of the laws of the United States or any foreign government or sold to any foreign government or agency or instrumentality of such foreign government and all sales of aircraft, for use outside of the United States and sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of aircraft.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

**Tail Number of Aircraft:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?**

The U.S. government and any of its agencies, foreign governments and their agencies, domestic airlines, foreign airlines, and charter companies qualify for this exemption. Persons licensed in interstate commerce (such as those licensed under a FAA part 135, air taxi certificate) also qualify for this exemption. A licensed or certified carrier of persons or property engaged in interstate or foreign commerce is exempt even though the aircraft never leaves Kansas (all flights are intrastate). Effective July 1, 1998, the exemption also applies to sales made through an authorized agent of the air carrier for the eventual use in interstate or foreign commerce. *Effective January 1, 2005 sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of all aircraft are exempt from Kansas retailers' sales and compensating use taxes.*

**WHAT PURCHASES ARE EXEMPT?**

A purchaser meeting the above definitions may purchase new, used, rebuilt or modified aircraft, all repair or replacement parts, and the labor services to build, modify or repair any aircraft exempt from sales tax. In other words, a qualified purchaser may have a plane built, remanufactured, modified or repaired in Kansas, and all aspects of the sale are exempt from sales tax with this exemption certificate. Aircraft, repair parts and labor, and oil and gas are also exempt when the aircraft is used exclusively for resale, rental, or leasing purposes.

**WHAT SALES ARE TAXABLE?**

*Persons and businesses whose aircraft is used for personal, company, recreational, or instructional purposes are NOT exempt and cannot use this exemption certificate to purchase aircraft. The January 1, 2005 amendment exempts only the repair parts and services. Purchasers must pay sales tax on the purchase price of aircraft. Those not licensed in interstate or foreign commerce are considered to be the final consumer of the aircraft and must pay sales tax when buying the aircraft and on purchases of aviation fuel and oil.*

KANSAS DEPARTMENT OF REVENUE  
**CONSUMED IN PRODUCTION EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(n) exempts all sales of tangible personal property consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the treatment of waste or by-products derived from any such production process, the providing of services, or the irrigation of crops for ultimate sale at retail within or without the state of Kansas.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?** Any business buying goods or merchandise that qualifies as “property which is consumed” will use this certificate. Whether the item qualifies for exemption is determined by **how the item is used** in production or processing. An item may be taxable for one use and exempt for another use, even though purchased by the same consumer. Each item and its use must be separately measured against the definition to determine if the sale is taxable or exempt.

**WHAT IS “PROPERTY WHICH IS CONSUMED?”** To be exempt, the item must be essential and necessary to the process, used in the actual process, not reusable, and be consumed, depleted or dissipated within one year. The fact that property may be used for only one production or processing activity and then discarded, or that it becomes obsolete or worthless in a short time is not the determining factor. Items that break, depreciate, wear out or become obsolete, even in a very short time, may not qualify to be exempt as “consumed in production.” Included as a process qualifying for the exemption is the storage or processing of grain by a public grain warehouse or other grain storage facility.

**EXAMPLES:** The following are exempt as “property which is consumed” when used in these industries or applications.

- Liquid oxygen used in the production of fiberglass.
- Diesel fuel and oil, drilling fluids, and chemicals (such as acid and drilling mud) that are consumed in drilling wells.
- Coal used to generate electricity.
- Graphite, E.D.M. oil, and abrasives consumed in manufacturing die impressions, forge dies and forgings.
- Refrigerant used in the production of aircraft.

**PROVIDING OF SERVICES:** The term “service” in the law above refers only to TAXABLE services. Businesses providing services that are not taxable (such as accountants, doctors, lawyers, architects, etc.) must pay sales tax on items purchased for their business, and may not claim any exemption from sales tax.

**CONTRACTORS:** This certificate may NOT be used by contractors to purchase their materials. All materials and parts purchased by contractors, subcontractors, and repairmen to be incorporated into any structure or consumed in altering, servicing, repairing, or maintaining personal property (or personal property that has been attached to real property) are TAXABLE unless a Project Exemption Certificate has been furnished to the contractor by the customer.

KANSAS DEPARTMENT OF REVENUE  
**DESIGNATED OR GENERIC EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Business Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax under K.S.A. 79-3606. The undersigned understands and agrees that if the tangible personal property or services are used other than as stated in its statutory exemption, or are used for any other purpose that is not exempt from sales or compensating use tax, the undersigned purchaser becomes liable for the tax. The unlawful or unauthorized use of this certificate is expressly prohibited, punishable by fine and/or imprisonment.

This certificate shall apply to (check one):

- ☐ Single Purchase Certificate. Enter the invoice or purchase order #: \_\_\_\_\_
- ☐ Blanket Certificate. If checked, this certificate may be used when making purchases of the same type for the same exempt purpose for up to three (3) years from the date of this certificate.

Name of Purchaser: \_\_\_\_\_

Purchaser's EIN: \_\_\_\_\_ Foreign Diplomat Number \_\_\_\_\_

Business Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

**Reason for Exemption.** Check the appropriate box for the exemption. Since this is a multi-entity form, not all entities are exempt on all purchases. Only those entities that do not have a Kansas Tax-Exempt Entity Exemption Number may use this certificate to claim an exemption. Kansas-based tax-exempt entities are required to have a Kansas Tax Exempt Entity Exemption Number; non-Kansas tax-exempt entities who regularly do business in Kansas are encouraged to apply for a Kansas Tax-Exempt Entity Exemption Number through our web site at [www.ksrevenue.org](http://www.ksrevenue.org). Tax exempt entities who have been assigned a Kansas Exemption Number (Kansas and non-Kansas based) must use their numbered Tax-Exempt Entity Exemption Certificate (Form PR-78) issued by the Kansas Department of Revenue to claim their exemption; they cannot use this certificate.

- |   |  |
|---|--|
| <input type="checkbox"/> Drill bits & explosives actually used in oil and gas exploration and production, K.S.A. 79-3606(pp).   | <input type="checkbox"/> Community-based mental retardation facility or mental health center, K.S.A. 79-3606(jj).        |
| <input type="checkbox"/> Educational materials purchased for free public distribution by a nonprofit corporation organized to encourage, foster, and conduct programs for the improvement of public health, K.S.A. 79-3606(ll). | <input type="checkbox"/> Elementary or secondary school (public, private or parochial), K.S.A. 79-3606(c).               |
| <input type="checkbox"/> Materials purchased by community action groups or agencies to repair or weatherize housing occupied by low income individuals, K.S.A. 79-3606(oo).   | <input type="checkbox"/> Habitat for Humanity, K.S.A. 79-3606(ww).   |
| <input type="checkbox"/> Medical supplies and equipment purchased by a nonprofit skilled nursing home or intermediate nursing care home, K.S.A. 79-3606(hh).  | <input type="checkbox"/> Noncommercial educational TV or radio station, K.S.A. 79-3606(ss).                              |
| <input type="checkbox"/> Qualified machinery and equipment purchased by an over-the-air free access radio or TV Station, K.S.A. 79-3606(zz).  | <input type="checkbox"/> Nonprofit blood, tissue or organ bank, K.S.A. 79-3606(b).                                       |
| <input type="checkbox"/> Seeds, tree seedlings, fertilizers and other chemicals, and services used to grow plants to prevent soil erosion on agricultural land, K.S.A. 79-3606(mm).   | <input type="checkbox"/> Nonprofit public or private educational institution, K.S.A. 79-3606(c).                         |
| <input type="checkbox"/> Foreign Diplomat.  | <input type="checkbox"/> Nonprofit hospital or public hospital authority, K.S.A. 79-3606(b).                             |
| <input type="checkbox"/> Newly Legislated Exemption. Briefly describe the exemption and enter the statute reference or enter the year and number of the Bill authorizing the exemption. _____                                   | <input type="checkbox"/> Nonprofit museum or historical society, K.S.A. 79-3606(qq).                                     |
|   | <input type="checkbox"/> Nonprofit, nonsectarian youth development organization, K.S.A. 79-3606(ii).                     |
|   | <input type="checkbox"/> Nonprofit religious organization, K.S.A. 79-3606(aaa).  |
|   | <input type="checkbox"/> Nonprofit zoo, K.S.A. 79-3606(xx).  |
|   | <input type="checkbox"/> Parent-Teacher Association or Organization, K.S.A. 79-3606(yy).                                 |
|   | <input type="checkbox"/> Primary care clinics and health centers serving the medically underserved, K.S.A. 79-3606(ccc). |
|   | <input type="checkbox"/> Rural volunteer fire fighting organization, K.S.A. 79-3606(uu).                                 |

Authorized Signature: \_\_\_\_\_ Federal ID or Driver's License #: \_\_\_\_\_  
Officer, Office Manager or Administrator \*Required by K.S.A. 79-3651(f)

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

PLEASE REFER TO THE INSTRUCTIONS FOR USE OF THIS CERTIFICATE ON THE REVERSE.

# ABOUT THE DESIGNATED EXEMPTION CERTIFICATE, FORM ST-28

**IMPORTANT:** This is a multi-entity form; not all entities are exempt on all purchases.

## WHO MAY USE THIS CERTIFICATE

This exemption certificate is used either to claim a sales and use tax-exemption present in Kansas law not covered by other certificates, or by a non-Kansas tax-exempt entity not in possession of a Kansas Tax-Exempt Entity Exemption Certificate, Forms PR-78, discussed below.

**FOREIGN DIPLOMATS.** Foreign diplomats must provide their foreign diplomat number issued by the Office of Foreign Missions of the U. S. State Department on this exemption certificate. Additional information about this exemption is in our Notice 04-09 on our web site.

Buyers claiming exemption based on how the item will be used (Resale, Retailer/Contractor, Ingredient or Component Part, Agricultural, etc.) must use the specific certificate (form type ST-28) designed for each of those exempt uses under in the law. The U.S. Government, its agencies and instrumentalities must also continue to use Form ST-28G designed for their exemption.

## TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES (FORMS PR-78)

To assist retailers in identifying the nonprofit entities exempt from paying Kansas sales and use tax, the Kansas Department of Revenue has issued Tax-Exempt Entity Exemption Certificates effective January 1, 2005. Issued first to Kansas-based entities, these are individual, uniquely numbered exemption certificates issued only by the department. Each certificate contains the entity's name and address, the statute cite of the exemption and the entity's Kansas Exemption Number. This number is separate and apart from any sales tax registration number used to collect tax from their customers. To claim its exemption, the registered exempt entity must merely provide a completed, signed copy of its PR-78 to the retailer. Tax exempt entities who have been assigned a Kansas Exemption Number (Kansas and non-Kansas based) **may NOT use the Designated or Generic Exemption Certificate (Form ST-28) to claim exemption.**

Kansas-based tax-exempt entities are required to obtain a Kansas Tax-Exempt Entity Exemption Number. Tax-exempt entities (schools, nonprofit hospitals, etc.) from other states who regularly do business in Kansas are encouraged to obtain a Kansas Tax-Exempt Entity Exemption Certificate from the Kansas Department of Revenue. To obtain a uniquely numbered certificate, complete the application on our web site at [www.ksrevenue.org](http://www.ksrevenue.org).

## GENERAL EXEMPTION RULES

**Complete all parts of the form.** An exemption certificate is complete only when all the requested information is provided. Please print or type all information, except for the authorized signature. Addresses must include the street or PO Box, city, state and zip code. Pursuant to K.S.A. 79-3651(f), the driver's license number of the authorized officer, director or administrator of a nonprofit entity is required. The federal employer identification number (EIN) of the exempt entity may be entered in place of the driver's license number.

**Direct Purchase.** Generally, an exemption applies only to direct purchases of tangible personal property or taxable repair services by an exempt entity for its exclusive use. A direct purchase is

one that is billed directly to the exempt entity, and/or paid for with entity funds (check or credit card). Purchases made by employees or agents of the exempt entity with their personal funds are fully taxable, even when the employee/agent is reimbursed the expense by the exempt entity.

A direct "purchase" of tangible personal property includes the rental or lease of tangible personal property. The direct purchase of "services" are the taxable labor services of repairing, servicing, altering or maintaining tangible personal property, and the labor services (not materials) of a contractor on a real property project.

