



# Exemption Certificates

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. Use this guide as a supplement to the Kansas Department of Revenue's basic sales tax publication, KS-1510, Kansas Sales and Compensating Use Tax.

As a registered retailer or consumer, you will receive updates from the Kansas Department of Revenue 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 website.



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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. A library of current policy information is also available on the Kansas Department of Revenue's website at: [ksrevenue.org](http://ksrevenue.org)



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## ACCEPTING EXEMPTION CERTIFICATES

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An exemption certificate relieves a seller from collecting sales tax if it has obtained the required identifying information as determined by the director and the reason for claiming the exemption at the time of purchase. A seller should:

- 1) verify the identity of the person or entity presenting the exemption certificate; and
- 2) maintain the fully completed exemption certificate in your sales tax records for at least three years.

You should obtain the appropriate exemption certificate from your customer at the time of the sale and **no later** than 90 days subsequent to the date of sale.

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. Kansas law provides that a seller is relieved of liability for the tax when he obtains a blanket exemption certificate from a purchaser with which the seller has a "recurring business relationship." Such certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A "recurring business relationship" exists when a period of no more than 12 months elapses between sales. All of the certificates in this booklet may be used as blanket certificates.

All Tax-Exempt Entity Exemption Certificates (sample shown on page 15) contain an expiration date. If a Tax-Exempt Entity Exemption Certificate is obtained by the seller it can be used for all sales made prior to the expiration date as provided on the certificate. There is no need for the seller to obtain multiple copies of this Tax-Exempt Entity Certificate.

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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 Kansas Department of Revenue with your sales tax return.

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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 or Form PR-78SSTA (Streamlined Sales Tax Agreement Certificate of Exemption).

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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 should:

- explain why the sale is exempt,
- be dated,
- describe the property being purchased unless using Form PR-78SSTA, 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 request a description of the buyer's business. The exemption certificates for nonprofit organizations require the exempt entity's tax ID number.

The Kansas exemption certificates that begin on page 15 meet these requirements. The requirement also applies to Form PR-78SSTA. When the appropriate certificate is used, and all the blanks are accurately filled out, the certificate may be accepted by a retailer.



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

### Retailers from other states

As a general rule, wholesalers and buyers from other states not registered in Kansas should use the Multi-Jurisdiction Exemption Certificate (ST-28M) or a PR-78SSTA to buy items for their resale inventory. These certificates may also be used by wholesalers to buy their inventory. If the inventory item purchased by an out-of-state retailer is drop shipped to a Kansas location, the out-of-state retailer may provide to the third party vendor a Resale Exemption Certificate **from any state**, or the Multi-Jurisdiction Exemption Certificate showing registration for any state. They may also use PR-78SSTA exemption certificate. The law does not require that they have a Kansas registration in order for the sale to be exempt.

### Sales Tax Account Number Format

Your Kansas sales tax account number has three distinct parts:



**1 Tax Type.** Each tax type administered by the Kansas Department of Revenue has been assigned a number. The "004" is the number assigned to Retailers' Sales Tax. The tax type number appears on your registration certificate and on the sales tax return.

**2 Account Number = EIN (Employer Identification Number).** The account number is your federal EIN, followed by the letter "F." The nine-digit EIN is issued by the Internal Revenue Service to identify employers and businesses.

If you are not required to have an EIN, the Kansas Department of Revenue will create an account number for you. These account numbers begin with a "K" (or an "A" if registering online with the Kansas Business Center) followed by eight numbers and the "F." For example:

**004-K12345678F-01**

**3 Numerical Suffix.** The two-digit code at the end of the number is for the Kansas Department of Revenue's use. For most taxpayers it is "01." This code could either denote the number of locations or number of registrations under this EIN, "K", or "A" number.

### SAMPLE COMPLETED RESALE EXEMPTION CERTIFICATE

All the blanks on an exemption certificate should be completed before the exemption certificate may be accepted by a retailer (page 14). Use the Resale Exemption Certificate illustrated in the following example as a guide. Also, the Form PR-78SSTA may be used.

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 (ST-28A) or Form PR-78SSTA.

### RESALE EXEMPTION CERTIFICATE REQUIREMENTS

A resale exemption certificate has two requirements: 1) the **items purchased must be for resale** in the usual course of the buyer's business; and 2) the **buyer must have a Kansas sales tax account number**, except in drop shipment situations.

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

### ITEMS PURCHASED MUST BE FOR RESALE

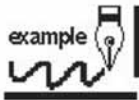
A buyer can use a resale exemption certificate only to purchase the property that will be for resale and not for personal or other nonexempt use. The property being purchased must be of the type normally sold at retail in the usual course of the buyer's business. For example, a restaurant owner cannot use an exemption certificate to buy tires or appliances since a restaurant does not customarily sell these items.

### KANSAS SALES TAX ACCOUNT NUMBERS

The Kansas Department of Revenue assigns a sales tax account number to you after you complete a Business Tax Application (CR-16). The account 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 Kansas Department of Revenue. It is also the number that **MUST** be provided on a Resale Exemption Certificate (ST-28A) or Form PR-78SSTA.

**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).



James Adams owns a convenience store in Topeka, and buys his inventory from Wholesale Candies and Snacks. His sales tax account number is 004-74000000F-01. 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**

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

Seller: Wholesale Candies  
Business Name

Address: 123 Main Street Topeka KS 66612  
Street, RR, or P. O. Box City State Zip

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 004-74000000F-01, 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 services 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  
Name of Kansas Retailer

Address: 2171 Southwest Blvd Topeka, KS 66611  
Street, RR, or P. O. Box City State Zip

Signature: James Adams Date: 4/28/11

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

**WHO MAY USE THIS CERTIFICATE?** Only those businesses and organizations that are registered to collect Kansas sales tax and provide their Kansas sales tax registration number on this form may use it to purchase inventory without tax. For additional information see 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 retailer who has sales tax nexus with Kansas is drop shipped to a Kansas location, the out-of-state retailer must provide to the third party vendor a Kansas sales tax registration number, either on this certificate or the Multi-Jurisdiction Exemption Certificate, for the sale to be exempt. If the out-of-state retailer DOES NOT have sales tax nexus with Kansas, it may provide the third party vendor a resale exemption certificate evidencing qualification for a resale exemption, **regardless** of the state in which the retailer is registered for sales tax.

