**Private Letter Ruling**

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| **Ruling Number:** | **P-2002-052** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Service of repair of manufacturing machinery and equipment.** |
| **Keywords:** |  |
| **Approval Date:** | **06/12/2002** |

**Body:**

Office of Policy & Research

June 12, 2002

XXXXXXXXXXXXXXX
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XXXXXXXXXXXXXXXXXXX

Dear XXXXXXXXX:

The purpose of this letter is to respond to your letter dated May 17, 2002.

In order for the gross receipts for the service of repair of manufacturing machinery and equipment to be exempt from Kansas retailers’ sales tax, the machinery and or equipment must for use in this state. K.S.A. 79-3606(kk) states in pertinent part:

The following shall be exempt from the tax imposed by the act: . . . (1) (A) all sales of machinery and equipment which are used in this state [emphasis added] as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility;
(B) all sales of installation, repair and maintenance services performed on such machinery and equipment; and
(C) all sales of repair and replacement parts and accessories purchased for such machinery and equipment.

In the scenario contained in your letter, the charges for labor and the charges for replacement parts are taxed differently.

The charges for labor would be taxable. However, any charges for repair parts would not be subject to Kansas retailers’ sales tax, if as in your letter the customer is located outside of Kansas and delivery of the repaired machinery is delivered to the customer or his agent outside the state of Kansas.

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 by operation of law without further department action if there is a change in the controlling statutes, administrative regulations, revenue rulings or case law that materially effects this determination.

Sincerely,

Mark D. Ciardullo
Tax Specialist

MDC

**Date Composed: 06/18/2002 Date Modified: 06/18/2002**