**Construction, Remodel or Repair Projects.** Qualifying entities may purchase the labor services of a contractor (whether working on tangible personal property or real property) without tax using this certificate. However, *indirect* purchases of materials and labor on real property projects are taxable. Materials furnished by or through a contractor or the materials and/or labor furnished by a subcontractor for the construction, reconstruction or repair of *real property* are not exempt with this certificate, as they are not a direct purchase by the entity. Therefore a contractor's invoice will include (and the entity must pay) the sales tax paid or accrued by the contractor on any materials, parts and subcontractor invoices for the project.

**PROJECT EXEMPTION CERTIFICATES (PECs).** A PEC is a numbered document issued only by the Kansas Department of Revenue or its authorized agent. As the name implies, a PEC exempts the entire project – materials and labor – from sales or use tax. Not all entities are eligible to obtain a PEC. Contact the department at (785) 368-8222 for more information.

**Retailer Record Keeping.** Retailers must keep a copy of this completed certificate with your other sales tax records for a period of at least three years from the date the certificate is signed and presented to you. **DO NOT** send copies to the Kansas Department of Revenue.

**Penalties for Misuse.** A buyer who issues an exemption certificate in order to unlawfully avoid payment of the tax for business or personal gain is guilty of a misdemeanor, and upon conviction may be fined up to \$1,000 or imprisoned for up to a year, or both.

## TAXPAYER ASSISTANCE

Additional information about each exemption is in our Publication KS-1520, Kansas Exemption Certificates. This publication, as well as Notices and other written advice on Kansas taxes and exemptions are available from the Policy Information Library on the department's web site at [www.ksrevenue.org](http://www.ksrevenue.org). Since Kansas exemptions are not always of general application, you are encouraged to consult the web site or the department with specific taxability issues.

If you have questions or need additional information contact:

Taxpayer Assistance Center  
Kansas Department of Revenue  
Docking State Office Building, 1<sup>st</sup> Floor  
915 SW Harrison, Topeka, KS 66625-2007

Phone: (785) 368-8222  
Hearing-Impaired: (785) 296-6461

KANSAS DEPARTMENT OF REVENUE  
**DIRECT MAIL SOURCING CERTIFICATE**

2003 House Bill 2005, effective July 1, 2003, provides that the purchaser of direct mail that is not a holder of a direct pay permit must provide in conjunction with the purchase, information to show the sales tax jurisdictions to which the direct mail is delivered to recipients or this direct mail certificate. By providing this certificate, the seller is relieved of all obligations to collect, pay or remit the applicable tax and the purchaser is obligated to pay and remit the applicable state and local sales tax on a direct pay basis to the Kansas Department of Revenue. This direct mail sourcing certificate will remain in effect for all future purchases from the vendor until revoked in writing.

In lieu of providing the seller with information to show the sales tax jurisdictions to which the direct mail is delivered to recipients, the undersigned purchaser will pay directly to the department the state and local sales tax due on the direct mail services purchased from:

Direct Mail Seller: \_\_\_\_\_  
Name of Direct Mail Seller

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

The undersigned purchaser understands and agrees that by providing this completed certificate to the seller, the undersigned purchaser becomes obligated and liable for the applicable state and local sales tax due based on the jurisdictions to which the direct mail is delivered to recipients. This form and the resulting tax obligation to the purchaser for the Kansas sales tax will remain in force and in effect on or after the date shown herein until it is revoked in writing.

Purchaser: \_\_\_\_\_  
Business Name

Purchaser's Type of Business: \_\_\_\_\_  
Describe business activity and/or principal product(s) manufactured or processed

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Purchaser's Kansas Sales Tax Account Number\*\*: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**\*\*Note to Seller: DO NOT accept this form from a purchaser unless a Kansas Sales Tax Account Number with which to report and pay the sales tax is shown.**

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**ABOUT THE DIRECT MAIL SOURCING CERTIFICATE**

**WHO MAY USE THE DIRECT MAIL SOURCING CERTIFICATE?** On or after July 1, 2003, the state and local Kansas sales tax due on a direct mailing is based on the location of the recipient of the mailing. This is called "destination" based sourcing. Because of the multiple jurisdictions that may be covered by one mailing, the buyer of a direct mailing that does not have direct pay authority (see below) is obligated to provide the direct mail seller with either:

- 1) the sales tax jurisdictions that the mailing is going to so that the seller will charge the correct amount of state and local sales tax based on the jurisdiction of each recipient; OR
- 2) in lieu of providing the information and paying the applicable tax to the seller, the purchaser of direct mail may instead present to the seller a direct mail certificate and agree to pay the applicable sales tax due directly to the Kansas Department of Revenue on its sales tax return, Form ST-36.

**Direct Pay Authority.** Purchasers who have been issued a direct pay permit by the Kansas Department of Revenue do not need to complete this form. However, they do need to provide the direct mail seller with documentation (a copy of the direct pay permit) of their direct pay authority.



KANSAS DEPARTMENT OF REVENUE  
**DRY CLEANING AND LAUNDRY EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that **dry cleaning or laundry services** purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

are exempt from **Kansas dry cleaning environmental surcharge** for the following reason:

The dry cleaning or laundry services purchased with this exemption certificate will be resold by a retailer registered by the Kansas Department of Revenue to collect the dry cleaning environmental surcharge.

**Description of dry cleaning or laundry services purchased:** \_\_\_\_\_  
\_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Dry Cleaning  
Registration No.: \_\_\_\_\_ Kansas Sales Tax No.: \_\_\_\_\_

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHAT IS THE DRY CLEANING ENVIRONMENTAL SURCHARGE?** The dry cleaning environmental surcharge is a 2.5% tax on all dry cleaning and laundering services. It is paid by the customer in addition to the Kansas Retailers' Sales tax due on these services.

**WHO MAY USE THIS CERTIFICATE?** Only those businesses that are registered with the Kansas Department of Revenue to collect the environmental surcharge may use this certificate.

**WHAT PURCHASES ARE EXEMPT?** Only purchases of dry cleaning and/or laundry services for RESALE are exempt from the dry cleaning environmental surcharge (and sales tax) with this certificate. For example, a hotel would be registered to collect the tax on dry cleaning & laundry "sent out" for guests. The hotel would use this certificate to purchase the laundry or dry cleaning services for guests without tax. The hotel resells the dry cleaning or laundry service to the hotel guest and collects the dry cleaning environment surcharge and sales tax from the final consumer (hotel guest). A hotel may not use this certificate for its own linens or other hotel property.

**TAX REGISTRATION NUMBERS.** This certificate is an exemption from the dry cleaning environmental surcharge and also acts as a resale exemption certificate. In order for the sale of services to be exempt, the buyer must have a current Kansas dry cleaning registration number AND a current Kansas sales tax number. This certificate is not complete unless both numbers are given. Information on how to recognize a Kansas sales tax number is in Publication KS-1520, "Kansas Exemption Certificates."

A dry cleaning registration number has three parts: A-000-0000. The tax type is indicated by the letter "A," followed by the county prefix (each of the 105 counties in Kansas has been assigned a number), followed by four unique numbers. For example, a Shawnee County dry cleaning registration number might be A-003-9999. (A seller may request copies of the customer's actual certificates of registration to verify the registration numbers furnished by the customer on this certificate.)

KANSAS DEPARTMENT OF REVENUE  
**INGREDIENT OR COMPONENT PART EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(m) exempts all sales of tangible personal property that becomes an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail within or without the state of Kansas.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property is used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Kansas Tax Registration Number: \_\_\_\_\_  
Kansas Sales Tax Number or Kansas Manufacturers' or Processors' Exemption Number

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS CERTIFICATE?** Any business registered with the Kansas Department of Revenue buying raw materials or parts that meet the definition of an ingredient or component part may use this certificate. The buyer must have either a Kansas sales tax number or a Kansas Manufacturers' or Processors' Sales Tax Exemption Certificate Number. Buyers from other states that are not registered in Kansas should use the Multi-Jurisdiction Exemption Certificate, Form ST-28M, to buy ingredient or component parts.

**WHAT PURCHASES ARE EXEMPT?** Only items that meet the definition of an ingredient or component part are exempt. Whether or not the item qualifies for exemption depends on **how it is used** in production or processing. An item may be taxable for one use and exempt for another use, even though purchased by the same consumer. Each item and its use must be separately measured against the definition to determine whether the sale is taxable or exempt.

**CONTAINERS AND SHIPPING CASES:** Included as ingredient or component parts are containers, labels, and shipping cases used to distribute property manufactured or produced for sale. To be exempt, the container or other shipping or handling material must actually accompany the product sold, and must NOT be returned for reuse to the manufacturer or producer. Containers, wrappers and other similar materials are TAXABLE when purchased by a business providing a nontaxable service or when used for any purpose other than the distribution and sale of taxable property.

**EXAMPLES:** The following items are exempt as ingredient or component parts when used in these industries or applications.

- Clay, paints, & glazes used to make pottery or china.
- Frames, springs, foam, & fabric used to make silverware, mattresses or furniture.
- Gold, silver, gems and beads used to make jewelry.
- Paper and ink used in the publication of newspapers.
- Styrofoam plates, cups, paper napkins, plastic and take-out containers purchased by a restaurant.

**PROVIDING OF SERVICES:** The term "service" refers only to TAXABLE services. Businesses providing nontaxable services (accountants, doctors, lawyers, day care centers, etc.) must pay sales tax on all property used to provide their services.

**CONTRACTORS:** Contractors, subcontractors, and repairmen may NOT use this certificate to purchase their materials. Materials and parts purchased by contractors are TAXABLE unless purchased or removed from a tax-exempt inventory with a Project Exemption Certificate.

KANSAS DEPARTMENT OF REVENUE  
**INTEGRATED PRODUCTION MACHINERY AND EQUIPMENT EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property and/or services purchased **on or after July 1, 2000** from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

are exempt from Kansas sales and compensating use tax for the following reason:

Effective July 1, 2000, K.S.A. 79-3606(kk)(1) exempts (A) all sales of machinery and equipment used in Kansas as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility, (B) all sales of installation, repair and maintenance services performed on such machinery and equipment; and (C) all sales of repair and replacement parts and accessories for such machinery and equipment.

**TO OBTAIN THIS EXEMPTION, COMPLETE LINES 1 THROUGH 5 AND THE CERTIFICATION**

1. Describe the qualified machinery or equipment (include make, model, type, or other identifying criteria):

\_\_\_\_\_

2. Describe how this equipment is used in the production process:

\_\_\_\_\_

\_\_\_\_\_

3. The equipment described in line 1 (is) (will be) located and used at the following Kansas manufacturing facility or plant:  
(Circle one)

\_\_\_\_\_ Name of Facility

\_\_\_\_\_ Street Address City State

**KANSAS**

4. This certificate is for the: (Check all that apply)

☐ Purchase, lease, or rental of the integrated production machinery or equipment described in line 1.

☐ Materials and/or services necessary to install the equipment described in line 1. Describe:

☐ Materials and/or labor to fabricate qualified equipment. Describe:

☐ Repair or maintenance services on the equipment described in line 1.

☐ Repair parts, replacement parts, or accessories for the equipment described in line 1. Describe; include model, type, etc.

\_\_\_\_\_

5. The purchaser is:

☐ the owner/lessor of the equipment ☐ a contractor installing, servicing, repairing or fabricating the equipment

The undersigned understands and agrees that if the tangible personal property and/or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating use tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Purchaser's Type of Business \_\_\_\_\_  
Describe business activity and/or principal product(s) manufactured or processed

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

## ABOUT THE EXEMPTION FOR INTEGRATED PRODUCTION MACHINERY & EQUIPMENT

**WHO MAY USE THIS EXEMPTION?** On or after July 1, 2000, any manufacturing or processing business engaged in an integrated production operation at a plant or facility located in Kansas may use this certificate to purchase, install or repair integrated production machinery and equipment without tax. Contractors and repairmen may also use this certificate to purchase without tax the parts, materials and labor necessary to install, service, repair or fabricate qualified equipment.

Examples of manufacturing or processing businesses include: Chemical production; electrical power generation; the fabrication of automobiles, airplanes, machinery or transportation equipment; the fabrication of metal, plastic, wood or paper products; newspaper printing; petroleum refining; water treatment; wholesale bottling; etc. Also included are agricultural commodity processing operations (such as meat packing, frozen food processing, and the operations of a grain storage facility) and operations at a mineral (oil, gas, stone, sand, etc.) extraction site to clean, separate, grind or otherwise treat or prepare the product before its transmission to a refinery or for other wholesale or retail distribution.