**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.

**RETAINING THIS CERTIFICATE:** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



# 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. The Tax-Exempt Entity Exemption Certificate issued by the Kansas Department of Revenue to the entity states whether its 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. A retailer can require payment by check, voucher or warrant of the exempt entity, but it is not mandatory to do so.

- 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)

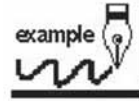
FOR A COMPLETE LIST OF EXEMPT ENTITIES SEE PAGE 16.

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 under Kansas sales tax statutes 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 that can be used for each of these exempt buyers with examples and common pitfalls to avoid or, Form PR-78SSTA can be used.

There are special rules applicable to exempt entities on purchases for certain construction projects and repair work. See *Project Exemption Certificates* (found herein).

**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 its 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 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 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 automatically exempt. The appropriate exemption certificate must be obtained.

**Exception:** *The rental of **hotel rooms** by agents or employees of the U.S. Government while on official business is exempt regardless of the method of payment.*

## Buyers who are **NOT** exempt

A common misconception is that all nonprofit organizations are exempt from retailers' 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.

## CERTIFICATES FOR TAX-EXEMPT ENTITIES

Kansas law requires that all sales tax-exempt entities obtain and utilize only exemption certificates issued by the Kansas Department of Revenue or the SSTA exemption certificate (PR-78SSTA). These certificates, an example of which is on page 15, contain the exempt entity's NAME, ADDRESS, and TAX EXEMPTION NUMBER issued by the Kansas Department of Revenue. Any sales tax-exempt entity that does not have an exemption certificate may apply online at the Kansas Department of Revenue's website.

The purpose of the tax-exempt 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.

Unless the seller already has it on file, if one of the entities listed on page 16 requests an exemption and they do not present the Kansas Department of Revenue-issued certificate or Form PR-78SSTA (providing the purchaser's Tax-Exempt Identification Number), the seller must deny the request. The Kansas Department of Revenue asks that you advise the purchaser to contact us for guidance.

Be advised that the tax-exempt entity exemption certificate does not apply to farmers, to purchases by the federal government, to manufacturing and processing related exemptions, or other use-based exemptions. Also, the tax-exempt ID number is separate and apart from a Kansas sales tax registration number (format 004-XXXXXXXXXXF-0X) 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**

Many of the exemptions granted under K.S.A. 79-3606 also apply to non-Kansas organizations. While a Kansas-based organization must provide its numbered certificate (or Form PR-78SSTA with the the Kansas Department of Revenue-issued identification number) to make an exempt purchase of goods or taxable services in Kansas, many non-Kansas exempt organizations will not have been issued an exempt entity ID number. While encouraged to obtain a Kansas exempt entity ID number (visit our website 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 (ST-28) has been designed 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 and 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 Devices/Mobility Enhancing Equipment/Oxygen Delivery, Kidney Dialysis Equipment and Enteral Feeding Systems** purchased by the individual for whom prescribed in writing by a licensed physician, chiropractor, optometrist, dentist, or podiatrist are not taxed [K.S.A. 79-3606(r)]. Exempt prosthetic devices include canes, crutches, eyeglasses, orthodontic braces, prosthetic limbs and braces. Exempt mobility enhancing equipment includes chairlifts, patient lifts, bath lifts, stairlifts, railings; wheelchairs, and accessories attached to motor vehicles (such as wheelchair lifts and specialized hand or foot controls). For examples of prosthetic devices and mobility enhancing equipment see Appendices L and M of Governing Board rules at [streamlinedsalestax.org](http://streamlinedsalestax.org).

**Repair and replacement parts and labor** for the exempt equipment are also not taxable if you have the original prescription order on file. Labor charges for installation of prescribed mobility enhancing equipment are exempt.

Sales of prosthetic and mobility enhancing equipment 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 (except for stairlifts or railings).
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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 (ST-28D) or Form PR-78SSTA, the buyer must have a Kansas sales tax account number OR a Kansas manufacturers' or processors' exemption number (see *Manufacturers and Processors* herein).

### 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 (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 (ST-28F). Form PR-78SSTA may also be used. Other exempt agricultural uses include:

**Agricultural animal** (cattle, hogs, sheep, chickens, ostriches, etc.) and aquatic animals and plants 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.

**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.

**Propane** used for an agricultural purposes (i.e., 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 as follows.

**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 a cafeteria open to the general public.

**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 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 as an ingredient or component part; consumed in production; in the irrigation of crops; for movement in interstate commerce; for providing taxable services; and, in the severing of oil are exempt from sales tax.

<p><b>NOTE:</b> Agricultural and noncommercial residential use of electricity, gas or heat are exempt from the <u>state</u> sales tax, but are subject to any applicable local (city and/or county) sales tax in effect at the customer's location. Agricultural and noncommercial residential use of water is exempt from both sale and local sales tax.</p>
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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.** *State Exemption:* Gas and electricity 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.) Water use related to farming and ranching is exempt from both state and local sales tax.

**Consumed in Production.** The utility use must meet the consumed in production criteria on page 8. *Exempt:* Utilities used to operate tools and manufacturing machinery. *Taxable:* Utilities to light, heat or cool a nonproduction area.

**Ingredient or Component Part.** The utility use must meet the definition of an ingredient or component part as

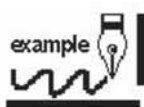


described on page 8. **Exempt:** Water to make soft drinks or other beverages. **Taxable:** Water used to clean vats and brewing equipment.

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

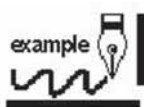
**Movement in Interstate Commerce by Railroad or Public Utility. Exempt:** Electricity or gas used to pump or push oil or gas through an interstate pipeline, provided the pipeline is registered with the Federal Energy Regulatory Commission. **Taxable:** Utilities used by non-interstate pipelines. Utilities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

**Noncommercial Residential. State Exempt:** Gas and electricity used in your home for nonbusiness purposes. (Local sales tax applies). **State and Local Exempt:** Water used in your home for nonbusiness purposes.



Gas and electricity used in an apartment or condominium for nonbusiness residential purposes are exempt from state sales tax but local sales tax still applies. Water used in the apartment or condominium for non-business residential purposes is exempt from both state and local sales tax.

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



Utilities used in hotel rooms that are occupied by hotel guests are exempt. Utilities for lobbies, conference rooms, hallways, administrative offices, swimming pools, and parking lots are taxable.

**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 Statement for Sales Tax Exemption on Electricity, Gas or Water Furnished Through One Meter (ST-28B). 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 Kansas Department of Revenue 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 (PEC)**.

