

Vehicle and Equipment Rental Fact Sheet

The taxability of sales and purchases of tangible personal property and labor services by companies in the Vehicle and Equipment Rental are summarized below. This list is not all-inclusive.

Purchases by Vehicle and Equipment Rental Industries:

Kansas sales tax (KSA 79-3603) or compensating use (KSA 79-3703) tax applies to those purchases identified or designated as taxable in the chart below. The applicable Kansas sales or Kansas consumers' compensating use tax must be paid to the vendor or accrued and remitted directly to the Kansas Department of Revenue. Purchases from Kansas vendors may be reported using the retailers' sales tax return. Purchases from outside this state which are delivered to this state are to be reported on the Kansas consumers' compensating use tax return.

Purchases	Taxable or Exempt	
Vehicles/Machinery/Equipment to be placed in inventory and held for rental or lease such as: trucks, trailers, aircraft, rail cars, locomotives, construction and forestry machinery and equipment.	KSA 79-3603(h), KSA 79-3602 (jj), KAR 92-19-55b(e)(2)(A)	Exempt
Parts, labor services and subcontracted services to repair, service or maintain lease or rental inventory. A Resale Exemption Certificate will need to be provided to the service provider when repairs are made.	KSA 79-3603(h), KSA 79-3606(m)	Exempt
Tangible personal property which is consumed in performing repairs of rental or lease inventory such as: paint, paint remover, glue, polish, wax, soaps and degreasers, windshield cleaner, and tac rags. A Consumed in Production Exemption Certificate needs to be presented at the time of purchase.	KSA 79-3606(n), KAR 92-19-53	Exempt
Motor vehicle fuel (gas & diesel) purchased for off road use when purchased without paying the motor fuel excise tax. This includes fuel for which the motor fuel tax (road tax) is refunded to you.	KSA 79-3603(a), KAR 92-19-57, Notice MF-50	Taxable
Washing and waxing of inventory vehicles for rental or lease by third party.	KSA 79-3606(m)	Exempt
Washing and waxing of vehicles for business use.	KSA 79-3606(j)	Taxable
Disposal services (hauling away of used oil, chemicals, trash removal, shredding).	non-enumerated	Exempt
Freight or delivery charges on purchases or items held for resale, lease or rental.	KSA 79-3603(h), KSA 79-3606(m)	Exempt
Floor sweep, polishing pads, razor blades, chamois, drop cloths, and disposable wheel, floor and seat protectors, cleaning supplies, general shop supplies, etc.	KSA 79-3603(a), (q)	Taxable
Uniforms, uniform rental charges, shop apparel, linen supplies, oil rags, shop towels, etc.	KSA 79-3603(a)	Taxable
Safety equipment such as gloves, glasses, burn suits, ear plugs, hard hats, back support belts, mask.	KSA 79-3603(a)	Taxable
Machines and software, along with manufacturer's software updates/upgrades, for diagnostic machines and other specialty equipment used to analyze problems for repair purposes.	KSA 79-3603(a), (s)	Taxable
Merchandise purchased for resale or rental to customers, including freight or delivery charges.	KSA 79-3603(h), KSA 79-3606(m)	Exempt
Merchandise withdrawn from resale inventory for store use or consumption.	KSA 79-3603, 79-3703, KAR 92-19-11	Taxable
Tangible personal property to be given away or donated (Items that are given away or donated to a tax exempt entity are not subject to sales tax).	KAR 92-19-11, 92-19-16a	Taxable
Complimentary bottled water, soft drinks, coffee, creamer, sugar, cups and stir sticks, and candy.	KAR 92-19-11, 92-19-16a	Taxable
Promotional items, including but not limited to, calendars, mugs, pens and items of clothing.	KSA 79-3603(a), KAR 92-19-11, 92-19-16 (a)	Taxable
Freight or delivery charges, billed by the vendor, on purchases subject to sales/use tax.	KSA 79-3603(a)	Taxable
Reference books and materials, newspaper and magazine subscriptions, forms, printed matter (including promotional brochures, etc.), business cards, notepads, etc.	KSA 79-3603(a)	Taxable
Office supplies such as office forms, staplers, paper, pens, pencils, labels, ink, toner and ribbon cartridges, etc.	KSA 79-3603(a)	Taxable
Laptop and desktop computers, copiers, printers, fax machines, calculators, telephones and other similar equipment.	KSA 79-3603(a)	Taxable
Furniture and fixtures, including but not limited to, desks, lights, tables, chairs, plants, planters, artwork, signs, etc.	KSA 79-3603(a)	Taxable
Shelving, display racks, checkout counters, storage cabinets, display cases, bar code scanners, cash registers, cash register supplies, bins, boxes, etc.	KSA 79-3603(a)	Taxable
Break room supplies such as microwaves, refrigerators, tables, chairs, paper products, etc.	KSA 79-3603(a)	Taxable
Equipment included, but not limited to, motor vehicles, hydraulic equipment, dollies, ladders, batteries and chargers, fans, etc, including the charges for repair and/or maintaining said equipment for the business's own use.	KSA 79-3603(a)	Taxable
Lease or rental of any tangible personal property such as copiers, fax machines, equipment, vehicles, etc.	KSA 79-3603(h)	Taxable
Parts and labor services of repairing, servicing, altering or maintaining tangible personal property, such as computers, printers, copiers, security equipment, etc.	KSA 79-3603(a)	Taxable
Warranty or service agreements for tangible personal property such as computers, printers, copiers, security equipment, etc.	KSA 79-3603(r), KAR 92-19-62	Taxable
Canned software, software upgrades and labor services to modify, alter, update or maintain software.	KSA 79-3603(s), KSA 79-3602(cc)	Taxable