Non-industrial businesses whose operations are primarily (more than 50%) retail, and produce or process tangible personal property as an incidental part of the retail business may NOT use this certificate. Examples of retailers who may not use this certificate include: contractors who alter, service or repair real property; grocers who butcher or dress livestock or poultry; and retailers who bake, cook or prepare food products in the regular course of their retail trade.

**WHAT IS INTEGRATED PRODUCTION MACHINERY & EQUIPMENT?** To qualify as integrated production equipment, the item must be an integral or essential part of a process to manufacture, process, fabricate, finish, or assemble items for wholesale or retail distribution.

### **EXEMPT ITEMS INCLUDE (BUT ARE NOT LIMITED TO) MACHINERY AND EQUIPMENT USED TO:**

- Receive, transport, convey, handle, treat or store raw materials in preparation for their placement on the production line;
- Transport, convey, handle or store the property undergoing manufacture at any point from the beginning to the end of the process occurring at the plant or facility;
- Act upon, effect, promote or otherwise facilitate a physical change to the property undergoing manufacturing or processing;
- Guide, control or direct the movement of property undergoing manufacturing or processing;
- Test or measure raw materials, the property undergoing manufacturing or processing, or the finished product as necessary by the production operation;
- Plan, manage, control, or record the inventories of raw materials, consumables, component parts, and the finished product;
- Produce energy for, lubricate, control, or otherwise enable the function of other production equipment;
- Package the product;
- Transmit or transport electricity, coke, gas, water, steam or similar substances used in production from the point of generation (if produced at the plant site), or from the point where it enters the plant or facility (if purchased or delivered offsite), to the production operation;
- Cool, heat, filter, refine or otherwise treat water, steam, acid, oil, solvents or other substances used in production operations;
- Provide and control an environment required to maintain certain levels of air quality, humidity or temperature in special

and limited areas of the plant or facility where such regulation is part of and essential to the production process;

- Treat, transport or store waste or other by products of the production process at the plant or facility; or
- Control pollution produced by the manufacturing or processing operation at the plant or facility.

**ALSO EXEMPT:** All labor services to install, repair or maintain the manufacturing machinery and equipment, and all repair parts, replacement parts, and accessories for qualified equipment. These include, but are not limited to: dies, jigs, molds, patterns and safety devices that are attached to the exempt equipment; and parts and accessories that require periodic replacement such as belts, cutting bars, drill bits, grinding balls and wheels, saws; and refractory brick and other refractory items for exempt kiln equipment used in production operations.

### **TAXABLE ITEMS INCLUDE (BUT ARE NOT LIMITED TO):**

- Machinery and equipment used for non-production purposes, such as accounting, administration, advertising, employee work scheduling, fire prevention, first aid, marketing, plant cleaning, plant communications, plant security, record keeping, or sales and other related activities. Also taxable are computers and related peripheral equipment not used directly and primarily to control or measure the manufacturing process, or furniture and other furnishings (such as office machines and equipment).
- Machinery, equipment and tools used primarily to maintain or repair any type of machinery and equipment, or the building or plant;
- Transportation, transmission and distribution equipment not primarily used in the production, warehousing or material handling process, such as the conveyance of natural gas, electricity, oil or water, and related equipment located outside the plant or facility;
- Buildings (other than exempt machinery and equipment that becomes a structural part of the building) and other real estate not otherwise exempt, and building fixtures not integral to the manufacturing operation, such as utility systems for heating, ventilation, air conditioning, communications, plumbing or electrical;
- Machinery and equipment used for general plant heating, cooling and lighting;
- Motor vehicles that are registered to operate on public highways;
- Employee apparel, except safety and protective apparel that is purchased by the employer and furnished without charge to those employees who are involved in production or research activities; or
- Machinery and equipment used in mining, gas and petroleum drilling, water drilling, quarrying, sand and gravel extraction operations, and other similar activities to explore for or extract petroleum, gas, mineral, rock, sand, water, and other minerals or similar matter from its naturally occurring state.

**ADDITIONAL INFORMATION.** A more complete discussion of this sales tax exemption is in the Kansas Department of Revenue's Notice 00-08, Kansas Exemption for Manufacturing Machinery & Equipment as Expanded by K.S.A. 79-3606(fff). This notice is available from the department by calling 785-368-8222, or from our web site: [www.ksrevenue.org](http://www.ksrevenue.org). Manufacturing machinery and equipment purchased prior to July 1, 2000 may qualify for exemption under the prior law. Consult the "Manufacturing Machinery and Equipment Exemption Certificate," Form ST-202 (formerly ST-28U).

KANSAS DEPARTMENT OF REVENUE  
**INTERSTATE COMMON CARRIER EXEMPTION CERTIFICATE**

The undersigned **motor carrier** certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason (check one box):

K.A.R. 92-19-28 and K.A.R. 92-20-18 exempt the sale of rolling stock (including buses and trailers), repair or replacement materials and parts, gasoline, distillate and other motor fuels when purchased by a motor carrier qualifying as a public utility, for immediate and direct use in interstate commerce. The qualifying motor carrier may be engaged in interstate commerce exclusively, or in both interstate and intrastate commerce.

**Description of tangible personal property purchased:** \_\_\_\_\_

The undersigned motor carrier further certifies that he or she qualifies as a public utility on the following basis:

*(Check one box and complete the information requested.)*

☐ I have ICC authority for hauling regulated commodities. My ICC number is: \_\_\_\_\_  
My ICC authority is under the name of: \_\_\_\_\_

☐ I have ICC authority for hauling exempt (unregulated) commodities. My KCC number is: \_\_\_\_\_  
My KCC authority is under the name of: \_\_\_\_\_

☐ I do not have any ICC authority but am leased to a holder of ICC authority for hauling regulated and/or exempt commodities.  
My Kansas Sales Tax Number is: \_\_\_\_\_

I am leased to: \_\_\_\_\_  
Lessor's Name

Lessor's Address: \_\_\_\_\_  
Street, RR or P.O. Box City State Zip + 4

Address: \_\_\_\_\_

Lessor's ICC Number: \_\_\_\_\_ Lessor's KCC Number: \_\_\_\_\_

**CHARGES FOR LABOR SERVICES TO SERVICE, MAINTAIN, OR REPAIR ROLLING STOCK, INCLUDING BUSES AND TRAILERS, ARE TAXABLE.**

The undersigned motor carrier understands and agrees that if the tangible personal property is not used immediately and directly in interstate commerce or is used for any other purpose that is not exempt from sales or compensating tax, the undersigned motor carrier becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Motor Carrier Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**  
**(See reverse for additional information and instructions.)**

## ABOUT THE INTERSTATE COMMON CARRIER EXEMPTION

### WHO MAY USE THIS EXEMPTION?

Only interstate common carriers, or those leased to an interstate common carrier, may use this exemption. Three types of interstate common carriers are exempt from sales tax:

- Common carriers that transport goods regulated by the Interstate Commerce Commission (ICC), have received ICC authority, and have registered it with the Kansas Corporation Commission (KCC). The KCC code for this type of common carrier is ICC-R.
- Common carriers engaged in the interstate transportation of goods exempt from ICC regulation (such as livestock and grain). Although not regulated by the ICC, they are regulated by the KCC. These common carriers are called ICC-Exempt; their KCC code is ICC-E.
- Common carriers that haul both ICC-Regulated and ICC-Exempt commodities; their KCC code is either ICC-R or ICC-E.

### WHO IS NOT EXEMPT?

Contract carriers have ICC authority, but they are not common carriers and, therefore, are NOT exempt from sales tax; their KCC code is ICC-C. Also not exempt are common carriers that are intrastate carriers (operating only within the state). These carriers are not exempt from sales tax because they are not involved in interstate commerce.

### WHAT PURCHASES ARE EXEMPT?

Only rolling stock, parts, motor fuels and other items used directly and immediately in interstate commerce are exempt. All other property purchased by an ICC carrier is taxable. The examples below illustrate the types of items an ICC carrier may purchase without tax using this exemption certificate, and those that are taxable.

<u>EXEMPT</u>		<u>TAXABLE</u>	
Air and oil filters	Semi trucks/tractors	Building Materials	Office equipment
Fuel pumps	Spark plugs	Computers	Office supplies
Gasoline and diesel fuel	Tires	Labor Services	
Hoses and belts	Trailers (all types)		
Lubricants	Valves		
Refrigerant	Windshields and mirrors		

### LABOR SERVICES

Only tangible personal property may be purchased exempt. Labor services to repair, replace, service, or maintain an ICC carrier's rolling stock are subject to sales tax.

**EXAMPLE:** An ICC carrier has the engine in one of its trucks overhauled in Kansas. The parts used in the overhaul (water pump, spark plugs, oil and oil filter) are exempt. The repair shop would have the ICC carrier complete this exemption certificate to exempt the sale of these parts from sales tax. However, the labor service fee charged by the mechanic or repair shop to do the work (such as a rate of \$40/hr.) is subject to sales tax. The repair shop would charge the ICC carrier sales tax on the total labor charges.

Labor services of a contractor (as well as the parts used) to repair or maintain equipment other than rolling stock are TAXABLE. Labor services (and materials) to remodel a building or facility for an ICC carrier are also taxable unless a Project Exemption Certificate has been obtained.

KANSAS DEPARTMENT OF REVENUE  
**MULTI-JURISDICTION EXEMPTION CERTIFICATE**

NOTE: Check applicable state laws for authority to issue this certificate for the uses indicated below.  
Review national tax reporting service publications for information about the states that honor this certificate.

Purchaser: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

**I hereby certify that I am a:**

- ☐ Wholesaler of: \_\_\_\_\_  
Description of principal product(s)
- ☐ Retailer of: \_\_\_\_\_  
Description of principal product(s)
- ☐ Manufacturer of: \_\_\_\_\_  
Description of principal product(s)
- ☐ Lessor of: \_\_\_\_\_  
Description of principal product(s)
- ☐ Other: \_\_\_\_\_  
Description of principal product(s)

**and am registered\* in the following cities or states:**

City or State \_\_\_\_\_ Registration Number \_\_\_\_\_

City or State \_\_\_\_\_ Registration Number \_\_\_\_\_

*\*Wholesalers are not required to register with the Kansas Department of Revenue to collect sales tax.*

The tangible personal property described below which I am purchasing from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

will be for wholesale, resale, or as ingredient or component parts of a new product to be resold, leased, or rented in the normal course of my business.

**Description of property purchased with this exemption certificate:** \_\_\_\_\_

**I further certify** that if the property purchased with this certificate is used or consumed so as to make it subject to sales or use tax, I will pay the tax due directly to the proper taxing authority or inform the seller to add tax to the billing. This certificate shall be a part of each order that I may give you in the future and is valid until cancelled by me in writing or revoked by the city or state.

Under the penalties of perjury, I swear or affirm that the information on this form is true and correct as to every material matter.

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Misuse of this certificate by the seller, lessor, buyer, lessee, or their representative may be punishable by fine, imprisonment, or loss of the right to issue certificates in some cities or states.*

CAUTION TO THE SELLER: In order for this certificate to be accepted in good faith, you must exercise care that the property being sold is of a type normally sold wholesale, resold, leased, rented, or used as an ingredient or component part of a product manufactured by the buyer in the usual course of his business. A seller who fails to exercise due care and good judgment in this regard could be held liable for the sales tax due.

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

# **ABOUT THE MULTI-JURISDICTION EXEMPTION CERTIFICATE**

## **PURPOSE**

The Multi-Jurisdiction Exemption Certificate is used whenever an exempt transaction crosses state lines. In Kansas, it takes the place of a Kansas resale or ingredient or component part exemption certificate when:

- 1) an out-of-state business, taking delivery of inventory or ingredient parts in Kansas, is not registered in Kansas,  
OR
- 2) a wholesaler is buying inventory.

**A Kansas business buying inventory or ingredient parts in another state may also furnish this certificate to the seller in the other state, subject to the laws of that state.**

## **WHO MAY USE THIS CERTIFICATE?**

Businesses and wholesalers from other states that do not have a Kansas sales tax number to furnish for a Kansas ingredient or component part exemption certificate or a Kansas resale exemption certificate must use this certificate to certify that they qualify for these two Kansas exemptions when making purchases in Kansas.

A Kansas wholesaler will use this certificate when buying inventory from either another Kansas business or a business in another state. Wholesalers are not required to obtain a Kansas sales tax number. A Kansas retailer may also use this certificate when purchasing inventory or ingredient or component parts from a retailer or wholesaler in another state.

