**Private Letter Ruling**

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| **Ruling Number:** | **P-2012-006** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Safety equipment for employees providing certain oil well drilling services.** |
| **Keywords:** |  |
| **Approval Date:** | **09/13/2012** |

**Body:**

Office of Policy & Research  
  
September 13, 2012

XXXXX  
XXXXX  
XXXXX

RE: Your letter received August 20, 2012

Dear XXXX:  
  
Thank you for your letter requesting a private letter ruling. Your company’s website shows it provides oil well drilling services, sells oil exploration and drilling equipment, and services equipment in its shop and at well sites in Kansas. Your website identifies the services and equipment as:

Roustabout services  
Backhoe services  
Trenching  
Polypipe installation  
Contract pumper service  
Weed spraying  
Painting  
Power washing  
New & used pumping unit sales  
Pumping unit reconditioning & servicing  
Complete machine shop services  
Welding & fabrication  
Equipment painting  
New & used tubing, casing & rod sales  
EMI inspection  
Endary & drift  
Hydrostatic testing  
Threading  
Forklift service  
Tubing & equipment storage  
Crane & winch work  
Over the road trucking  
Hot shot services  
Vacuum trucks

You ask if safety equipment your company buys and gives to employees who perform these services and sell and deliver such equipment are exempt from Kansas sales tax. The safety equipment includes hydrogen sulfide monitors for each employee, hard hats, safety glasses, ear plugs, safety lanyards and harnesses, and flame resistant apparel, among other things. The answer to your question is no, your company is required to pay or accrue Kansas sales or use tax on all of these purchases.  
  
The listed services are performed in oil exploration and drilling operations, at your machine shop, and to control weeds at a well site, among other things. Much of the equipment your company sells and installs also appears to be used in oil exploration and drilling operations. Consequently, the safety equipment your company buys and gives to employees is taxable when your company buys it. The purchases are not exempt from Kansas sales tax under K.S.A. 79-3606(kk).  
  
This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked in the future by the operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or published revenue ruling, that materially effects this private letter ruling.

Sincerely,  
  
  
  
Thomas E. Hatten

**Date Composed: 09/12/2012 Date Modified: 09/13/2012**