

KANSAS DEPARTMENT OF REVENUE
RETAILER/CONTRACTOR EXEMPTION CERTIFICATE

The undersigned **retailer/contractor** 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: _____

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 EXEMPTION?

Only those contractors, subcontractors, or repairmen who maintain an inventory of goods and merchandise and who provide their Kansas sales tax number may use this certificate to purchase material inventory exempt from sales tax. A contractor, subcontractor, or repairman (such as a carpenter, electrician, or plumber) who purchases parts and materials on a job-by-job basis and does not maintain an inventory is not a **retailer/contractor**, but 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 the Policy Information Library on our web site, www.ksrevenue.org.

WHAT PURCHASES ARE EXEMPT?

Only goods or merchandise intended for resale (inventory) are exempt. Direct materials 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 retailer/contractors 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 consumer has not been paid on the purchase price). For additional information on Kansas Compensating Use Tax consult Publication KS-1510, which is available from the department's web site: www.ksrevenue.org 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 retailer/contractor unless the customer has furnished a Project Exemption Certificate number.

LABOR SERVICES.

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