## **WHAT PURCHASES ARE EXEMPT?**

Only goods and merchandise (tangible personal property) are exempt. To be exempt, the tangible personal property must be for:

- wholesale sale,
- retail sale (resale), rental, or lease, or become
- an ingredient or component part of a new product to be resold, leased, or rented.

In accepting this certificate, the seller should exercise reasonable care and judgment. The property purchased must be of the type normally sold wholesale or retail, leased or rented, or used as an ingredient or component part of a product manufactured in the customer's usual course of business.

Equipment and fixtures for a business are not exempt. When purchased in Kansas, these items are taxable. When a Kansas business buys equipment or supplies from another state, the Kansas business will owe Consumers' Compensating Use tax on these purchases unless a sales or use tax of at least equal to the Kansas retailers' sales tax rate in effect where the item is used, stored or consumed. See Publication KS-1510, "Kansas Sales and Compensating Use Tax" available on the department's web site.



KANSAS DEPARTMENT OF REVENUE  
**MULTIPLE POINTS OF USE (MPU) SOURCING CERTIFICATE**

The undersigned purchaser certifies that the **digital items** or **services** purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

will be currently available for use in more than one taxing jurisdiction.

The undersigned purchaser understands and agrees that by providing this completed certificate to the seller, the undersigned purchaser becomes obligated and liable directly to the Kansas Department of Revenue for the applicable state and local sales tax based on the jurisdictions within which the software or service will be used. This form and the resulting tax obligation to the purchaser for the Kansas sales tax will remain in force and in effect on or after \_\_\_\_\_ until it is revoked in writing.

Purchaser: \_\_\_\_\_  
Business Name

Purchaser's Type of Business: \_\_\_\_\_  
Describe business activity and/or principal product(s) manufactured or processed

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Purchaser's Kansas Sales Tax Account Number\*\*: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**\*\*Note to Seller: DO NOT accept this form from a purchaser unless a Kansas Sales Tax Account Number with which to report and pay the sales tax is shown.**

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**ABOUT THE MULTIPLE POINTS OF USE (MPU) CERTIFICATE**

**WHO MAY USE THE MPU CERTIFICATE?** 2003 House Bill 2005 (K.S.A. 79-3671), effective July 1, 2003, provides that when a business purchaser is buying software or computer projects or services delivered digitally that will be used by the purchaser concurrently in more than one location, the purchaser is required to give a completed Multiple Points of Use (MPU) certificate to the seller. By providing this certificate, the buyer assumes the responsibility for paying the state and local sales tax due on the sale directly to the Kansas Department of Revenue. In order to report and pay the applicable state and local sales tax to the Kansas Department of Revenue, the purchaser may use any reasonable, but consistent and uniform, method of apportionment of the applicable tax among the taxing jurisdictions in which the software is being used, that is supported by the purchaser's business records as they exist at the time of the sale.

Upon receipt of the MPU exemption form, the seller is relieved of all obligation to collect, pay or remit the applicable state and local sales tax due on this sale. The MPU exemption form also will remain in effect for all future sales by the seller to the purchaser, except as to the subsequent sale's specific appointment of the tax based upon the location(s) of the concurrent users of the software or digital service.

**DIRECT PAY AUTHORITY.** Purchasers who have been issued a direct pay permit by the Kansas Department of Revenue do not need to complete this form. However, they do need to provide the seller of the digitally delivered products or services with a copy of their direct pay authority.

# REQUEST FOR PROJECT EXEMPTION CERTIFICATE

Kansas Department of Revenue  
Office of Policy and Research  
915 SW Harrison St., Room 230  
Topeka, KS 66612-1588

Date \_\_\_\_\_  
Telephone: (785) 296-3081  
Fax: (785) 296-7928

It is requested that a Certificate of Exemption be issued to the Petitioning Authority for the following described project if it is determined by the Department of Revenue that the proposed project qualifies for exemption from sales tax under the provisions of K.S.A. 79-3606(d) - public or private nonprofit hospital, elementary or secondary school, educational institution & political subdivisions of the state of Kansas; K.S.A. 79-3606(e) - United States Government, its agencies or instrumentalities; K.S.A. 79-3606(xx) - 501(c)(3) nonprofit zoo; K.S.A. 79-3606(aaa) - 501(c)(3) religious organization or K.S.A. 79-3606(ccc) - 501(c)(3) primary care clinic.

(A) Type of project: \_\_\_\_\_  
Describe Work to be Done

A. Present use of facility: \_\_\_\_\_

B. Proposed use of facility after project: \_\_\_\_\_

(B) Project location: \_\_\_\_\_  
Building Number, Street Address, City, State, and Zip Code

(C) Is this project being constructed as part of a business enterprise whose sales are subject to sales tax (e.g., municipal water, electric or gas companies)? ☐ Yes ☐ No

(D) Is the Petitioning Authority authorized to levy ad valorem taxes on tangible property? ☐ Yes ☐ No

(E) A. Is this project being totally financed by industrial revenue bonds? ☐ Yes ☐ No

B. Is this project being partially financed by industrial revenue bonds? ☐ Yes ☐ No

Amount of bonds being issued for project: \_\_\_\_\_

**If you answered "Yes" to A or B, you must complete the agreement on the back of this form and attach a copy of the letter of intent or resolution of intent to issue bonds.**

**If you answered "No" to A or B, how is the project being financed (explain type of tax, bonds, etc.)?**

(F) Name of claimant owner of project: \_\_\_\_\_

(G) Starting date: \_\_\_\_\_

(H) Estimated completion date: \_\_\_\_\_

(I) Estimated project cost: \_\_\_\_\_

(J) List names and addresses of prime contractors:

(K) Contract date: \_\_\_\_\_

(L) Contract number: \_\_\_\_\_

(M) Project number: \_\_\_\_\_

\_\_\_\_\_  
Petitioning Authority

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Phone Number

**ONLY COMPLETE THIS PAGE IF YOU ANSWERED YES TO LINE (E) ON PAGE 1.**

This agreement is made and entered into between and by the \_\_\_\_\_  
\_\_\_\_\_ (name of political subdivision), hereinafter referred to as  
Exempt Entity; and \_\_\_\_\_ (name of beneficiary of industrial revenue bond proceeds),  
hereinafter referred to as Beneficiary.

It is hereby agreed by all parties to this agreement that the construction project for which the request for an exemption certificate is being made would be exempt from sales tax solely due to the fact that it is being financed by industrial revenue bonds. It shall be the duty of the Exempt Entity to notify the Kansas Department of Revenue when the industrial revenue bonds have actually been issued.

Whereas, the Kansas Department of Revenue deems it necessary to ensure that sales or compensating tax is paid should the project not be financed by industrial revenue bonds, it is hereby further agreed by the Beneficiary that if the industrial revenue bonds have not been issued by the time the project is completed then the Beneficiary will remit to the Kansas Department of Revenue the sales or compensating tax and applicable interest on tax which is due based upon the cost of tangible personal property or services used or consumed in the construction of the project. It is agreed that the Secretary of Revenue shall determine when the project has been completed.

The Director of Policy and Research shall have the right to demand from the Beneficiary payment of the sales and compensating tax and applicable interest due the state should the Kansas Department of Revenue not receive such payment within thirty (30) days after the project has been completed.

Any and all notices required herein shall be mailed and addressed as follows:

- A. Notices to the Department of Revenue shall be addressed to: Director of Policy and Research, Kansas Department of Revenue, 915 SW Harrison St., Room 230, Topeka, Kansas 66612-1588;
- B. Notices to the Exempt Entity shall be addressed to: \_\_\_\_\_  
\_\_\_\_\_
- C. Notices to the Beneficiary shall be addressed to: \_\_\_\_\_  
\_\_\_\_\_

This agreement shall be binding upon all parties hereto and any and all their successors.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by persons authorized to do so lawfully and with full corporate authority.

POLITICAL SUBDIVISION

BENEFICIARY OF INDUSTRIAL REVENUE BOND  
PROCEEDS

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Type or Print Name and Title

\_\_\_\_\_  
Type or Print Name and Title

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

**REQUEST FOR PROJECT EXEMPTION CERTIFICATE  
PURSUANT TO K.S.A. 79-3606 (cc)**

Kansas Department of Revenue  
Office of Policy and Research  
915 SW Harrison St.  
Topeka, KS 66612-1588

Telephone: (785) 296-3081  
FAX: (785) 296-7928

Date \_\_\_\_\_

It is requested that a Certificate of Exemption from sales tax be issued to the taxpayer for the following described project.

(A) Name of taxpayer: \_\_\_\_\_  
Business type: ☐ Corporation ☐ L.L.C. ☐ Limited Liability Partnership/Partnership ☐ Individual  
☐ Other \_\_\_\_\_

(B) 1. Name of business which will operate the business facility (if different from the name listed on Line (A)):  
\_\_\_\_\_  
Business type: ☐ Corporation ☐ L.L.C. ☐ Limited Liability Partnership/Partnership ☐ Individual  
☐ Other \_\_\_\_\_

2. Location of business facility investment: \_\_\_\_\_  
Street Number and Address  
County: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

3. Mailing address of taxpayer (business) who will own and/or operate the business facility:  
\_\_\_\_\_  
Box Number and/or Street Number and Name  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

(C) Are you relocating an existing business to another city or county that requires approval from the Secretary of Commerce? Yes ☐ (Please attach approval). No ☐

(D) Type of project: ☐ Original construction of a new facility ☐ Remodel or reconstruction of an existing facility  
☐ Addition to an existing facility ☐ Additional machinery and equipment, not to include the purchase of a motor vehicle or trailer.

(E) **ATTACH** an explanation or list of improvements to be constructed, repairs or remodeling to be done, machinery and equipment to be purchased, and a justification of how these purchases relate to new employment.

(F) Describe specifically the type of business activity to be conducted by the taxpayer [name on Line (A)] at the business facility:  
\_\_\_\_\_  
\_\_\_\_\_

(G) Indicate the type of business conducted by the named taxpayer, by checking **ONE** of the following boxes **AND** answer the corresponding question(s). **See instructions.**

☐ 1. **CERTIFIED BUSINESS**  
The business has been certified by the Department of Commerce as meeting the eligibility criteria for the High Performance Incentive Program (HPIP). Attach a copy of the letter of certification.

☐ 2. **MANUFACTURING**  
Will the expansion of the manufacturing business involve the hiring and addition of at least two employees to your total Kansas employment? Yes ☐ No ☐  
"Manufacturing business" means all enterprises with a manufacturing Standard Industrial Classification (SIC) major group code 201 through 399. Enter SIC \_\_\_\_\_ (See attached listing of major group codes).

**CONTINUE ON REVERSE SIDE**

☐ 3. **NONMANUFACTURING**

Type of nonmanufacturing business:

- ☐ Commercial enterprise other than a manufacturing business or a retail business  
☐ Business headquarters  
☐ Ancillary support (Please attach statement from Department of Commerce)  
☐ Enterprise designated under SIC code 5961 (Catalog & Mail Order Houses)  
☐ Enterprise designated under SIC code 7372 (Prepackaged Software)

Does your business make retail sales? Yes ☐ (Provide Kansas retailers' sales tax number) \_\_\_\_\_ No ☐

Is your business primarily engaged (more than 50%) in the service of installing or applying tangible personal property in connection with the original construction of a building or facility; the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a residence; or the construction, reconstruction, restoration, replacement or repair of a bridge or highway? Yes ☐ No ☐

Will the expansion of the nonmanufacturing business, (commercial enterprise other than a manufacturing business or a retail business) involve the hiring and addition of at least five employees to your total Kansas employment? Yes ☐ No ☐

Will the expansion of the nonmanufacturing business, (business headquarters, ancillary support, enterprise designated under SIC code 5961 or 7372) involve the hiring and addition of at least twenty new full time positions to your total Kansas employment? Yes ☐ No ☐

☐ 4. **RETAIL**

Will the expansion of the retail business involve the hiring and addition of at least two employees to your total Kansas employment and be located or expanded in a city with a population of 2,500 or less?

Yes ☐ No ☐

☐ 5. **LESSOR/LESSEE**

Will the facility (construction, expansion, or renovation) be leased for a period of five years or more?

Yes ☐ (Please enclose a copy of the lease.) No ☐

Would the lessee qualify for the sales tax exemption if the lessee requested the exemption directly with the department?

