**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-183** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Custom slaughter and meat processing operations.** |
| **Keywords:** |  |
| **Approval Date:** | **07/19/1999** |

**Body:**

Office of Policy & Research

July 19, 1999

XXXXX
XXXXX
XXXXX RE: Your e-mail received July 1, 1999

Dear XXXX:

I have been asked to answer your e-mail that we received earlier this month. In it, you describe a
slaughter and custom cutting operation that you intend to open in Kansas. You ask what charges
are subject to Kansas sales tax and what charges are exempt.

Like most states sales tax laws, the Kansas retailers' sales tax act imposes sales tax on sales that
are for final use or consumption. By definition, a sale for use or consumption is a retail sale.
Thus, when you buy meat in a grocery store or at a restaurant, you are buying for your own use
and consumption and are required to pay retailers' sales tax.

Most retail businesses make some sales that are taxable retail sales and other sales that are
exempt as sales for resale. Your operation will be such a business. Services that you provide to
someone who will consume the meat that you cut are services at retail and are subject to sales
tax. Services that you provide a business that intends to resell the meat, either as a cut or as a
prepared meal, is a sale for resale and is exempt from tax. These "sales for resale" are exempt
because retailers' sales tax will be collected when the meat is sold for consumption, either by a
grocery store or by a restaurant.

When a farmer or other customer brings you an animal for slaughter and processing, your
charges will be subject to Kansas sales tax and any applicable local sales tax. This is because the
State of Kansas taxes the service of altering tangible personal property. Dressing and custom
cutting is the altering of such property. The animal owner is considered to be the final user or
consumer of your services since the owner will consume the meat and will not resell it.

Kansas law presumes that all your sales are taxable retail sales. This presumption requires you to
document your exempt sales. To do this, you must secure a completed resale exemption
certificate from each business you sell to without collecting sales tax. The completed resale
certificate establishes that these sales are exempt sales for resale. You must maintain these
certificates in a file as part of your sales tax records. I have enclosed a copy of a booklet that
explains the use of exemption certificate. You may reproduce the resale exemption certificate for
your customer to use. The restaurants and grocery stores that you do business with understand
that they are expected to provide you with a completed exemption certificate to exempt their
purchases. Your business may become liable for sales tax if you fail to secure an exemption
certificate for sales that you make without collecting tax.

I hope this adequately answers all of your questions and clearly explains your collection duties.
If you continue to have questions after you open your business please contact one of our customer
service representatives at (785) 296-0222, (316) 337-6140, or (913) 677-0158.

Sincerely,

Thomas E. Hatten
Attorney/Policy & Research

Enclosure

**Date Composed: 09/14/1999 Date Modified: 10/11/2001**