A **contractor** must pay sales tax on supplies and materials when buying from the supplier. If the supplier is an out-of-state retailer, a contractor will pay consumers’ use tax on the supplies and materials (see *Compensating Use Taxes* herein). Contractors cannot use a Resale Exemption Certificate to buy 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 *Paying Tax on Personal Use of Inventory* herein). Retailers/contractors will use the Contractor-Retailer Exemption Certificate (ST-28W) to purchase their inventory (may also use Form PR-78SSTA).

### 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**<sup>1</sup>,
- addition of an entire room or floor to an existing building or facility,
- construction, reconstruction, repair, replacement, remodeling or renovation of a **residence**<sup>2</sup>,

- restoration, reconstruction, or replacement of a building, facility or utility structure damaged or destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice loading and attendant winds, terrorism or earthquake<sup>3</sup>,
- completion of any unfinished portion of an existing building or facility, or
- construction, reconstruction, restoration, replacement, or repair of a bridge or highway.

<sup>1</sup> 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.

<sup>2</sup> A **residence** includes all types of dwellings where individuals customarily live — homes, apartments, nursing homes, etc.

<sup>3</sup> A **utility structure** shall mean transmission and distribution lines owned by an independent transmission company or cooperative, the Kansas electric transmission authority or natural gas or electric public utility. A **windstorm** shall mean straight line winds of at least 80 miles per hour as determined by a recognized meteorological reporting agency or organization.

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.

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## PROJECT EXEMPTION CERTIFICATES (PECs)

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A **Project Exemption Certificate (PEC)** is a numbered document issued only by the Kansas Department of Revenue or its authorized agent (See *Agent Status* herein). 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 Form PR-76 to request a PEC or apply online 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

Form PR-78SSTA may also be used; however, the purchaser must provide a the Kansas Department of Revenue-issued PEC Number on that form.



**CAUTION:** The state of Kansas and its agencies DO NOT qualify for PECs (except state of Kansas correctional institutions including a privately constructed correctional institution contracted for state use and ownership). Materials purchased by contractors for a state of Kansas project are taxable. Only direct purchases by the state of Kansas or its agencies are sales tax exempt — using their the Kansas Department of Revenue issued Tax-Exempt Entity Exemption Certificate (or Form PR-78SSTA containing the Tax-Exempt Entity Identification Number issued by the Kansas Department of Revenue).

A project may also qualify for a PEC because it is an

**economic development** project. The qualifications are outlined in the request form PR-70b (found herein).



**IMPORTANT:** PECs are dated and are not retroactive. All materials purchased and all taxable labor services performed prior to the effective date of the PEC or after the expiration date are taxable. Project exemptions apply only to one specific project and expire upon completion of that project.

### Agent Status for Project Exemption Certificates

Certain exempt entities may request “Agent Status” when applying online for PECs. Agent Status, once granted, will allow the following entities to complete the application online and be immediately approved for a PEC. The applicant can then print the PEC and supply it to contractors working for them. This Agent Status authority is limited to: State of Kansas Correctional Institutions, Kansas Political Subdivisions, Nonprofit Hospitals and Nonprofit Schools, and Education Institutions.

### Project Exemption Steps

The following chronological steps illustrate how a PEC is requested, issued and used by the project’s owner, contractors and suppliers.

- 1) A qualifying entity (petitioner) completes a request for project exemption by completing a paper application (found herein) or by applying online at [ksrevenue.org](http://ksrevenue.org). Agent Status PECs must be completed online in order that the petitioning authority be able to immediately print a PEC.
- 2) The Kansas Department of Revenue receives and approves or denies the request (Agent Status online applications are approved automatically).
- 3) If approved, the Kansas Department of Revenue issues a numbered PEC to the petitioner. Agent Status – able to immediately print a PEC once the online application is completed.
- 4) The petitioner furnishes the numbered PEC (or Form PR-78SSTA that contains the PEC number issued by the Kansas Department of Revenue) to contractors and subcontractors for the job.
- 5) Contractors and Subcontractors furnish the numbers certificate (or Form PR-78SSTA including the PEC Number issued by the Kansas Department of Revenue) to their suppliers.
- 6) Suppliers should 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 (found herein) to the petitioner with a copy to the Kansas Department of Revenue.
- 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 (ST-28D).

To remedy this situation, the Kansas Department of Revenue issues a manufacturers' or processors' sales tax exemption number to those manufacturers and processors that never make a retail sale, and therefore do not have a sales tax account number. Use this number on the Ingredient or Component Part Exemption Certificate (ST-28D) or Form PR-78SSTA when buying raw materials. To obtain a manufacturers' or processors' sales tax exemption number, apply online at the Kansas Department of Revenue's website.



**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

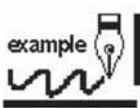
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A wholesaler is a company that sells *only* to other wholesalers or to retailers registered for sales tax. A wholesaler by definition never sells to the final consumer (retail sale). Kansas wholesalers are not required to register with the Kansas Department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

An exemption certificate must accompany wholesale sales. When a wholesaler sells to a Kansas retailer for resale, the Resale Exemption Certificate (ST-28A) or PR-78SSTA should be used. The Multi-Jurisdiction Exemption Certificate (ST-28M) is used when a wholesaler is buying inventory, selling to another wholesaler, or selling to a retailer from another state (may also use Form PR-78SSTA).

A wholesale company that only occasionally makes retail sales must still register to collect sales tax. 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) under *Merchandise Consumed* (line 2) of her sales tax filing. The amount becomes a part of the net sales total on which sales tax is due.

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## PAYING TAX ON PERSONAL USE OF INVENTORY

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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 sales tax. 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 filing entitled *Merchandise Consumed*. 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.

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## WHEN IN DOUBT ...

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When there is a question that is not answered in this booklet, contact the Kansas Department of Revenue. DO NOT GUESS. 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 Kansas Department of Revenue's Policy Information Library on our website. 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 Kansas Department of Revenue. 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**, 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 **website contains a library of policy information** for all taxes administered by the Kansas Department of Revenue. This policy library contains the Kansas Statutes and Regulations, Revenue Notices, Revenue Rulings and other written advice issued by the Kansas Department of Revenue. 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 website.



- 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


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### AUDIT ISSUES

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Your sales tax records, including exemption certificates, are subject to audit by the Kansas Department of Revenue. If your exemption certificates are found to be missing or incomplete during an audit, you have **only 120 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 the customer 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. All exemption certificates must have the name of the seller, the name and address of the purchaser, 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 exempt entity's tax identification number.