Yes ☐ (If yes, provide the lessee's classification below.) No ☐

Lessee's classification:

- ☐ Certified HPIP Business: Certified by the Department of Commerce;  
☐ Manufacturing: SIC \_\_\_\_\_ with hiring of two (2) additional employees;  
☐ Nonmanufacturing: Commercial enterprise other than a manufacturing business or a retail business.  
Describe business \_\_\_\_\_ and business will hire five additional employees;  
☐ Business headquarters, ancillary support, SIC 5961 or SIC 7372 with hiring of at least 20 additional full time employees;  
☐ Retail: Hiring and addition of at least two employees and will be located or expanded in a city with a population of 2,500 or less?

(H) Is this project a result of working with officials of the state, county, or city government? Yes ☐ No ☐

If yes, provide the name of the agency and contact: \_\_\_\_\_

What will be the average annual wage for new (non-managerial) employees? \_\_\_\_\_

(I) List the name(s) and address(es) of the general contractor(s): \_\_\_\_\_

(J) Estimated project costs: Total \_\_\_\_\_ Construction costs: \_\_\_\_\_

Machinery and equipment costs: \_\_\_\_\_

(K) Contract date: \_\_\_\_\_ (L) Contract No.: \_\_\_\_\_

(M) Estimated completion date (not to exceed two years): \_\_\_\_\_

\_\_\_\_\_  
Taxpayer (please type or print)

\_\_\_\_\_  
Name of Authorized Representative (please type or print)

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Phone Number

## INSTRUCTIONS

An exemption from sales tax is allowed on all sales of tangible personal property or services purchased for the construction, enlarging or remodeling of a business or retail business. The sale and installation of machinery and equipment purchased for the installation at the business or retail business shall also be exempt from sales tax.

Line (A) Enter the name of the entity that will operate the business facility and claim the sales tax exemption and associated income tax credit, and check the appropriate box identifying the business type.

Line (B)(1) Enter the doing business as (DBA) name of the business, if it is different than line (A), above, and check the appropriate box identifying the business type.

Line (B)(2) Enter the location, including the county of the business facility where the investment is going to be made.

Line (B)(3) Enter the complete mailing address of the taxpayer who will own and/or operate the above referenced business facility.

Line (C) A manufacturing business located within the state of Kansas that has documented evidence of job expansion involving the employment of at least two additional full time employees which relocates in another city or county within the state of Kansas must receive approval from the Secretary of Commerce prior to qualifying for the sales tax exemption (K.S.A. 74-50,115(a)(2)). Approval by the Secretary of Commerce is not required if the manufacturing business relocates within the same city.

A nonmanufacturing business located within the state of Kansas that has documented evidence of job expansion involving the employment of at least five additional full time employees which relocates in another city or county within the state of Kansas must receive approval from the Secretary of Commerce prior to qualifying for the sales tax exemption (K.S.A. 74-50,115(b)(2)). Approval by the Secretary of Commerce shall not be required if the nonmanufacturing business relocates within the same city.

Line (D) Check the applicable box(es) that describe the project and attach required documentation.

Line (E) Purchases of materials, machinery, equipment, and services must be directly related to increased employment to qualify for exemption from retailers' sales tax. Therefore, you are required to describe each purchase you are contemplating and demonstrate how the purchase relates directly to increased employment at the facility.

Line (F) Describe specifically the type of business activity to be conducted by the taxpayer at the business facility.

Line (G) Indicate the type of business activity to be conducted at the business facility by the named taxpayer, and answer the corresponding questions. It should be noted that only **ONE** of the boxes under Line (G) should be checked in regards to the type of business activity conducted at the facility.

Line (G)(1) Certified business means a firm which is qualified by the Secretary of Commerce as meeting the eligibility criteria for the High Performance Incentive Program (HPIP) pursuant to K.S.A. 2003 Supp. 74-50,131. The firm must be entitled to the corporate tax credit established in K.S.A. 74-50,132 or must have received written approval for participation and has participated, during the tax year in which the exemption is claimed, in training assistance by the Department of Commerce under the Kansas industrial training (KIT), Kansas industrial retraining (KIR) or state of Kansas investments in lifelong learning program (SKILL).

Line (G)(2) Manufacturing business means all commercial enterprises identified under the manufacturing standard industrial classification codes (SIC), major groups 20 through 39.

Line (G)(3) Nonmanufacturing business means any commercial enterprise other than a manufacturing business or a retail business. Nonmanufacturing business shall also include the business headquarters of an enterprise, ancillary support of an enterprise and an enterprise designated under standard industrial classification (SIC) codes 5961 or 7372 regardless of the firm's classification as a retail business if that facility for which the sales tax exemption certificate is issued facilitates the creation of at least 20 new full time positions.

Business headquarters means a facility where principal officers of the business are housed and from which direction, management, or administrative support for transactions is provided for business or division of a business.

Ancillary support means a facility which is operated by a business and whose function is to provide services in support of the business, but is not directly engaged in the business' primary function. Attach the statement from the Department of Commerce.

Original construction means the first or initial construction of a new building or facility and includes the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building or facility damaged or destroyed by fire, flood, tornado, lightning, explosion or earthquake. Residence means only those enclosures within which individuals customarily live.

Line (G)(4) Retail business means (a) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailers' sales tax act; (b) any service provider set forth in K.S.A. 17-2707, and amendments thereto (licensed professional); (c) any bank, savings and loan, or other lending institution; (d) any commercial enterprise whose primary business activity includes the sale of insurance, and (e) any commercial enterprise whose primary business activity includes the sale of services such as, but not limited to, barber shops, beauty shops, photographic studios, and funeral services.

Line (G)(5) Lessor means any person constructing, reconstructing, remodeling, or enlarging a facility which will be leased for a period of five years or more to a business that would be eligible for a sales tax exemption if the business had constructed, reconstructed, enlarged, or remodeled the facility itself. Please attach a copy of the 5 year lease agreement.

As the lessor, you must determine whether the lessee qualifies for the sales tax exemption as a manufacturing, nonmanufacturing, retail or certified business. If the lessee does not qualify, a project exemption certificate cannot be issued.

If there are multiple lessees, each must qualify for the sales tax exemption and a lease agreement must be submitted for each.

Line (H) Check the applicable box and list the name of the organization and/or person you were contacted by and the average wage of the new (non-managerial) employees.

Line (I) List the name and address of the general contractor if available. If a general contractor does not exist for this project, please attach a list of all the contractors/subcontractors (if available) involved in performing labor services or supplying materials for the project. Include in this list, the estimated project costs, contract date, contract number, and the estimated completion date for each contract.

Line (J) Enter the estimated cost of the project.

Line (K) Enter the date of the contract.

Line (L) Enter the applicable contract number if available.

Line (M) Enter the estimated completion date for this project. The Department requests that this period not extend beyond two years from the application date.

Signature The name of the taxpayer as well as the authorized representative requesting the exemption should be typed or printed in the area provided. The authorized representative must also sign the request and provide a phone number where they can be reached during business hours.

## MANUFACTURING

### FOOD AND KINDRED PRODUCTS

- 201 Meat Products
- 202 Dairy Products
- 203 Canned, Frozen, and Preserved Fruits, Vegetables, and Food Specialties
- 204 Grain Mill Products
- 205 Bakery Products
- 206 Sugar and Confectionery Products
- 207 Fats and Oils
- 208 Beverages
- 209 Miscellaneous Food Preparations and Kindred Products

### TOBACCO PRODUCTS

- 211 Cigarettes
- 212 Cigars
- 213 Chewing and Smoking Tobacco and Snuff
- 214 Tobacco Stemming and Redrying

### TEXTILE MILL PRODUCTS

- 221 Broadwoven Fabric Mills, Cotton
- 222 Broadwoven Fabric Mills, Manmade Fiber and Silk
- 223 Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing)
- 224 Narrow Fabric and Other Smallwares Mills: Cotton, Wool, Silk, and Manmade Fiber
- 225 Knitting Mills
- 226 Dyeing and Finishing Textiles, except Wool, Fabrics and Knit Goods
- 227 Carpets and Rugs
- 228 Yarn and Thread Mills
- 229 Miscellaneous Textile Goods

### APPAREL AND OTHER FINISHED

#### PRODUCTS MADE FROM FABRICS AND SIMILAR MATERIALS

- 231 Men's and Boys' Suits, Coats, and Overcoats
- 232 Men's and Boys' Furnishings, Work Clothing, and Allied Garments
- 233 Women's, Misses', and Juniors' Outerwear
- 234 Women's, Misses', Children's, and Infants' Undergarments
- 235 Hats, Caps, and Millinery
- 236 Girls', Children's, and Infants' Outerwear
- 237 Fur Goods
- 238 Miscellaneous Apparel and Accessories
- 239 Miscellaneous Fabricated Textile Products

### LUMBER AND WOOD PRODUCTS, EXCEPT FURNITURE

- 241 Logging
- 242 Sawmills and Planing Mills
- 243 Millwork, Veneer, Plywood, and Structural Wood Members
- 244 Wood Containers
- 245 Wood Buildings and Mobile Homes
- 249 Miscellaneous Wood Products

### FURNITURE AND FIXTURES

- 251 Household Furniture
- 252 Office Furniture
- 253 Public Building and Related Furniture
- 254 Partitions, Shelving, Lockers, and Office and Store Fixtures
- 259 Miscellaneous Furniture and Fixtures

### PAPER AND ALLIED PRODUCTS

- 261 Pulp Mills
- 262 Paper Mills
- 263 Paperboard Mills
- 265 Paperboard Containers and Boxes
- 267 Converted Paper and Paperboard Products, Except Containers and Boxes

### PRINTING, PUBLISHING, AND ALLIED INDUSTRIES

- 271 Newspapers: Publishing, or Publishing and Printing
- 272 Periodicals: Publishing, or Publishing and Printing
- 273 Books

- 274 Miscellaneous Publishing
- 275 Commercial Printing
- 276 Manifold Business Forms
- 277 Greeting Cards
- 278 Blankbooks, Loose-leaf Binders, and Bookbinding and Related Work
- 279 Service Industries for the Printing Trade

### CHEMICALS AND ALLIED PRODUCTS

- 281 Industrial Inorganic Chemicals
- 282 Plastics Materials and Synthetic Resins, Synthetic Rubber, Cellulosic and Other Manmade Fibers, Except Glass
- 283 Drugs
- 284 Soap, Detergents, and Cleaning Preparations; Perfumes, Cosmetics and Other Toilet Preparations
- 285 Paints, Varnishes, Lacquers, Enamels, and Allied Products
- 286 Industrial Organic Chemicals
- 287 Agricultural Chemicals
- 289 Miscellaneous Chemical Products

### PETROLEUM REFINING AND RELATED INDUSTRIES

- 291 Petroleum Refining
- 295 Asphalt Paving and Roofing Materials
- 299 Miscellaneous Products of Petroleum and Coal

### RUBBER AND MISCELLANEOUS PLASTICS PRODUCTS

- 301 Tires and Inner Tubes
- 302 Rubber and Plastic Footwear
- 305 Gaskets, Packing, and Sealing Devices and Rubber and Plastics Hose and Belting
- 306 Fabricated Rubber Products, Not Elsewhere Classified
- 308 Miscellaneous Plastics Products
- 311 Leather Tanning and Finishing
- 313 Boot and Shoe Cut Stock and Findings
- 314 Footwear, Except Rubber
- 315 Leather Gloves and Mittens
- 316 Luggage
- 317 Handbags and Other Personal Leather Goods
- 319 Leather Goods, Not Elsewhere Classified

### STONE, CLAY, GLASS, AND CONCRETE PRODUCTS

- 321 Flat Glass
- 322 Glass and Glassware, Pressed or Blown
- 323 Glass Products, Made of Purchased Glass
- 324 Cement, Hydraulic
- 325 Structural Clay Products
- 326 Pottery and Related Products
- 327 Concrete, Gypsum, and Plaster Products
- 328 Cut Stone and Stone Products
- 329 Abrasive, Asbestos, and Miscellaneous Nonmetallic Mineral Products

### PRIMARY METAL INDUSTRIES

- 331 Steel Works, Blast Furnaces, and Rolling and Finishing Mills
- 332 Iron and Steel Foundries
- 333 Primary Smelting and Refining of Nonferrous Metals
- 334 Secondary Smelting and Refining of Nonferrous Metals
- 335 Rolling, Drawing, and Extruding of Nonferrous Metals
- 336 Nonferrous Foundries (Castings)
- 339 Miscellaneous Primary Metal Products

### FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND

#### TRANSPORTATION EQUIPMENT

- 341 Metal Cans and Shipping Containers
- 342 Cutlery, Handtools and General Hardware
- 343 Heating Equipment, except Electric and Warm Air; and Plumbing Fixtures
- 344 Fabricated Structural Metal Products

- 345 Screw Machine Products, and Bolts, Nuts, Screws, Rivets, and Washers
- 346 Metal Forgings and Stampings
- 347 Coating, Engraving, and Allied Services
- 348 Ordnance and Accessories, Except Vehicles and Guided Missiles
- 349 Miscellaneous Fabricated Metal Products

### INDUSTRIAL AND COMMERCIAL MACHINERY AND COMPUTER EQUIPMENT

- 351 Engines and Turbines
- 352 Farm and Garden Machinery and Equipment
- 353 Construction, Mining, and Materials Handling Machinery and Equipment
- 354 Metalworking Machinery and Equipment
- 355 Special Industry Machinery, Except Metalworking Machinery
- 356 General Industrial Machinery and Equipment
- 357 Computer and Office Equipment
- 358 Refrigeration and Service Industry Machinery
- 359 Miscellaneous Industrial and Commercial Machinery and Equipment

### ELECTRONIC AND OTHER ELECTRICAL EQUIPMENT AND COMPONENTS, EXCEPT COMPUTER EQUIPMENT

- 361 Electric Transmission and Distribution Equipment
- 362 Electrical Industrial Apparatus
- 363 Household Appliances
- 364 Electric Lighting and Wiring Equipment
- 365 Household Audio and Video Equipment, and Audio Recordings
- 366 Communications Equipment
- 367 Electronic Components and Accessories
- 369 Miscellaneous Electrical Machinery, Equipment, and Supplies

### TRANSPORTATION EQUIPMENT

- 371 Motor Vehicles and Motor Vehicle Equipment
- 372 Aircraft and Parts
- 373 Ship and Boat Building and Repairing
- 374 Railroad Equipment
- 375 Motorcycles, Bicycles, and Parts
- 376 Guided Missiles and Space Vehicles and Parts
- 379 Miscellaneous Transportation Equipment

### MEASURING, ANALYZING, AND CONTROLLING INSTRUMENTS; PHOTOGRAPHIC, MEDICAL AND OPTICAL GOODS; WATCHES AND CLOCKS

- 381 Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems, Instruments, and Equipment
- 382 Laboratory Apparatus and Analytical, Optical, Measuring, and Controlling Instruments
- 384 Surgical, Medical, and Dental Instruments and Supplies
- 385 Ophthalmic Goods
- 386 Photographic Equipment and Supplies
- 387 Watches, Clocks, Clockwork Operated Devices, and Parts

### MISCELLANEOUS MANUFACTURING INDUSTRIES

- 391 Jewelry, Silverware, and Plated Ware
- 393 Musical Instruments
- 394 Dolls, Toys, Games and Sporting and Athletic Goods
- 395 Pens, Pencils, and Other Artists' Materials
- 396 Costume Jewelry, Costume Novelties, Buttons, and Miscellaneous Notions, Except Precious Metal
- 399 Miscellaneous Manufacturing Industries



## STATE OF KANSAS PROJECT COMPLETION CERTIFICATION

TO: \_\_\_\_\_  
Name of Entity to whom Project Exemption Certificate was Issued

\_\_\_\_\_  
Street Address City State Zip Code

This is to certify, to the best of my knowledge and belief, that all materials purchased under Exemption Certificate Number \_\_\_\_\_, issued by the Kansas Department of Revenue, were incorporated into the building or project for which the exemption was issued and were entitled to an exemption pursuant to K.S.A. 79-3606(d), (e) or (ee), as amended.

\_\_\_\_\_  
Contractor / Subcontractor

\_\_\_\_\_  
P.O. Box and/or Street Number and Name

\_\_\_\_\_  
Street Address City State Zip Code

\_\_\_\_\_  
Signature and Title of Authorized Representative Date

### **INSTRUCTIONS**

Upon completion of a tax exempt project, the contractor must furnish this certification to the taxpayer for which the work was performed. A copy of this certification must also be forwarded to the Kansas Department of Revenue, Office of Policy and Research, 915 SW Harrison Street, Room 230, Topeka, Kansas 66612-1588. All invoices must be retained by the contractor for a period of five (5) years and are subject to audit by the Kansas Department of Revenue.

KANSAS DEPARTMENT OF REVENUE  
RAILROAD EXEMPTION CERTIFICATE

The undersigned **railroad** certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(f) exempts all sales of tangible personal property purchased by a railroad for consumption or movement directly and immediately in interstate commerce, and K.S.A. 79-3606(y) exempts all sales of materials and services used to repair, service, alter, maintain, manufacture, remanufacture, or modify railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Name of Railroad

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?**

Only railroads licensed under United States law for interstate or foreign commerce are eligible to use this certificate.

**WHAT PURCHASES ARE EXEMPT?**

To be exempt, the tangible personal property must be for consumption or movement directly and immediately in interstate commerce. The exemption applies whether the qualified property is purchased, leased or rented. Also exempt are repair parts, materials, and labor services for the qualified property. All other items are TAXABLE and cannot be purchased by a railroad with this certificate. Below are representative (but not necessarily all-inclusive) examples of exempt and taxable purchases by a railroad.

**EXEMPT**

- Locomotives (all types)
- Rail cars (all types)
- Diesel fuel and oil for any of the above
- Parts and labor for any of the above
- Utilities used by any of the above
- Semitrailers

**TAXABLE**

- Computers
- Office equipment
- Office supplies
- Rails and railroad ties
- Parts and labor services for any of the above
- Roadway maintenance and repair equipment
- Utilities used for any of the above
- Signaling equipment
- Switching equipment
- Vehicles
- Vehicle fuels and oils

**CONSTRUCTION OR REMODELING PROJECTS.**

A railroad is NOT exempt from sales tax on the purchase of materials or labor services for a construction project unless the project itself qualifies for a project exemption as an economic development project. When laying new track, the materials (track, ties, etc.) and labor are subject to state and local sales tax. When a railroad contracts with a contractor to build a new building or facility, all materials for the project (whether purchased by the general contractor, subcontractor, or the railroad) are taxable. Labor services on original construction of a building or facility are exempt by law. When a railroad contracts to have a building or facility remodeled, the labor services, as well as the materials, are taxable. *This exemption certificate cannot be used by a railroad to purchase materials or labor services for any type of construction project.*

**KANSAS DEPARTMENT OF REVENUE**  
**RESALE EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

will be **resold** by me in the form of tangible personal property or repair service. I hereby certify that I hold valid Kansas sales tax registration number \_\_\_\_\_, and I am in the business of selling \_\_\_\_\_.  
(May attach a copy of registration certificate)

\_\_\_\_\_  
(Description of product(s) sold; food clothing, furniture, etc.)

**Description of tangible personal property or services purchased:** \_\_\_\_\_

I hereby certify that I hold a valid Kansas Sales Tax Registration Number: \_\_\_\_\_

I understand and agree that if the items purchased with this certificate are used for any purpose other than retention, demonstration, or display while being held for sale in the regular course of business, I am required to report and pay the sales tax, based upon the purchase price of the items.

Purchaser: \_\_\_\_\_  
Name of Kansas Retailer

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS CERTIFICATE?** Only those businesses, groups and organizations that are registered to collect Kansas sales tax and provide their Kansas sales tax number on this form may use this certificate to purchase inventory without tax. The seller may require a copy of the buyer's Kansas sales tax registration certificate as a condition for honoring this certificate. See also *Resale Exemption Certificate Requirements* in Publication KS-1520, Kansas Exemption Certificates.

Nonprofit groups or organizations exempt by law from collecting tax on their retail sales of tangible personal property (such as a PTA or a nonprofit youth development organization) should use the exemption certificate issued to it by the Department of Revenue when buying items for resale.

Wholesalers and buyers from other states not registered in Kansas should use the Multi-Jurisdiction Exemption Certificate, Form ST-28M, to purchase their inventory. HOWEVER, if the inventory item purchased by an out-of-state buyer is drop shipped to a Kansas location, the out-of-state buyer must provide a Kansas sales tax number, either on this certificate or the Multi-Jurisdiction Exemption Certificate, for the sale to be exempt.

**Contractors, subcontractors, or repairmen may not use this certificate to purchase their materials, parts, or tools.** Retailer/Contractors should use a Retailer/Contractor Exemption Certificate, Form ST-28W, to purchase their resale inventory.

**WHAT PURCHASES ARE EXEMPT?** Only goods or merchandise intended for resale (inventory) are exempt. Tools, equipment, fixtures, supplies, and other items purchased for business or personal use are TAXABLE since the buyer is the final consumer of the property.

The items purchased with this certificate must correspond to the type of business buying them. For example, a retail clothing store may only reasonably purchase items of wearing apparel and accessories with this certificate. All other kinds of items are not usually sold by a clothing store to their customers and, therefore, cannot be purchased with this certificate.

**LABOR SERVICES.** This certificate applies ONLY to items of tangible personal property. A contractor may not use an exemption certificate to purchase the labor services of another contractor or subcontractor. Taxable labor services performed by a contractor can ONLY be purchased without tax with a Project Exemption Certificate issued by the department or its authorized agent.

KANSAS DEPARTMENT OF REVENUE  
**RETAILER/CONTRACTOR EXEMPTION CERTIFICATE**

The undersigned **retailer/contractor** certifies that the tangible personal property purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3603(l)(2) provides that a contractor, subcontractor or repairman who maintains an inventory of tangible personal property both for resale and for use by them for the purpose of erecting structures, or improving altering or repairing real or personal property, shall be deemed a retailer with respect to purchases for and sales from such inventory.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?**

Only those contractors, subcontractors, or repairmen who maintain an inventory of goods and merchandise and who provide their Kansas sales tax number may use this certificate to purchase material inventory exempt from sales tax. A contractor, subcontractor, or repairman (such as a carpenter, electrician, or plumber) who purchases parts and materials on a job-by-job basis and does not maintain an inventory is not a **retailer/contractor**, but a **contractor**. **A contractor may not use this certificate.** A contractor is considered to be the final consumer of the materials purchased from a supplier for a job and, therefore, must pay sales tax on them when purchased. For more detailed information on how sales tax applies to the construction industry, consult the Policy Information Library on our web site, [www.ksrevenue.org](http://www.ksrevenue.org).

**WHAT PURCHASES ARE EXEMPT?**

Only goods or merchandise intended for resale (inventory) are exempt. Direct materials that may be purchased using this certificate include (but are not limited to): electrical supplies, lumber, nails, paints, plumbing supplies, screws, sheet rock, stains, varnishes, and wallpaper.

**WHAT PURCHASES ARE TAXABLE?**

Tools and equipment necessary to perform a job (often considered overhead items) are **TAXABLE**. Contractors and retailer/contractors are the final users or consumers of any tools used in their trade or business and must pay sales tax on them when purchased. (If purchased from another state, a Kansas compensating use tax will be due if a sales tax equal to at least the state and local sales tax rate in effect where the item will be used, stored or consumer has not been paid on the purchase price). For additional information on Kansas Compensating Use Tax consult Publication KS-1510, which is available from the department's web site: [www.ksrevenue.org](http://www.ksrevenue.org) Items such as drills, drill bits, hammers, nail guns, saws, screwdrivers, tool belts and wrenches are taxable. Tools and construction equipment leased or rented for a job are also taxable to the contractor or retailer/contractor unless the customer has furnished a Project Exemption Certificate number.

**LABOR SERVICES.**

This certificate applies ONLY to items of tangible personal property. Taxable labor services performed by a contractor or a retailer/contractor can only be purchased exempt from sales tax with a Project Exemption Certificate issued by the department or its authorized agent.

KANSAS DEPARTMENT OF REVENUE  
**TIRE RETAILER EXEMPTION CERTIFICATE**

The undersigned tire retailer certifies that the **new tires** purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

are exempt from **Kansas Tire Excise Tax** for the following reason:

The new tires purchased with this exemption certificate will be resold by the undersigned tire retailer who is duly registered by the Kansas Department of Revenue to collect the Kansas Tire Excise Tax levied by K.S.A. 65-3424d.

