**Private Letter Ruling**

|  |  |
| --- | --- |
| **Ruling Number:** | **P-2004-032** |

|  |  |
| --- | --- |
| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Document shredding and bailing machinery, equipment and services.** |
| **Keywords:** |  |
| **Approval Date:** | **06/29/2004** |

**Body:**

Office of Policy & Research  
  
  
June 29, 2004

XXXX  
XXXX  
XXXX

RE: Your e-mail

Dear XXXX:  
  
I have been asked to answer your e-mail. I apologize for the inordinate delay of this response. You work for XXXX, whose web site describes it as being a uniform company. Other businesses can rent, lease and purchase uniforms from XXXX. XXXX also provides dust control services, which involve picking up dirty mats and mops from businesses and replacing them with clean ones. XXXX provides a variety of other services including document management services. The XXXX web site describe document management as follows:

XXXX Document Management is a leader in document security and destruction. Offering both on-site and off-site document destruction, XXXX provides its customers options that meet their financial and security needs.

You ask if off-site shredding services are subject to Kansas sales tax. These services are not taxable in Kansas, whether performed on site or off site. The department has determined that these services are similar to trash hauling, which is not subject to Kansas sales tax.  
  
You also ask if XXXX's purchases of document shredding and bailing machinery and equipment is exempt from sales tax. These purchases are taxable. K.S.A. 79-3606(kk) extends exemption for machinery and equipment that is used in an integrated production operation. An integrated production operation means an "integrated series of operations engaged in at a manufacturing or processing plant or facility to process, transform or convert tangible personal property by physical, chemical or other means into a different form , composition or character from that in which it originally existed." *K.S.A. 2003 Supp. 79-3606(2)(A).*A "manufacturing or processing business" means a business that utilizes and integrated production operation to manufacture, process, fabricate, finish, or assemble items for wholesale and retail distribution as part of what is commonly regarded by the general public as an industrial manufacturing or processing operations. . . . *K.S.A. 2003 Supp. 79-3606(2)(C).* Machinery and equipment is deemed to be used as an integral or essential part of an integrated production operation when it is used to treat, transport or store waste or other byproducts of production operation at the plant or facility. *K.S.A. 2003 Supp. 79-3606(3)(L).*  
  
In your case, the machinery and equipment in question is not being purchased to treat waste or by-products from production operations at an integrated production operation's plant or facility." Rather, the service is held out as a " document destruction" service that is provided to "meet [customer] financial and security needs." This statement shows that the equipment is not being purchased for use as an integral or essential part of an integrated production operation. Therefore the sale of the equipment to XXXX is a taxable retail sale.  
  
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. Please let me know if you have additional questions.

Sincerely,  
  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

**Date Composed: 07/06/2004 Date Modified: 07/09/2004**