 **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 registration number is incomplete and, therefore, not acceptable. Furthermore, a retailer cannot accept an exemption certificate from a purchaser who does not provide a Kansas sales tax registration number except when the out-of-state purchaser for resale is having the item drop shipped to a customer in Kansas. Wholesalers and out-of-state retailers should use the Multi-Jurisdiction Exemption Certificate (ST-28M) or Form PR-78SSTA, when buying their resale inventory in Kansas.


 **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 (or Form PR-78SSTA) must also be obtained. See *Resale Exemption Certificate Requirements* on page 4.

 **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 exempt entity (such as a school, nonprofit hospital, religious organization, the federal government) that did not obtain a PEC.**

A contractor is responsible for paying the sales tax on all materials used in performing labor services, unless working under a PEC-issued by the Kansas 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, county and special taxing district sales taxes. A list of all the combined state and local tax rates, Sales Tax Jurisdiction Code Booklet (**Pub. KS-1700**) can be found on our website.

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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. See page 4 for a discussion of drop shipments.

**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?* herein.

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## COMPENSATING USE TAXES

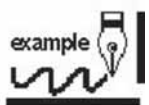
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Sales tax exemption certificates may also be used to claim exemption from compensating use tax. This use tax applies to purchases of goods from businesses in other states and its purpose is to protect Kansas businesses from unfair competition from 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. An alphabetical listing of all combined state and local tax rates, see our [Sales Tax Jurisdiction Code Booklet \(Pub. KS-1700\)](#) for an alphabetical listing of all combined state and local tax rates. Tax rates for specific addresses may be found in the online tax rate locator. Both can be found on our website.



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 will owe the compensating use tax rate in effect where the hotel is located (Topeka) on the total delivered price (including shipping, handling, freight or delivery 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.”

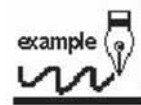
#### **What is Nexus?**

**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 an 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 the previous page 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.

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 publication — available on our website.

## USING EXEMPTION CERTIFICATES

On the pages that follow, in alphabetical order, are the exemption certificates currently provided by the Kansas Department of Revenue for the specific exemptions in Kansas sales tax law. The certificates are designed to be reproduced directly from this book or, if you prefer, you may download them from our website.

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 guidelines 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 request a copy of the buyer's sales tax certificate of registration.

**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

## Sales and Use Tax Entity Exemption Certificate

The Kansas Department of Revenue certifies this entity is exempt from paying Kansas sales and/or compensating use tax as stated below.

**Kansas Exemption Number:** <Cert\_Number>

**Expiration Date:** <Expire\_Dt>

The tax-exempt entity understands and agrees that if the tangible personal property and/or service are used other than as stated, or for any purpose that is not exempt from the tax, the tax exempt entity is 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. The certificate is issued for the sole use of the exempt entity as named.

<Pet\_Auth\_Name>

<Address1>

<Address2>

<City\_St\_Zip>



### EXEMPT ENTITY INFORMATION:

#### Authorization and scope:

- K.S.A 79-3606(c) & (d) - Public or Private Elementary or Secondary Schools or Nonprofit Educational Institutions.
- Exemption applies to all direct purchase, rental or lease of tangible personal property and services, except purchases of goods for human habitation and indirect purchases by a contractor for a real property project.

#### Limitations:

- Only direct purchases are exempt through the use of this certificate.
- This entity qualifies for exemption on indirect purchases by a contractor through the issuance of a Project Exemption Certificate (PEC). PECs should be obtained from the department prior to the start of the project. Apply on-line at KDOR's web site: [www.ksrevenue.org](http://www.ksrevenue.org)
- This exemption does not apply to the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the exempt entity.
- Subject to sales tax are purchases of capital goods used for human habitation (i.e. residential housing and dormitories) to include materials for construction, remodeling or repair and furnishings such as beds, curtains, desks and furniture. Labor services on dormitories are exempt as residential construction.

\_\_\_\_\_  
*Exempt Entity Authorized Signature (Officer, Office Manager or Administrator)*

\_\_\_\_\_  
*Federal ID Number*

\_\_\_\_\_  
*Printed Name*

\_\_\_\_\_  
*Date*

### RETAILER INFORMATION:

- To qualify for exemption, the certificate must have an expiration date in the future and be signed by an authorized individual.
- Payment must be made by the entity on their checking account or on a credit/debit card issued to the entity. Acceptance of cash, personal checks, or personal credit/debit cards is not allowed for a tax exempt purchase.
- The entity must have a Kansas exemption certificate. Exemption certificates issued by other states are not valid in Kansas.
- Retailers are required to maintain a copy of the purchaser's certificate in their records for at least 3 years from the date of purchase. Retailers must maintain a current certificate on file.
- Selling tax exempt goods or services that are not exempt by statute may result in the assessment of tax.
- A completed certificate may be used as a blanket exemption for future purchases when of the same type and for the same exempt purpose.

\_\_\_\_\_  
*Seller's name and address*

\_\_\_\_\_  
*Description of goods and/or services purchased*

For additional information on Kansas sales and use taxes see Publication KS-1510, *Kansas Sales Tax and Compensating Use Tax* and Publication KS-1520, *Kansas Exemption Certificates*, located at: [www.ksrevenue.org](http://www.ksrevenue.org) Questions would be directed to Taxpayer Assistance at 785-368-8222.

The following entities and organizations are now authorized to receive a Tax-Exempt Entity Exemption Certificate from the Kansas Department of Revenue. (See sample on previous page.)