**Description of tangible personal property or services purchased:** \_\_\_\_\_  
\_\_\_\_\_

The undersigned purchaser understands and agrees that if the new tires are used other than as stated above or for any other purpose not exempt from the tire excise tax, the undersigned tire retailer becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Tire Excise Tax Number: \_\_\_\_\_ Kansas Sales Tax Number: \_\_\_\_\_

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHAT IS THE TIRE EXCISE TAX?**

Effective July 1, 2001, the tire excise tax is 25 cents on each new vehicle tire sold. (From its inception on July 1, 1990 through June 30, 2001, the tire excise tax was 50 cents on each new vehicle tire sold.)

New tires for automobiles, motorcycles, trucks, truck tractors, trailers, buses, farm machinery, construction equipment, and other vehicles authorized or allowed to operate on Kansas public streets and highways are subject to the tire excise tax. The tax also applies to the tires mounted on a new or used vehicle when the vehicle is sold at retail. Therefore, most vehicle and implement dealers must also be registered to collect the tire excise tax. Additional information about the tire excise tax in our Publication KS-1530, Kansas Tire Excise Tax, available from our office or web site: [www.ksrevenue.org](http://www.ksrevenue.org).

**WHO MAY USE THIS EXEMPTION?**

Only those tire retailers that have a tire excise tax registration number and a Kansas Retailers' Sales Tax Registration Number (see explanation below) from the Kansas Department of Revenue may use this certificate.

**WHAT TIRE PURCHASES ARE EXEMPT?**

Only **new** tires intended for *resale* may be purchased exempt from the tire excise tax (as well as sales tax) with this certificate. A tire retailer or vehicle dealer will use this certificate to purchase new tires exempt from both the tire excise tax and sales tax. The tire retailer will collect the Kansas Retailers' Sales and Tire Excise Tax when the tires are sold to the final user or consumer.

**Used**, recapped and retreaded tires are not subject to tire excise tax. A business selling used tires should use the Resale Exemption Certificate, Form ST-28A, to purchase its inventory of used tires.

**TAX REGISTRATION NUMBERS.**

This certificate is an exemption from the tire excise tax and also acts as a resale exemption certificate. In order to be exempt, the buyer must provide its Kansas tire excise tax registration number and its Kansas sales tax number. This certificate is not complete unless both numbers are given. A tire excise tax registration number contains eleven digits, the last four of which are always "4000." A tire excise tax registration number format would be 000-0000-4000.

KANSAS DEPARTMENT OF REVENUE  
**U.S. GOVERNMENT, FEDERAL AGENCY OR INSTRUMENTALITY EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.A.R. 92-19-77 exempts all **direct** purchases by the United States, its agencies or instrumentalities for their use, except when federal law provides that a particular agency or instrumentality will be subject to a state's tax laws. To qualify as a direct purchase, each bill, contract or other evidence of the transaction must be made out to the United States, its agency or instrumentality, and payment must be made by a federal check, warrant or voucher.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Name of Federal Entity

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS CERTIFICATE?** Any agency or branch of the U. S. Government may use this certificate, such as the U. S. Post Office, Internal Revenue Service, Department of Agriculture, Secret Service, FBI, American Red Cross, Federal Aviation Administration, and all branches of the armed forces. The word "National" or "Federal" in the title of the entity does NOT necessarily mean it is an agency of the federal government. For example, Federal Credit Unions and Federal Savings and Loans are exempt, but National Banks are not federal agencies and thus are not exempt.

**WHAT PURCHASES ARE EXEMPT?** Any item of tangible personal property or labor services (except as noted below) may be purchased by the federal government or any of its agencies exempt from sales tax with this certificate. If the charges are billed directly to and paid directly by the federal government, the transaction is exempt from Kansas sales tax as a direct purchase.

Sales made to and paid for by an agent, employee, or other representative of the United States, its agencies or instrumentalities are TAXABLE, even when the agent or employee: 1) is on official business on behalf of the U. S. or any federal agency, 2) is on per diem (allowance for daily expenses), 3) is on an expense account, or will otherwise be reimbursed by the federal agency, or 4) has or will receive federal moneys, credits, or other assets to pay for the transaction. For example, a federal employee on per diem must pay sales tax on car rentals, unless using one of the centrally-billed federal credit cards discussed below.

**Exception for sleeping room rentals:** Effective July 1, 2002, the rental of sleeping rooms by hotels, motels, accommodation brokers, etc. to the federal government, its agencies, officers or employees is exempt from sales tax when the room rental is made in association with the performance of official federal government duties. This sales tax exemption on indirect purchases by federal employees applies **ONLY** to the rental of sleeping rooms.

**Federal Credit Cards:** The General Services Administration (GSA) issues "GSA SmartPay" credit cards to federal employees for official use. Purchases by a federal employee with a "For Official Government Fleet Use Only" or "For Official Government Purchase Use Only" Voyager, VISA, or MasterCard are exempt because these cards are centrally billed to the federal government. Purchases made using a "For Official Government Travel Use Only" VISA or MasterCard are exempt only if the sixth digit of the account number is a 0, 6, 7, 8 or 9; if the sixth digit is 1, 2, 3, or 4, the charge is taxable. Purchases made with a "For Official Government Use Only" MasterCard (an integrated use card) are exempt if the purchase is tangible personal property or fuel, repair services and other items related to vehicles, airplanes and boats. Other purchases, such as travel expenses, are taxable if the sixth digit of the account number is a 1, 2, 3, or 4, and exempt if the sixth digit is 0, 6, 7, 8, or 9. For a more complete discussion of federal credit card transactions, obtain the policy document entitled "Federal Credit Cards." It is available from our offices or from the Policy Information Library on our web site: **www.ksrevenue.org**.

**CONSTRUCTION, REPAIR OR REMODELING PROJECTS.** This certificate may also be used to purchase labor services exempt from sales tax. HOWEVER, when the U. S. government, federal agency or instrumentality contracts for the repair, remodeling, or construction of a building or other project, it must request and obtain a Project Exemption Certificate from the department so that the contractor, subcontractor, or repairman (such as a carpenter, electrician, or plumber) may purchase materials for the project exempt from sales tax. In the absence of a Project Exemption Certificate, only the contractor's labor services are exempt as a direct purchase. The contractor's invoice to the federal entity will include the sales tax paid or accrued on the materials used.

KANSAS DEPARTMENT OF REVENUE  
**STATEMENT FOR SALES TAX EXEMPTION ON ELECTRICITY, GAS, OR  
WATER FURNISHED THROUGH ONE METER**

Please type or print this form and send a completed copy WITH worksheets to your utility company. Complete a form for each meter on which you are applying for an exemption.

1. \_\_\_\_\_  
Address of meter location \_\_\_\_\_ Utility account number \_\_\_\_\_
2. In accordance with the Kansas Retailers' Sales Tax Act, the undersigned purchaser states that the (circle one: electricity, gas, water) sold and furnished by (name of utility company) \_\_\_\_\_ through meter number \_\_\_\_\_ at the above location issued for the following purposes based on annual consumption.
3. \_\_\_\_\_ uses electricity, gas or water for the following purpose (check one):  
PURCHASER (Name of individual, company, or organization)

***Unless otherwise indicated, the uses below are exempt from state and local sales tax.***

- |   |  |
|---|--|
| <input type="checkbox"/> Agricultural use. (Subject to local sales tax.)  | <input type="checkbox"/> Ingredient or component part.   |
| <input type="checkbox"/> Certain nonprofit corporations exempt from real estate property tax – i.e., adult care homes (nursing homes); private children's homes (nursing home foster care, etc.); housing for low and limited income elderly and disabled persons (includes HUD housing projects); housing for the elderly; and group housing for mentally ill, retarded, and other disabled persons. ATTACH A COPY OF THE "ORDER" FROM THE BOARD OF TAX APPEALS. | <input type="checkbox"/> Irrigation of crops.  |
| <input type="checkbox"/> Consumed in the production, manufacturing, processing, mining, drilling, refining, or compounding of tangible personal property, or treatment of by-products or wastes of any above processes.   | <input type="checkbox"/> Movement in interstate commerce by railroad or public utility.  |
| <input type="checkbox"/> *Educational institutions and nonprofit trusts, nonprofit endowment associations and foundations operated for the sole benefit of an education institution.  | <input type="checkbox"/> *Noncommercial educational radio or TV station.   |
| <input type="checkbox"/> *Government entity.  | <input type="checkbox"/> Noncommercial residential use. (Subject to local sales tax.)  |
| <input type="checkbox"/> Severing of oil.   | <input type="checkbox"/> *Nonprofit hospital.  |
|   | <input type="checkbox"/> *Nonprofit museum or historical society.  |
|   | <input type="checkbox"/> *Nonprofit zoo.   |
|   | <input type="checkbox"/> *Over-the-air free access radio or TV station. Only the electricity used to produce the broadcast signal is exempt. All other utility use is taxable. |
|   | <input type="checkbox"/> Providing taxable services.   |
|   | <input type="checkbox"/> *Religious organization exempt from federal taxation under section 501(c)(3) of the federal Internal Revenue Code.                                    |

**\*Enter Sales Tax Exemption Identification Number** \_\_\_\_\_

4. Describe the taxable service; movement in interstate commerce; agricultural use; or property produced, manufactured, etc.

**NOTE:** All electricity, gas, or water used to light, heat, cool, clean or maintain equipment, buildings or business facilities (offices, plants, shops, warehouses) are FULLY TAXABLE. This includes, but is not limited to, electricity, gas, or water for air conditioners, all lighting (including production area), exhaust fans, freezers, heaters, refrigerators, other appliances and machines.

5. EXEMPT PERCENT \_\_\_\_\_ % (See instructions.)

The undersigned purchaser agrees and certifies that: a) this statement is true, correct, and complete; b) **the worksheets used to determine the "Exempt Percent" will be kept by the undersigned and copies of the worksheets and this completed form will be provided to the utility company and KDOR (Kansas Department of Revenue)**; and, c) in the event there is a change in the "Exempt Percent", a revised statement will be filed immediately with the utility company and KDOR. If the electricity, gas, or water exempted from taxation is determined to be taxable at a rate other than stated above, the undersigned purchaser agrees to reimburse the utility company or KDOR for any amounts assessed as retailers' sales or compensating tax, penalties, and/or interest.

Purchaser: \_\_\_\_\_ Phone No. \_\_\_\_\_  
Individual, company, or organization name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
If retail business, Kansas sales tax registration number

\_\_\_\_\_  
Type of business

## INSTRUCTIONS FOR COMPLETING FORM ST-28B

When gas, water, or electricity is furnished through one meter for both taxable and exempt purposes, the purchaser is responsible for determining the percentage of use exempt from sales tax. The sample worksheet provided below will help you to determine the percent of electricity, gas, or water that qualifies for exemption. If you have questions about this form, contact our Taxpayer Assistance Center, Kansas Department of Revenue, 915 SW Harrison St., 1<sup>st</sup> Floor, Topeka, KS, 66625-0001, or call (785) 368-8222.

**AGRICULTURAL:** Electricity, gas, or water for *agricultural use* is exempt from the state sales tax but **not** exempt from the local taxes. Agricultural use does **not** include commercial operations such as processing food or dairy products, off-farm grain storage and marketing, lumbering, or use by a stockyard, slaughter house, floral shop, or turf farm.

**CERTAIN NONPROFIT CORPORATIONS:** Sales of electricity, gas, or water to properties which are exempt from property taxation under K.S.A. 79-201b Second through Sixth are exempt from state and local sales tax. Once the property is determined to be exempt, copies of the "order" from the Board of Tax Appeals and this completed exemption certificate (ST-28B) must be provided to the utility company and the Kansas Department of Revenue.

**CONSUMABLES:** The portion of electricity, gas, or water you use that meets the following requirements is exempt from state and local taxes: 1) essential or necessary to the process; 2) used in the actual process at the location during the production activity; 3) immediately consumed or dissipated in the process; and, 4) used in the production, manufacturing, processing, mining, drilling, refining, or compounding of tangible personal property or the treatment of by-products or wastes of any above

processes. The following uses of electricity, gas, or water are **not** exempt from sales tax: shipping, repairing, servicing, maintaining, cleaning the equipment and the physical plant, and storing.

**INGREDIENT OR COMPONENT PART:** An example of electricity, gas, or water which becomes an ingredient or component part and qualifies for exemption is "water" that is part of the ingredient in a beverage which is bottled and sold to a retailer for resale.

