K A N S A S

JOAN WAGNON, SECRETARY

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DEPARTMENT OF REVENUE
POLICY AND RESEARCH

NOTICE 03-03
KANSAS RETAILERS' COMPENSATING TAX

The 2003 Kansas legislature has enacted compensating use tax changes that take effect July 1, 2003.

For those remitting KANSAS RETAILERS' COMPENSATING USE TAX, the most noticeable difference will be the rate of compensating tax due. BEFORE JULY 1, 2003, the Kansas compensating use tax rate was the state sales tax rate only – currently 5.3%. **ON AND AFTER JULY 1, 2003**, the Kansas compensating use tax rate will be equal to the combined (state and local) sales tax rate on ALL purchases of tangible personal property used, stored or consumed in the state of Kansas.

EXAMPLE: On July 1, 2003 a Kansas resident purchases a $1,000 Desk from Nebraska Office Mart in Omaha and arranges to have it delivered to his home in Topeka. Nebraska Office Mart will collect Kansas retailers' compensating use tax at a rate equal to the Topeka sales tax rate (7.2%) - ($1,000 X .072 = $72.00 Kansas retailers' compensating use tax due).

EFFECTIVE JULY 1, 2003, the rate of Kansas retailers' compensating use tax due will be the rate in effect where the customer takes delivery/possession of the purchased item(s). Under this new rule, the seller will collect Kansas retailers' compensating use tax equal to the combined sales tax rate in effect at the "customer's shipping address" in Kansas.

If the "shipping address" is not known to the seller, then it is the tax rate in effect at the "purchaser's address" as maintained by the seller in the normal course of business. For more information concerning "Sourcing Rules" (the appropriate rate of tax to collect) see NOTICE 03-04.

KANSAS SALES TAX JURISDICTION CODE BOOKLET - PUBLICATION KS-1700. As noted, the new law requires Kansas retailers' compensating tax to be equal to the combined sales tax rate. All of the sales/compensating tax rates for Kansas cities and counties are found in Pub. KS-1700, which is available from the department's web site: http://www.ksrevenue.org/pdf/forms/pub1700.pdf or forms order line: (785) 296-4937.

The Streamlined Sales Tax legislation requires the Kansas Department of Revenue to provide and maintain a database, in downloadable format, describing boundary changes for all local taxing jurisdictions, including a description of the change and effective date, and the sales and use tax rates for those jurisdictions. The department must also provide and maintain a downloadable database that assigns each five and nine-digit zip code to the proper rates and taxing jurisdictions. The department is proceeding to develop these databases as soon as possible, and will notify retailers when they are available for use. However, they will take some

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time to develop and will not be available by July 1, 2003. Until these electronic databases become available, Publication KS-1700 should be used to identify the correct local sales tax rates and taxing jurisdictions.

FORM CT-9U – Retailers who remit Kansas retailers' compensating use tax will report the tax due on Form CT-9U, which is available from the department's web site: www.ksrevenue.org or forms order line: (785) 296-4937. Taxpayers who are currently registered to remit Retailers' Compensating Use tax will automatically begin receiving Form CT-9U.

ADDITIONAL INFORMATION – Consult the "Kansas Sales And Compensating Use Tax" Information Guide, Publication KS-1510, which is available from the department's web site: http://www.ksrevenue.org/pdf/forms/pub1510.pdf or forms order line: (785) 296-4937.

You may also contact the department toll free by calling 1-877-526-7738; press "1" for touch-tone phone (listen briefly), press "5" for Business Taxes (listen briefly); then press "2" to talk to a retailers' compensating tax representative.

EXAMPLE AND COMPLETED FORM CT-9U

ABC Office Supply of Kansas City, Missouri is registered with the Department of Revenue to collect and remit Kansas retailers' compensating tax on a monthly basis. During the month of July 2003, ABC Office Supply has Kansas gross sales of $100,000. The sales consists of:

1) $5,000 of exempt sales – sales to a qualified religious organization – the purchased items where delivered to the customer in Overland Park, Kansas.
2) $30,000 of sales delivered to customers within the city limits of Overland Park, Kansas.
3) $15,000 of sales delivered to customers outside the city limits of any city but, within Johnson County.
4) $20,000 of sales delivered to customers within the city limits of Prairie Village, Kansas.
5) $10,000 of sales delivered to customers within the city limits of Leawood, Kansas.
6) $20,000 of sales delivered to customers within the city limits of Kansas City, Kansas.