- 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 (i.e., Meals on Wheels)
- Rural volunteer fire fighting organizations
- Kansas chapters of these Organizations:
  - American Heart Association
  - Kansas Mental Illness Awareness Council
  - American Diabetes Association, Kansas Affiliate
  - American Lung Association
  - Kansas Alliance for the Mentally Ill
  - Alzheimer’s Disease and Related Disorders Association, Inc.
  - Parkinson’s Disease association
  - National Kidney Foundation (of KS and Western MO)
  - Heartstrings Community Foundation (effective 1/1/2005)
  - The Cystic Fibrosis Foundation, Heart of America Chapter (effective 1/1/2005)
  - Spina Bifida Association (effective 1/1/2005)
  - CHWC, Inc. (effective 7/1/2006)
  - Cross-lines Cooperative Council (effective 7/1/2006)
  - Dreams Work, Inc. (effective 7/1/2006)
  - KSDS, Inc. (effective 7/1/2006)
  - Lyme Association of Greater Kansas City, Inc. (effective 7/1/2006)
  - Dream Factory, Inc. (effective 7/1/2007)
  - Ottawa Suzuki Strings, Inc. (effective 7/1/2007)
  - International Association of Lions Clubs (effective 7/1/2007)
  - Johnson County Young Matrons, Inc. (effective 7/1/2007)
  - American Cancer Society, Inc. (effective 7/1/2007)
  - Community Services of Shawnee, Inc. (effective 7/1/2007)
  - Angel Babies Association (effective 7/1/2007)
  - 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
  - Domestic violence shelters that are members of the Kansas Coalition against Sexual and Domestic Violence (KCSDV), (effective 1/1/2005)
  - Kansas Bioscience Authority (effective 7/1/2004)
  - Special Olympics Kansas, Inc. (effective 7/1/2006)
  - Marillac Center, Inc. - purchases of tangible personal property only (effective 7/1/2006)
  - West Sedgwick County - Sunrise Rotary Club and Sunrise Charitable Fund (effective 7/1/2006)
  - County Law Libraries (effective 7/1/2006)
  - 501(c)(3) Homeless Shelters (effective 7/1/2006)
  - Jazz In The Woods, Inc. (effective 7/1/2007)
  - Frontenac Education Foundation (effective 7/1/2007)
  - Rotary Club of Shawnee Foundation (effective 7/1/2007)
  - Victory In The Valley, Inc. (effective 7/1/2007)
  - Booth Theatre Foundation, Inc. (effective 7/1/2007)
  - TLC Charities Foundation, Inc. (effective 7/1/2007)
  - Wayside Waifs (effective July 1, 2008)
  - Goodwill Industries Easter Seals of Kansas (effective May 28, 2009)
  - Goodwill Industries of Kansas, Inc. (effective May 28, 2009)
  - All American Beef Battalion, Inc. (effective May 28, 2009)
  - Kansas Fairgrounds Foundation (effective May 28, 2009)
  - Sheltered Living, Inc. (effective May 28, 2009)
  - Wichita Children’s Home (including PEC - effective July 1, 2014)
  - Beacon, Inc. (effective July 1, 2014)
  - Reaching Out from Within, Inc. (July 1, 2014)



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:

- 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.
Seeds and tree seedlings; fertilizers, insecticides, herbicides, germicides, pesticides, fungicides; and services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use.

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 five 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.

RETAINING THIS CERTIFICATE: Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

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, 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, 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, tillers, and work-site utility vehicles (see NOTICE 06-02). 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.

SEEDS AND TREE SEEDLINGS: All components of a shelter belt or wind break planted on agricultural land are exempt from sales tax. This includes the trees, fertilizers, pest control chemicals, moisture/weed barrier and staples, and above ground irrigation equipment. Furthermore, all services related to the planting or caring of the trees planted on agricultural land are exempt from sales tax.

Note: See Publication KS-1550, Kansas Sales & Use Tax for the Agricultural Industry, at www.ksrevenue.org for additional information.

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 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). 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.

**RETAINING THIS CERTIFICATE**

Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



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 is 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.

**RETAINING THIS CERTIFICATE:** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



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.

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 website 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: \_\_\_\_\_ Officer, Office Manager or Administrator Employer ID Number (EIN): \_\_\_\_\_

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 website.

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 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 website 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.

**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. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

**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 website at [www.ksrevenue.org](http://www.ksrevenue.org). Since Kansas exemptions are not always of general application, you are encouraged to consult the website 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 66612-1588

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

KANSAS DEPARTMENT OF REVENUE

DIRECT MAIL SOURCING CERTIFICATE

K.S.A. 79-3672 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.**

**WHO MAY USE THE DIRECT MAIL SOURCING CERTIFICATE?** The state and local Kansas sales tax due on a direct mailing is based on the location of the recipient of the mailing (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.

**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

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.)

**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



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 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 silverware 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.

RETAINING THIS CERTIFICATE: Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

KANSAS DEPARTMENT OF REVENUE  
**INTEGRATED PRODUCTION 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:

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** (circle one) located and used at the following Kansas manufacturing facility or plant. (If this certificate applies to more than one location attach a list which identifies the additional locations.)

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

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

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.

\_\_\_\_\_

Purchase, lease, or rental of surface-mining equipment, as discussed in NOTICE 14-16.

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

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?** 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 & 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. 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 (e.g., office 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 below the surface of the soil or water or from a mine.

**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 by calling 785-368-8222 or from our website: [www.ksrevenue.org](http://www.ksrevenue.org).

**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

KANSAS DEPARTMENT OF REVENUE

INTERSTATE COMMON CARRIER EXEMPTION CERTIFICATE

The undersigned motor carrier 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.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 for rolling stock, gasoline, distillate and other motor fuels purchased for rolling stock 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 common carrier authority to haul regulated commodities. I will use the purchased item(s) as, or attached to, rolling stock for the purpose of hauling persons or commodities for hire in interstate commerce. My Motor Carrier authority is under the name of \_\_\_\_\_. My Motor Carrier number is \_\_\_\_\_. My USDOT number is \_\_\_\_\_.

I do not have common carrier authority but I am hauling exempt (unregulated) commodities. I will use the purchased item(s) as, or attached to, rolling stock for the purpose of hauling unregulated commodities for hire in interstate commerce. My USDOT number is \_\_\_\_\_ and under the name of \_\_\_\_\_.

I do not have common carrier authority but I am leased/contracted to a holder thereof, and that I will use the purchased item(s) as, or attached to, rolling stock to haul persons or commodities for hire in interstate commerce.

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

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

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

Lessor's Motor Carrier Number: \_\_\_\_\_ Lessor's USDOT Number: \_\_\_\_\_

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

The undersigned understands and agrees that if the tangible personal property is not used in interstate commerce, which is exempt from sales or compensating use 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 regulated goods or persons in interstate commerce.
- Common carriers engaged in the interstate transportation of goods exempt from regulation (such as livestock and grain).
- Common carriers that haul both Regulated and Exempt commodities.

In order to qualify as a common carrier a motor carrier must: **1)** be actively engaged in the business of hauling persons or freight for others; *and*, **2)** actively advertise or otherwise hold out that it is actively engaged in the business of hauling persons or freight for others. Motor carriers do not qualify as common carriers and may not claim the exemption available to common carriers if the motor carrier only hauls goods or materials for a separately incorporated business or businesses that have a significant ownership interest in the motor carrier and use or consume the goods or materials that are being hauled in activities that involve construction, oil and gas well exploration, or other similar activities.