**RESIDENTIAL:** If the electricity, gas, or water you consume is for residential use only, you do not need to file this form. The utility company automatically exempts you from paying state sales tax (city and county sales tax still applies). However, if the electricity, gas, or water you consume is partly for residential purposes and partly for commercial use, you must determine the percent of usage that is residential and file copies of your worksheets and this completed form with your utility company and the Department of Revenue. Utilities consumed in commercial common areas such as an office, lounge, hallway, laundry facility, storage area, swimming pool, etc., **do not** qualify for exemption.

**HOW MUCH OF MY UTILITY USE QUALIFIES FOR EXEMPTION?** You will probably need several sheets of paper as worksheets. If your facility is serviced by more than one meter, you need to complete a separate chart to determine the percent of usage for each meter. If the facility is heated and air-conditioned by a central unit, you may use the square footage method to arrive at the residential percent of consumption for heating and cooling. You may need the assistance of a plumber or electrician to complete the formulas. Refer to the following example and steps to determine your exempt percent.

COLUMN 1		COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6
Type of Device		Rating of Device	Estimated Hours of Use Per Day	Load Factor	Number of Days the Device is Used Per Year	Usage Per Year stated in kWh, BTU, or Gallons
20 - light bulbs	T	40 watts	10	1.00	324	2,592 kWh
1 - production machinery	E	500 watts	10	.50	255	1,275 kWh

1. At the top of each page, place the headers as noted in the example and complete the following information per column:

**COLUMN 1**—List each device that is pulling the utility.

**COLUMN 2**—Rating of each device.

**COLUMN 3**—Estimate the number of hours of use per day (i.e., on average, twenty 40 watt light bulbs are on ten hours per day, therefore, enter "10").

**COLUMN 4**—Determine and enter load factor (i.e., when a light bulb is on it pulls the full rate of 100% power but a burner on the stove on "low" may only pull 30% load factor).

**COLUMN 5**—Number of days the device is used per year.

**COLUMN 6**—Determine usage per year stated in kilowatt-hours (kWh), BTU, or gallons.

1000 watts = 1 kWh

Horsepower = .746 X H.P. = watts

Ten 100-watt bulbs burning 1 hour will use 1 kWh

1,000,000 BTU in 1 MCF

2. Indicate beside each type of device an "E" for exempt or a "T" for taxable.
3. Multiply column 2 by column 3 by column 4 by column 5 to arrive at the sum for column 6.
4. Add the usage per year (column 6) for all of the devices you have indicated as "exempt" then add all of the usage per year (column 6) for all the devices that you have indicated as being "taxable." Adding the exempt and taxable usage should equal the total consumption per year as shown on your utility bills for the last 12 months.
5. Divide the total number of exempt kWh by the total number of kWh consumed in the last 12 months. This is the percent of usage that is exempt from tax. Enter this amount on line 5 on the front of this form (ST-28B).

The instructions provided are intended to help consumers of electricity, gas, or water complete this form.  
In case of discrepancies, the applicable law prevails.



KANSAS DEPARTMENT OF REVENUE  
**VEHICLE LEASE OR RENTAL EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

is being registered for the sole purpose of renting or leasing to others, and is exempt from Kansas sales or compensating tax. I hereby certify that I am engaged in the business of renting and/or leasing motor vehicles and/or trailers.

Vehicle Rental Excise Tax Number: \_\_\_\_\_ Kansas Sales Tax Number: \_\_\_\_\_

Vehicle Description \_\_\_\_\_  
Year Make Model VIN#

The undersigned registrant understands and agrees that if this vehicle is used for purposes other than as stated above, the registrant becomes liable for the tax.

Vehicle Registrant: \_\_\_\_\_  
Name of Vehicle Lessor

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

County: \_\_\_\_\_ \*\*County Treasurer's Signature: \_\_\_\_\_  
Witness

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHAT IS THE VEHICLE RENTAL EXCISE TAX?**

The vehicle rental excise tax is 3.5% on the rental or lease of motor vehicles for 28 consecutive days or less. This tax is imposed in addition to the Kansas Retailers' Sales tax (state and applicable local rate) due on each rental or lease transaction.

**WHO MAY USE THIS CERTIFICATE?**

Only those vehicle lessors who are registered with the Kansas Department of Revenue to collect the Kansas Retailers' Sales Tax **and** the Kansas Vehicle Rental Excise Tax may use this certificate to register the vehicle in Kansas without paying sales or compensating use tax. The purchase is exempt because the sales tax is collected on each rental or on each monthly lease payment.

**WHAT VEHICLES ARE EXEMPT?**

Only those vehicles that become a part of the lessor's (registrant's) rental or lease inventory are exempt. Vehicles purchased by the vehicle lessor for personal or business use are TAXABLE because they will not be leased or rented to others.

**REQUIRED REGISTRATION NUMBERS**

In order for the vehicle to be exempt, the buyer/registrant must have a Kansas Vehicle Rental Excise tax number and a Kansas Retailers' Sales tax registration number. This certificate is not complete unless both numbers are given. A typical vehicle rental excise tax number would be 2-000-0000-2000.

**\*\*Note:** The county treasurer's signature is not required when a car dealer is leasing a car from a rental agency in order to lease it in turn to a customer.

KANSAS DEPARTMENT OF REVENUE  
**VETERINARIAN EXEMPTION CERTIFICATE**

The undersigned veterinarian certifies that the **drugs** and **pharmaceuticals** purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

are exempt from Kansas sales and compensating use tax for the following reason:

K.A.R. 92-19-42 exempts the sale of drugs and pharmaceuticals to veterinarians for use by them in the professional treatment of animals or for resale.

**Description of drugs and pharmaceuticals purchased:** \_\_\_\_\_  
\_\_\_\_\_

The undersigned understands and agrees that if the drugs or pharmaceuticals are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned veterinarian becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Name of Veterinarian

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?**

Only those persons licensed to practice veterinary medicine may use this certificate.

**WHAT PURCHASES ARE EXEMPT?**

Only **prescription** drugs and pharmaceuticals are exempt from sales tax. To be exempt, the veterinarian must also keep a copy of the prescription order on file. When dealing with a veterinary or medical supply house that sells not only drugs and pharmaceuticals but other items not exempt (see below), a veterinarian may only use this certificate for the invoice items that are prescription drugs.

**WHAT PURCHASES ARE TAXABLE?**

**Nonprescription** drugs (such as vitamins, diet pills, or weight loss tablets) and nonprescription salves and ointments are not exempt from sales tax. Veterinarians must pay sales tax on these and similar items used in their practice or given to a client for outpatient use as part of an examination or consultation.

Veterinarians must also pay sales tax on their medical supplies and equipment. The following is a representative but not exclusive list of items commonly purchased by veterinarians that are TAXABLE:

Bandages	Medical instruments	Operating room equipment
Dressings	Needles	Pet food (prescription and nonprescription)
Furniture	Office equipment	Syringes
Magazine subscriptions	Office supplies	Topical sprays and shampoos

If the above types of property are purchased from a retailer in another state and a sales tax equal the Kansas state and local sales tax rate in effect where the item is used, stored or consumed has not been paid a Kansas compensating use tax is due on these purchases. Additional information about Kansas compensating use tax is contained in Publication KS-1510, "Kansas Sales and Use Tax." This booklet is available from our office or web site: [www.ksrevenue.org](http://www.ksrevenue.org)

Veterinarians should purchase items intended for resale to pet owners (such as collars, leashes, pet foods, shampoos and topical sprays) without tax using a Resale Exemption Certificate, Form ST-28A. In order to use a Resale Exemption Certificate, the veterinarian must have a Kansas sales tax registration number in order to collect the sales tax from the customer.

KANSAS DEPARTMENT OF REVENUE  
**WAREHOUSE MACHINERY AND EQUIPMENT EXEMPTION CERTIFICATE**

The undersigned purchaser certifies that the tangible personal property and/or services purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip + 4

are exempt from Kansas sales and compensating use tax for the following reason:

Effective July 1, 2000, K.S.A. 79-3606(fff) exempts all sales of material handling equipment, racking systems and other related machinery and equipment used for the handling, movement or storage of tangible personal property in a warehouse or distribution facility in Kansas, all sales of installation, repair and maintenance services performed on such machinery and equipment; and all sales of repair and replacement parts for such machinery and equipment.

**TO OBTAIN THIS EXEMPTION, COMPLETE LINES 1 THROUGH 3 AND THE CERTIFICATION.**

1. Describe the qualified machinery or equipment (include make, model, type, or other identifying criteria):

2. The equipment described in line 1 (is) (will be) located and used at the following Kansas warehouse or distribution center.  
(Circle one)

\_\_\_\_\_  
Name of Facility  
\_\_\_\_\_  
Street Address City State  
**KANSAS**

3. This certificate is for the: (Check all that apply)

- ☐ Purchase, lease, or rental of the material handling machinery or equipment described in line 1.
- ☐ Installation services of the equipment described in line 1.
- ☐ Repair or maintenance services on the equipment described in line 1.
- ☐ Repair parts, replacement parts, or accessories (describe; include model, type, etc.)

The undersigned understands and agrees that if the tangible personal property and/or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Purchaser's Type of Business: \_\_\_\_\_  
Describe principal product(s) warehoused or distributed

Mailing Address: \_\_\_\_\_  
Street, RR, or P.O. Box City State Zip+4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHO MAY USE THIS EXEMPTION?** Only those businesses that operate a warehouse or distribution facility in Kansas may use this certificate. A warehouse or distribution facility is a single, fixed location of buildings or structures in a contiguous area where storage or distribution operations are conducted that are separate and apart from the business' retail operations, if any, and which do not otherwise qualify for exemption as occurring at a manufacturing or processing plant or facility. (A manufacturing or processing business should refer to the Integrated Production Machinery and Equipment Exemption Certificate, Form ST-201.)

**WHAT PURCHASES ARE EXEMPT?** Material handling and storage equipment includes bins, forklifts, pallets, shelving, racking systems and other items used to handle, move, or store tangible personal property. Also included are the equipment used by a public grain warehouse or other commercial grain storage facility to aerate, clean, control dust, handle, process, refine, store, or otherwise treat the grain.

**WHAT PURCHASES ARE TAXABLE?** Equipment used at a warehouse or distribution center that is not directly used in the storage or handling of tangible personal property is not exempt. Taxable items include, but are not limited to: computers; communication equipment; employee safety equipment; equipment used to clean the building, to repair the machinery or equipment, or to light, heat or cool the facility; and office furniture and equipment.

**ADDITIONAL INFORMATION.** A more complete discussion of this and other sales tax exemptions available to the manufacturing, processing, storage and distribution industries is in the Kansas Department of Revenue's Notice 00-08, Kansas Exemption for Manufacturing Machinery & Equipment as Expanded by K.S.A. 79-3606(fff). For tax assistance, consult our web site or call the department at 785-368-8222.



State of Kansas  
Department of Revenue  
915 SW Harrison  
Topeka, KS 66612-1588

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The following publications are available free of charge from the Kansas Department of Revenue. Obtain your copy by visiting our web site at [www.ksrevenue.org](http://www.ksrevenue.org), or by calling our voice mail Forms Request Line at 785-296-4937. Note: Due to limited state funding, the Department of Revenue has discontinued printing some of these publications; however all are available from our web site.

- Publication KS-1216, Kansas Business Tax Application
- Publication KS-1500, North American Industry Classification System
- Publication KS-1510, Kansas Sales and Compensating Use Tax
- Publication KS-1520, Kansas Exemption Certificates
- Publication KS-1526, Sales & Use Tax for Motor Vehicle Transactions
- Publication KS-1527, Sales and Use Tax for Kansas Political Subdivisions
- Publication KS-1530, Kansas Tire Excise Tax
- Publication KS-1540, Kansas Business Taxes For Hotels, Motels and Restaurants
- Publication KS-1550, Kansas Sales and Use Tax for the Agricultural Industry
- Publication KS-1560, Kansas Tax Guide for Schools and Educational Institutions
- Publication KS-1640, Kansas Bingo Licensee Operational Handbook
- Publication KS-1700, Sales Tax Jurisdiction Code Booklet
- KW-100, A Guide to Kansas Withholding Tax



*Your suggestions and comments on this publication are important to us. Please address them to: Customer Education, Kansas Department of Revenue, 915 SW Harrison St., Topeka, KS 66625-*

*1588 or call (785) 296-2481.*



*A library of policy information, forms, press releases, and other informational publications are available from the Kansas Department of Revenue's web site: **[www.ksrevenue.org](http://www.ksrevenue.org)***