A completed Form CT-9U for this fictitious company appears on the following page

NOTES:
1) The $5,000 exempt sales are counted as part of Overland Park sales – as the items where delivered within the city limits of Overland Park.

CT-9U

(Rev. 7/03)

Kansas
Retailers' Compensating
Use Tax Return

FOR OFFICE USE ONLY

430103

Business Name	ABC OFFICE SUPPLY
Mailing Address	101 MAIN
City	KANSAS CITY
State	MO
Zip Code	67401

Tax Account Number	005-48765432 1F-01
EIN	487654321
Due Date	08/25/03

Tax Period	MM	DD	YY
Period Beginning Date	07	01	03
Period Ending Date	07	31	03

Date Business Closed ☐ Amended Return ☐ Additional Return ☐ Name or Address Change ☐

Part I

1. Total Tax Due From Part II	6,702.69	1
2. Estimated Tax Due for Next Month (See instructions)	3,300.00	2
3. Estimated Tax Paid Last Month (See instructions)	3,350.00	3
4. Total Tax (Add lines 1 and 2, and subtract line 3)	6,652.69	4
5. Credit Memo (See instructions)		5
6. Subtotal (Subtract line 5 from line 4)	6,652.69	6
7. Penalty		7
8. Interest		8
9. Total Amount Due (Add lines 6, 7 and 8)	6,652.69	9

Part II Deductions

A. Sales to [illegible] retailers or [illegible]		A
B. Returns, [illegible] trade-ins		B
C. Sales [illegible] Kansas and Kansas political subdivisions		C
D. Sales [illegible] parts of tangible personal property produced		D
E. Sales of [illegible] in the production of tangible personal property		E
F. Sales [illegible] hospitals or nonprofit blood, tissue or organ banks		F
G. Sales to nonprofit education institutions		G
H. Sales to qualifying sales tax exempt religious and nonprofit organizations	5,000.00	H
I. Sales of farm equipment and machinery		I
J. Sales of manufacturing machinery and equipment		J
K. Other allowable deductions		K
L. Total deductions	5,000.00	L

I certify this return is correct.

Signature Denise Murphy

SAMPLE

Do Not Detach This Voucher

CT-9UV

(Rev. 7/03)

Kansas
Retailers' Compensating
Use Tax Voucher

FOR OFFICE USE ONLY

Business Name	ABC OFFICE SUPPLY
Mailing Address	101 MAIN
City	KANSAS CITY
State, Zip Code	MO 67401

Tax Account Number	005-48765432 1F-01
EIN	487654321
Due Date	08/25/03

Tax Period	MM	DD	YY
Period Beginning Date	07	01	03
Period Ending Date	07	31	03

Amount from line 2	3,300.00
Subtract line 2 from line 5 and enter here	3,352.69

Payment Amount $ 6652.69

CT-9U

(Rev. 7/03)

Part III

Kansas Retailers' Compensating Use Tax Return

430203

Business Name	ABC OFFICE SUPPLY
Tax Account Number	005-487654321F-01
EIN	487654321

	MM	DD	YY
Period Beginning Date	07	01	03
Period Ending Date	07	31	03

States, State Codes and Discount Rates. *(State codes must be entered in Column 6 to receive the discount.)*

Colorado (CO) = 3.33% Missouri (MO) = 3.00%

Nebraska (NE) = 3.00% Oklahoma (OK) = 2.25% on the first $3,300 of sales per filing period.

Taxing Jurisdiction City/County	(1) Code	(2) Kansas Gross Sales	(3) Deductions	(4) Tax Rate%	(5) Net Tax Before Discount	(6) State Code	(7) Discount Amount	(8) Net Tax
OVERLAND PARK/ JOHNSON	OVEJO	35,000.00	5,000.00	7.525	2,257.50	MO	67.73	2,189.77
JOHNSON	JOHCO	15,000.00	.	6.4	960.00	MO	28.80	931.20
PRAIRIE VILLAGE/ JOHNSON	PRAJO	20,000.00	.	7.4	1,480.00	MO	44.40	1,435.60
LEAWOOD/ JOHNSON	LEAJO	10,000.00	.	7.5	750.00	MO	22.58	729.92
KANSAS CITY/ WYANDOTTE	KANWY	20,000.00	.	[illegible]	1,440.00	MO	43.80	1,416.20
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SAMPLE

Total Number of supplemental pages included with this return. [ ]

9. Total Net Tax (Part III). 6,702.69

10. Sum of additional Part III supplemental pages. .

11. Total Tax (Add lines 9 and 10. Enter result here and on line 1, Part I). 6,702.69