

**Kansas Department of Revenue
Office of Policy and Research**

Notice 09-11

**NEW KANSAS TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES
TO BE ISSUED
July 2009**

Since November 2004, the Department of Revenue has issued tax entity exemption certificates to qualified organizations, including schools, governments, hospitals, and certain qualified nonprofit organizations. The certificates include a unique Kansas exemption number, contain the name and address of the exempt entity, and have a certificate expiration date. These tax entity exemption certificates are being replaced with a new certificate as the current certificates start to expire in November 2009. Some of the current certificates have expiration dates throughout 2010, with the latest expiration date being November 30, 2010 but all are being replaced at this time.

As part of the process to renew the exemption certificates the department has revised the certificate to assist you in identifying the old vs. new format. An example of the current and new certificate is on the second page of this notice. The new certificate will be available to tax exempt entities beginning on August 1, 2009. The renewal application is located on our web site, www.ksrevenue.org. Throughout August and September the department will be issuing notices to the entities on how to renew the certificate.

You can continue to honor the current exemption certificate **as long as the expiration date has not passed**. You must request a copy of the new certificate from your clients as they make purchases. The entities have been told to provide retailers with a copy of their new certificate. If your business provides exempt entities with your own exemption card as part of your exemption process, you must update your systems to ensure you are only allowing tax exempt entities who are issued an exemption by the department to purchase tax exempt. **Please note the exemption number has not changed.**

This change only affects the tax entity exemption certificate. Other exemption certificates used for agricultural purchases, purchases of resale, for manufacturing and processing, consumed in production, and purchases by the federal government are not affected and continue to be used in the same manner. As a reminder, if you question the validity of an exemption certificate, you can check on a tax entity exemption certificate through a verification process on our web site. Click on exemption certificates under 'Your Business' to access the verification application.

For additional information on Kansas sales and use exemptions see Publication KS-1520, *Kansas Exemption Certificates*, located at: www.ksrevenue.org. For specific questions on this notice or on exemption certificates contact (785) 368-8222.

Current Certificate

These are expiring but can be honored through the expiration date on the certificate.

New Certificate

These are being issued starting August 1, 2009 and will expire November 1, 2014.

KANSAS DEPARTMENT OF REVENUE DIVISION OF TAXATION

TAX-EXEMPT ENTITY EXEMPTION CERTIFICATE

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

K.S.A. 79-3606(b), which exempts all sales of tangible personal property and services, including the renting or leasing of tangible personal property, purchased directly by the State of Kansas, a political subdivision thereof (other than a school or educational institution), or purchased by a public or private nonprofit hospital or public hospital authority or nonprofit blood, tissue or organ bank and used exclusively for state, political subdivision, hospital or public hospital authority or nonprofit blood, tissue or organ bank purposes. **EXCEPTION:** When such state, hospital or public hospital authority is engaged or proposes to engage in any business specifically taxable, or when such political subdivision is engaged in the business of furnishing gas, electricity or heat to others, purchases of property or services used or proposed to be used in such businesses are taxable.

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

Description of property or service purchased

Seller's Name: _____

Address: _____
Street, RR or PO Box City State Zip

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

TAX-EXEMPT ENTITY INFORMATION

Name: Tax Exempt Entity

Address 100 Main St
PO Box 99
Anywhere KS 66666



Kansas Exemption Number:
KSSAMPLE99

Expiration Date: 11/01/2009

Authorized Signature: _____ FEIN: _____
Officer, Office Manager or Administrator

Printed Name: _____ Date: _____

USE OF THIS EXEMPTION CERTIFICATE

What purchases are exempt: The direct purchase, rental or lease of tangible personal property and the direct purchase of repair services are exempt, subject to the exception(s) noted in the statute above.

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

Project Exemption Certificate (PEC) applicability: This entity, unless an agency of the State of Kansas, is authorized to receive or issue a Project Exemption Certificate (PEC) in order that the materials purchased or furnished by a contractor or the materials and labor of a subcontractor on a real property project may be purchased without tax. The State of Kansas, except for the Dept of Corrections for a state correctional institution, CANNOT obtain a PEC, materials purchased by a contractor for state projects are always taxable.

INFORMATION FOR RETAILERS

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

Kansas Department of Revenue Sales and Use Tax Entity Exemption Certificate

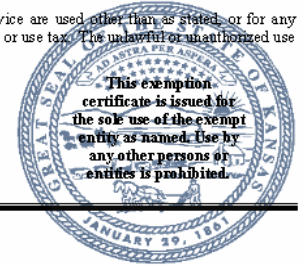
The Kansas Department of Revenue certifies this entity is exempt from paying Kansas sales and/or compensating use tax as stated below.

Kansas Exemption Number: **KSSAMPLE99**

Expiration Date: **11/01/2014**

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.

Exempt Entity
100 Main
PO Box 99
Anywhere KS 66666



EXEMPT ENTITY INFORMATION:

Authorization and scope:

- K.S.A. 79-3606(b) & (d) - State of Kansas, political subdivisions of the state of Kansas (Kansas cities, counties, townships, special districts), nonprofit hospitals, and blood, tissue, or organ banks.
- Exemption applies to all direct purchase, rental or lease of tangible personal property and services, except purchases of goods for human habitation or purchases made for any business activity specifically taxable, and indirect purchases by a contractor for a real property project except as noted below.

Limitations:

- Only direct purchases are exempt through the use of this certificate.
- Except for state government, this entity qualifies for exemption on indirect purchases by a contractor through the issuance of a Project Exemption Certificate (PEC). Apply on-line at KDOR's web site: www.ksrevenue.org. The only State of Kansas agency allowed a PEC is a Kansas correctional institution. Indirect purchases by all other state agencies are subject to sales tax.
- 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 residential housing and dormitories are exempt as residential construction.
- All purchases of goods and services used in a business that is specifically taxable by the Sales Tax Act are subject to tax. This includes operation of a utility, restaurant, and selling of goods or services at retail.

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 Questions would be directed to Taxpayer Assistance at 785-368-8222.

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