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Purchases continued

Taxable or Exempt

Customized software, software upgrades and labor services to modify, alter, update or maintain customized software. "Customized" software is software developed for a single end user.	<i>non-enumerated, See EDU-71R</i>	Exempt
Software or databases accessed via the internet and not installed on owned or leased computers or servers.	<i>non-enumerated, See EDU-71R</i>	Exempt
Printed materials such as catalogs and flyers distributed for free directly to customers at the store or mailed directly to customers or prospective customers through mailing or delivery service.	<i>KSA 79-3603(a), KSA 79-3672, KSA 79-3602(j) & (i)</i>	Taxable
Printed materials provided to a newspaper or other publication to be included as an insert in the newspaper or publication that is to be sold at retail.	<i>KSA 79-3672, 79-3651, 79-3606 (m)</i>	Exempt
Signs, banners or posters purchased from an outside printer, or the costs of all materials if produced by the store.	<i>KSA 79-3603(a), KAR 92-19-18a</i>	Taxable
Exterior building or parking lot signage, including charges for parts and labor for repairs and maintenance.	<i>KSA 79-3603(a), (p),(q), KAR 92-19-18a</i>	Taxable
Advertising as in newspapers, radio, television, etc.	<i>KSA 79-3606(nn)</i>	Exempt
Professional services such as legal or accounting services.	<i>non-enumerated</i>	Exempt
Labor services on original construction of a new building or facility.	<i>KSA 79-3603(p)</i>	Exempt
Labor services for repairs, maintenance and remodeling of existing commercial buildings or facilities.	<i>KSA 79-3603(p)</i>	Taxable
Security cameras, mirrors, security tags, tag detachers, countertop deactivators, all other security equipment.	<i>KSA 79-3603(a)</i>	Taxable
Security systems monitoring service.	<i>non-enumerated</i>	Exempt
Cleaning services (except when applying products such as wax, scotch guard, etc), plant watering and care.	<i>non-enumerated</i>	Exempt
Janitorial supplies such as vacuums, carpet cleaners, sweepers, scrubbers, floor waxers, rags, toiletries.	<i>KSA 79-3603(a)</i>	Taxable
Floor mat rental.	<i>KSA 79-3603(h)</i>	Taxable
Pest control materials and supplies.	<i>KSA 79-3603(a)</i>	Taxable
Pest control services.	<i>KSA 79-3603(p), EDU-30</i>	Taxable

*Sales/rentals to entities with proper exemption certificates provided are exempt from sales tax. Ensure the exemption certificates are retained to substantiate all non-taxed transactions.

Note: Kansas tax applies to the "gross receipts" from the sale of taxable goods or services in Kansas. Gross receipts include amounts collected from the customer such as charges billed for freight, delivery or special handling.

The taxability of sales of tangible personal property and labor services by Vehicle and Equipment Rental is summarized below. This list is not all inclusive.

Sales

Taxable or Exempt

Rental/ lease charges - Total amount of each payment including: insurance, service or maintenance contracts, handling or administration charges, late fees, property tax, repair or service charges, freight, fuel surcharges and charges of delivery or pickup of rented property as well as setup, tear down and inspection charges unless a valid exemption certificate is provided.	<i>KSA 79-3603(h), KAR 92-19-55b(g)(2)</i>	Taxable
Lease or rental of equipment with an operator, is providing a service and therefore is taxable if the service being performed by the equipment operator is taxable .	<i>KAR 92-19-55b(g)(1)</i>	Taxable
Lease or rental of equipment with an operator, is providing a service and therefore is exempt if the service being performed by the equipment operator is exempt .	<i>KAR 92-19-55b(g)(1)</i>	Exempt
Damage charges to the customer for repair, replacement or refurbishment of tangible personal property. When a company has a Project Exemption Certificate, the PEC does not cover repairs of rentals.	<i>KSA 79-3606 (cc)</i>	Taxable
Rental, lease or repair charges paid by property or casualty insurance carriers.	<i>KSA 79-3603(a)</i>	Taxable
Rental or lease of motor vehicles or trailers using a Projection Exemption Certificate.	<i>KAR 92-19-66e</i>	Taxable
Rentals of less than 28 days are subject to Vehicle Rental Excise Tax of 3.5% in addition to Sales Tax. Form VR-36	<i>KSA 79-3603, KSA 79-5117(a)</i>	Taxable
Sale or rental of tangible personal property qualifying for ICC exemption – exemption certificate must be provided at time of purchase. (Labor services are not exempt.) See ICC exemption certificate for more information.	<i>KSA 79-3606 (f), KAR 92-20-18</i>	Exempt
Warranty work with no charge to the customer.	<i>KAR 92-19-62 (c)</i>	Exempt
Rental, lease and repair charges paid by maintenance or service agreement providers.	<i>KAR 92-19-62(d)(1)</i>	Exempt