## WHO IS NOT EXEMPT?

Contract carriers that are not for hire to the general public. They are not common carriers and, therefore, NOT exempt from sales tax. 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 a common carrier is taxable. The examples below illustrate the types of items a 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	Boxes	Lining Paper
Fuel pumps	Spark plugs	Building Materials	Office equipment
Gasoline and diesel fuel	Tarps	Computers	Office supplies
Hoses and belts	Tires	Furniture Pads	Packing "Peanuts"
Lubricants	Trailers (all types)	Fork Lifts	Packing Supplies
Refrigerant	Valves	Gantries	Piano Boards
Repair parts for trailers & trucks/tractors	Windshields and mirrors	Labor Services	Straps
		Ladders	Tape

## LABOR SERVICES

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

**EXAMPLE:** A common 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 carrier complete this 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 carrier sales tax on the total labor charges.

## NUMBERS

Motor Carrier Number. Carrier numbers are issued by the Federal Motor Carrier Safety Administration (FMCSA) granting authority for interstate operations.

USDOT Number. Companies that operate commercial vehicles transporting passengers or hauling cargo in interstate commerce must be registered with the FMCSA ([fmcsa.dot.gov/](http://fmcsa.dot.gov/)) and must have a USDOT Number. Also, commercial intrastate hazardous materials carriers who haul quantities requiring a safety permit must register for a USDOT Number.

An owner/operator may purchase a truck and/or trailer, and repair parts therefore, exempt from Kansas sales tax when the owner/operator does not have interstate common carrier authority themselves but, will lease or contract to an interstate common carrier.

## RETAINING THIS CERTIFICATE

Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



## 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,
- 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 website.

**RETAINING THIS CERTIFICATE:** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

# 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; K.S.A. 79-3606(ccc) – 501(c)(3) primary care clinic; K.S.A. 79-3606(iii) non-profit food distribution center; K.S.A. 79-3606(qqq) TLC for Children and Families, Inc.; K.S.A. 79-3606(sss) non-profit charitable family providers; K.S.A. 79-3606(ttt) museum within a designated qualified hometown or K.S.A. 79-3606(uuu) Kansas Children's Service League.

(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 enclose 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

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

\_\_\_\_\_  
Tax Exempt Entity No.

\_\_\_\_\_  
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.

<p>POLITICAL SUBDIVISION</p> <p>_____</p> <p>Authorized Signature</p> <p>_____</p> <p>Type or Print Name and Title</p> <p>DATED: _____</p>	<p>BENEFICIARY OF INDUSTRIAL REVENUE BOND PROCEEDS</p> <p>_____</p> <p>Authorized Signature</p> <p>_____</p> <p>Type or Print Name and Title</p> <p>DATED: _____</p>
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**REQUEST FOR PROJECT EXEMPTION CERTIFICATE  
PURSUANT TO K.S.A. 79-3606 (cc) OR K.S.A. 79-3606(hhhh)**

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: \_\_\_\_\_ EIN: \_\_\_\_\_  
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)):  
\_\_\_\_\_ EIN: \_\_\_\_\_  
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: \_\_\_\_\_

4. Email Address: \_\_\_\_\_

(C) 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.

(D) **ATTACH** an explanation or list of improvements to be constructed, repairs or remodeling to be done, and machinery and equipment to be purchased.

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

(F) Indicate the type of business conducted by the named taxpayer. **See instructions.**  
 1. **CERTIFIED BUSINESS-K.S.A. 79-3606(cc)**  
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. **AGRICULTURAL BUSINESS-K.S.A. 79-3606(hhhh)**  
The business must have a project with actual costs of \$50,000 or more and must be identified under the North American industry classification system (NAICS) subsectors  112112,  112120,  112210,  1123, or  1124, (See instrs).

(G) 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? \_\_\_\_\_

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

(I) Estimated project costs: Total: \_\_\_\_\_ Construction costs: \_\_\_\_\_  
Machinery and equipment costs: \_\_\_\_\_

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

(L) 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

**Certified Business - K.S.A. 79-3606(cc):** An exemption from sales tax is allowed on all sales of tangible personal property or services purchased for the construction, reconstruction, enlarging or remodeling of a business that has been certified through the High Performance Incentive Program (HPIP). The sale and installation of machinery and equipment purchased for installation at the business shall also be exempt from sales tax.

**Agricultural Business - K.S.A. 79-3606(hhhh):** An exemption from sales tax is allowed on and after July 1, 2014 for all sales of tangible personal property or services purchased for the construction, reconstruction, enlarging or remodeling of a business identified under the North American industry classification system (NAICS) subsectors: 112112-Cattle Feedlots; 112120-Dairy Cattle and Milk Production; 112210 Hog and Pig Farming; 1123-Poultry and Egg Production; or 1124-Sheep and Goat Farming. This qualifying NAICS must be on file with the Kansas Department of Labor for your specific facility address that has been provided on this application. The sale and installation of machinery and equipment purchased for installation at the business shall also be exempt from sales tax. Only those projects that have total actual costs of \$50,000 or more will qualify.

- Line (A) Enter the name of the entity that will operate the business facility and claim the sales tax exemption, the employee identification number (EIN) and check the appropriate box identifying the business type.
- Line (B)(1) Enter the name and EIN of the business, if it is different than line (A), above, and check the appropriate box identifying the business type. If the taxpayer on line (A) operates under a Doing Business As (DBA) name, enter the DBA.
- 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 (B)(4) Enter the email address of the authorized representative for the taxpayer.
- Line (C) Check the applicable box(es) that describe the project and attach required documentation.
- Line (D) Attach an explanation or list of improvements to be constructed, repairs or remodeling to be done, and machinery and equipment to be purchased.
- Line (E) Describe specifically the type of business activity to be conducted by the taxpayer at the business facility.
- Line (F) Indicate the type of business activity to be conducted at the business facility by the named taxpayer.
- Line (F)(1) **Certified Business - K.S.A. 79-3606(cc):** 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). **ATTACH** a copy of the PD (project description) submitted to the Department of Commerce pre-identifying this investment as well as the initial correspondence from the Department of Commerce assigning the project number.
- Line (F)(2) **Agricultural Business –K .S.A. 79-3606(hhhh):** An agricultural business must be identified under the North American industry classification system (NAICS) subsectors: 112112-Cattle Feedlots; 112120-Dairy Cattle and Milk Production; 112210 Hog and Pig Farming; 1123-Poultry and Egg Production; or 1124-Sheep and Goat Farming. This qualifying NAICS must be on file with the Kansas Department of Labor for your specific facility address that has been provided on this application. Only those projects that have total actual costs of \$50,000 or more will qualify.
- Line (G) 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 (H) 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 (I) Enter the estimated cost of the project.
- Line (J) Enter the date of the contract.
- Line (K) Enter the applicable contract number if available.
- Line (L) 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.







