**Private Letter Ruling**

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| **Ruling Number:** | **P-2007-001** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Breeding of horses for resale.** |
| **Keywords:** |  |
| **Approval Date:** | **02/16/2007** |

**Body:**

Office of Policy & Research  
  
February 16, 2007

XXXXXXXX  
XXXXXXXX  
XXXXXXXX  
  
Dear XXXX:  
  
We wish to acknowledge receipt of your letter of January 29, 2007 regarding the application of Kansas Retailers’ Sales tax. You inquired regarding whether breeding horses for resale falls within the qualification of agricultural status as indicated in the Sales and Use Tax for Agricultural Industry - Publication KS-1550.  
  
The breeding of horses for resale generally falls under the qualifications of agricultural status for Kansas sales tax purposes. Thus, your purchase of breeding horses and all feed & supplements for said breeding stock are exempt from Kansas sales tax. Horses you use for activities such as recreational riding, racing or competition are not considered as qualifying for agricultural usage. Thus, the food and supplements feed to these horses would be subject to sales tax.  
  
While your purchase of the breeding stock is exempt from sales tax, you must collect Kansas retailers’ sales tax on the sale of any offspring – unless sold exclusively for breeding stock or, sold to a purchase that provides you with a valid Kansas sales tax exemption certificate. Sales of horses to be used for racing, competition, show or pleasure are subject to sales tax. Thus, you should register to collect, report and remit Kansas sales tax.  
  
A second sales tax exemption is available to you in your business of raising horses – that of farm machinery and equipment. Since your letter makes reference to the Agriculture Information Guide, Pub KS-1550, I assume that you have a copy. Please note that only certain equipment is exempt from sales tax as farm machinery and equipment.  
  
This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.  
  
Sincerely,  
  
  
Ron Grant  
  
  
**Date Composed: 03/09/2007 Date Modified: 03/16/2007**