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 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 and organizations that are registered to collect Kansas sales tax and provide their Kansas sales tax registration number on this form may use it to purchase inventory without tax. For additional information see 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 Kansas 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 retailer who has sales tax nexus with Kansas is drop shipped to a Kansas location, the out-of-state retailer must provide to the third party vendor a Kansas sales tax registration number, either on this certificate or the Multi-Jurisdiction Exemption Certificate, for the sale to be exempt. If the out-of-state retailer DOES NOT have sales tax nexus with Kansas, it may provide the third party vendor a resale exemption certificate evidencing qualification for a resale exemption, **regardless** of the state in which the retailer is registered for sales tax.

**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.

**RETAINING THIS CERTIFICATE:** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

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

The undersigned **contractor-retailer** 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:** \_\_\_\_\_  
\_\_\_\_\_

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

I am in the business of selling: \_\_\_\_\_, and that the location of my retail outlet is:

\_\_\_\_\_. 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 Kansas 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 merchandise for the purpose of making retail sales to the public may use this exemption certificate. A retail sale is a sale that **does not** include installing the item purchased. A contractor, subcontractor, or repairman who purchases materials for installation on a job-by-job basis and who does not maintain an inventory for the purpose of making retail sales is not a contractor-retailer, but is 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 Information Guide EDU-26, *Sales Tax Guidelines for Contractors and Contractor-Retailers*, which is available from our website: [www.ksrevenue.org](http://www.ksrevenue.org)

**WHAT PURCHASES ARE EXEMPT?** Only merchandise of the type that the contractor-retailer holds in its resale inventory may be purchased tax exempt with this certificate. Materials and supplies 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 contractor-retailers 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 consumed has not been paid on the purchase price). For additional information download Publication KS-1510, *Sales and Compensating Use Tax*, from the department's website. 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 contractor-retailer unless the customer has furnished a Project Exemption Certificate.

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

**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.





## **INSTRUCTIONS FOR THIS EXEMPTION CERTIFICATE, FORM ST-28H WHO MAY USE THIS CERTIFICATE**

**Purchasers.** Use this form to claim exemption from sales tax or transient guest tax. All hotel guests must sign the form where indicated. You must complete all fields on the exemption certificate and provide the fully completed certificate to the lodging facility in order to claim the exemption. You are responsible for ensuring that you are eligible for the exemption you are claiming. You will be held liable for any tax and interest, and applicable penalties imposed by the laws of this state on your purchase, if the purchase is not legally exempt.

**Hotels.** You are required to maintain proper records of exempt transactions and provide those records to the Kansas Department of Revenue when requested.

You are relieved of responsibility for collecting and remitting sales tax on the sale or sales for which the purchaser provided you this exemption certificate, even if it is ultimately determined that the purchaser improperly claimed an exemption, provided all of the following conditions are met.

- 1) All applicable fields on the exemption certificate are completed by the purchaser or the required information is captured and maintained. You have the option to require the "direct purchase" portion of the form to be completed to document direct purchase for sales tax exemptions granted to tax-exempt entities.
- 2) The fully completed exemption certificate (or the required information) is provided to you at the time of sale or within 90 days thereafter.
- 3) You do not fraudulently fail to collect the tax due.
- 4) You do not solicit customers to unlawfully claim an exemption.

An exemption certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of not more than 12 months elapses between sales transactions.

### **GENERAL EXEMPTION RULES**

**State Exemption from Kansas Sales Tax.** The purchase must be made by the exempt organization to qualify for exemption. The exempt organization shall present the Kansas Department of Revenue-issued tax-exempt entity sales tax exemption certificate showing state-issued exempt organization ID number (**Form PR-78SSTA**); or Designated or Generic Exemption Certificate (ST-28) that authorizes exempt purchases of services. The entire **Form ST-28H**, including the direct purchase portion, must be completed in full and signed by the guest. The name of the exempt organization must correspond to the name on the registration card or reservation. Exemptions granted by the State of

Kansas do not include exemption from transient guest tax; therefore, transient guest tax must still be charged on lodging that is exempt from Kansas sales tax.

**Federal Exemption from Transient Guest Tax.** Only purchases made directly by the federal government are exempt from transient guest tax. The federal government charge card program currently includes the GSA SmartPay Card. Purchases made with a GSA SmartPay Card for a centrally billed account (CBA) (such as the GSA SmartPay Purchase Card) would be considered as a direct purchase by the federal government and exempt from transient guest tax. Purchases made with a GSA SmartPay Card for an individually billed account (IBA) (such as the GSA SmartPay Travel Card) would not be exempt from transient guest tax. Information on how to identify a GSA SmartPay Card and determine whether it is for a CBA or IBA can be found on the U.S. General Services Administration web site for the GSA SmartPay Card program, [smartpay.gsa.gov](http://smartpay.gsa.gov), and look for the *SmartTax Vendor Guide*. Indirect purchases by government travelers are not exempt from transient guest tax. The name of the exempt federal agency/instrumentality must be shown on the registration card or reservation of the guest exempted from transient guest tax. The direct purchase section must also be completed to validate the direct purchase requirement.

**Federal Exemption from Kansas Sales Tax.** 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. Evidence of proper form of payment by the exempt agency is not required since direct purchase is not required for this exemption. Transient guest tax is still due when a federal government employee pays for the sleeping room.

**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 website.

### **TAXPAYER ASSISTANCE**

Additional information about this exemption is in **Publication KS-1540**, Business Taxes for Hotels, Motels and Restaurants. All publications, notices and other written advice on Kansas taxes and exemptions are available from the Policy Information Library on our website, [ksrevenue.org](http://ksrevenue.org). If you have questions you may contact the Kansas Department of Revenue:

Taxpayer Assistance Center  
Docking State Office Building, 1<sup>st</sup> Floor  
915 SW Harrison  
Topeka, KS 66625-2007  
Phone: 785-368-8222

**Streamlined Sales and Use Tax Agreement**

**Certificate of Exemption (Kansas)**

This is a multi-state form. Not all states allow all exemptions listed on this form. Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale. The seller may be required to provide this exemption certificate (or the data elements required on the form) to a state that would otherwise be due tax on this sale.

The purchaser will be held liable for any tax and interest, and possibly civil and criminal penalties imposed by the member state, if the purchaser is not eligible to claim this exemption. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designate state if the state does not allow such an entity-based exemption.

- 1.  Check if you are attaching the Multi-state Supplemental form.  
  If not, enter the two-letter postal abbreviation for the state under whose laws you are claiming exemption.
- 2.  Check if this certificate is for a single purchase and enter the related invoice/purchase order # \_\_\_\_\_.

**3. Please print**  
Name of purchaser

Business Address		City	State	ZIP
Purchaser's Tax ID Number		State of Issue	Country of Issue	
If no Tax ID Number Enter one of the following	FEIN	Driver's License Number/State Issued ID Number State of Issue:      Number	Foreign diplomat Number	
Name of seller from whom you are purchasing, leasing or renting				
Seller's Address		City	State	ZIP

**4. Type of business.** Circle the number that describes your business

- |   |                                       |
|---|---------------------------------------|
| 01 Accommodation and Food Services            | 11 Transportation and Warehousing     |
| 02 Agricultural, Forestry, Fishing, Hunting   | 12 Utilities                          |
| 03 Construction                               | 13 Wholesale Trade                    |
| 04 Finance and Insurance                      | 14 Business Services                  |
| 05 Information, Publishing and Communications | 15 Professional Services              |
| 06 Manufacturing                              | 16 Education and Health-Care Services |
| 07 Mining                                     | 17 Nonprofit Organization             |
| 08 Real Estate                                | 18 Government                         |
| 09 Rental and Leasing                         | 19 Not a Business                     |
| 10 Retail Trade                               | 20 Other ( <i>explain</i> ) _____     |

**5. Reason for exemption.** Circle the letter that identifies the reason for the exemption.

- |   |   |
|---|---|
| A Federal Government ( <i>department</i> ) _____                        | G Resale # _____                              |
| B State or Local Government ( <i>name</i> ) _____                       | H Agricultural Production # _____             |
| <div style="background-color: black; width: 100%; height: 15px;"></div> | I Industrial Production/Manufacturing # _____ |
| D Foreign Diplomat # _____  | J Direct Pay Permit # _____                   |
| E Charitable Organization # _____                                       | K Direct Mail # _____                         |
| F Religious or Educational Organization # _____                         | L Other ( <i>explain</i> ) _____              |

**6. Sign here.** I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.

<b>Signature of Authorized Purchaser</b>	<b>Print Name Here</b>	<b>Title</b>	<b>Date</b>
--	------------------------	--------------	-------------



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?**

The tire excise tax is 25 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 website: [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 11 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 and transient guest 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, compensating use, or transient guest 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 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 and transient guest 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: 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. Transient guest tax is still due when a federal government employee pays for the sleeping room.

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 website: 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 or its agencies contracts for the repair, remodeling, or construction of a real property project, it must request and obtain a Project Exemption Certificate from the department so that the contractor (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.

RETAINING THIS CERTIFICATE. Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.





## 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. The worksheet you provide should list **all** taxable and exempt equipment. If you have questions about this form, contact our Utility Refund, Kansas Department of Revenue, 915 SW Harrison St., 1<sup>st</sup> Floor, Topeka, KS, 66625-0001, or call (785) 296-2333.

**AGRICULTURAL:** Electricity and gas 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	637.5 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 the quantity in column 1 by 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.

**ATTN: Hotels, Motels and Nursing Homes: Please include the occupancy rate for the last 12 months of business with your study.**



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 website: [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.

**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

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:

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  
State

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.

**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 not limited to: computers; communication and employee safety equipment; equipment used to clean the building, to repair machinery or equipment, or to light, heat or cool the facility; and office furniture and equipment.

**ADDITIONAL INFORMATION.** A more complete discussion of this exemption is provided in the Department's [Notice 00-08, Kansas Exemption for Manufacturing Machinery & Equipment](#). For tax assistance, consult our website or call the department at 785-368-8222.

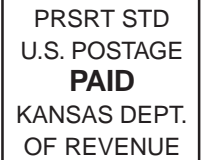
**RETAINING THIS CERTIFICATE.** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.



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# NOTES

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## **TAXPAYER ASSISTANCE**

This publication is a general guide and will not address every situation. If you have questions or need additional information, please contact taxpayer assistance at the Kansas Department of Revenue.

Taxpayer Assistance Center  
Docking State Office Building - 1st floor  
915 SW Harrison St.  
Topeka, KS 66612-1588

**Phone:** 785-368-8222  
**Fax:** 785-291-3614  
**Website:** ksrevenue.org

Office hours are 8 a.m. to 4:45 p.m., Monday through Friday.

## **PUBLICATIONS**

Below is a **list of publications available on the Kansas Department of Revenue's website**. These publications contain instructions applicable to specific business industries and general information for all business owners.

- 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-1515, Kansas Tax Calendar of Due Dates
- Publication KS-1520, Kansas Exemption Certificates
- Publication KS-1525, Kansas Sales and Use Tax for Contractors, Subcontractors and Repairmen
- Publication KS-1526, Kansas Sales and Use Tax for Motor Vehicle Transactions
- Publication KS-1527, Kansas 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-1700, Kansas Sales Tax Jurisdiction Code Booklet
- KW-100, Kansas Withholding Tax Guide

## **STATE SMALL BUSINESS WORKSHOPS**

As part of our commitment to provide tax assistance to the business community, Tax Specialists within the Kansas Department of Revenue conduct small business workshops on Kansas taxes at various locations throughout Kansas. Whether you are a new business owner, an existing business owner, or an accountant, these workshops will give you the tools and understanding necessary to make Kansas taxes easier and less time consuming for you. Topics covered include filing and reporting requirements and methods, what is taxable, what is exempt and how to work with the department in collecting and remitting Kansas taxes.

For a **schedule of our workshops, visit our website**. Pre-registration is required and a fee may be charged by the sponsoring Small Business Development Center (SBDC).



*Your suggestions and comments on this publication are important to us. Please address them to: Taxpayer Education, Kansas Department of Revenue, 915 SW Harrison St., Topeka, KS 66612-1588 or call 785-296-1048.*