

Notice

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Brief Description: New Kansas Tax-Exempt Entity Exemption Certificates Have Been Issued.
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Body:

NOTICE 04-12

REVISED JULY 1, 2007

NEW KANSAS TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES HAVE BEEN ISSUED

In September (2004) the department notified you of its intent to issue a new type of exemption certificate to certain tax-exempt entities, as required by the 2004 Legislature. The purpose of this notice is to advise you the new numbered Tax-Exempt Entity Exemption Certificates (form series PR-78) have been issued. Since November 1, 2004 over 8,500 Kansas tax-exempt entities have received their new numbered certificate from the department. The department issued these new certificates in advance of the January 1, 2005 effective date to give all parties involved more time to integrate this new exemption process into their business practices. Recipients may begin using their new certificates immediately; the legislation **requires** the new certificate be presented to retailers in order to receive a sales or use tax-exemption on purchases made on or after January 1, 2005.

An example of the new certificate and a list of the entities receiving it are on page 2 of this notice. The center section of the certificate contains the entity's name, address, exemption number, and the certificate expiration date. Like other certificates, the top section of the certificate provides the exempting statute and transaction information and the bottom section contains information about the exemption as well as useful tips for the retailer.

WHAT IF AN ENTITY IS USING AN OUT-DATED BLANK CERTIFICATE?

The department requests your assistance in making sure Kansas tax-exempt entities provide you with a copy of their new certificate and discontinue use of their out-dated blank certificates. They should do this as soon as the new certificate is received but no later than December 31, 2004. Retailers may not accept the blank certificates (for example, ST-28O for religious organizations) on or after January 1, 2005. If you have an exempt customer using an out-dated blank certificate, and they have not received a new certificate from the department, please notify them that they need to obtain a new numbered Tax-Exempt Entity Exemption Certificate from the department.

They apply for the certificate on the department's web site, www.ksrevenue.org. On the home page, under "Your Business" is a link to the On-line Business Center. If the exempt organization does not currently have an account at the Business Center, it must create one before it can access the "Certificate" button to apply for a certificate. Once approved, they can return to the site to retrieve and print the certificate.

WHO IS NOT IMPACTED BY THE NEW CERTIFICATES

The issuance of these new exemption certificates to nonprofit and governmental entities does not affect the following exempt transactions; the current certificate(s) will continue to be used.

Agricultural Sales, ST-28F

- Aircraft, ST-28L
- Consumed in Production, ST-28C
- Designated or Generic Exemption Certificate, ST-28. (For use by out-of-state exempt entities – see below.)
- Direct Mail, ST-31
- Dry Cleaning/Laundry Retailer, ST-28X
- Ingredient or Component Part, ST-28D
- Integrated Production Machinery & Equipment, ST-201
- Interstate Common Carrier, ST-28J
- Multi-Jurisdiction, ST-28M
- Railroad, ST-28R
- Resale, ST-28A
- Retailer/Contractor, ST-28W
- Tire Retailer, ST-28T

- US Government, Federal Agency, ST-28G
- Vehicle Lease and Rental, ST-28VL
- Veterinarian, ST-28V
- Warehouse Machinery and Equipment, ST-203

There is also no change to the current process that businesses and tax-exempt entities must use to request a utility exemption (Request Form ST-28B) or a Project Exemption Certificate (PEC).

OUT OF STATE EXEMPT ENTITIES

Non-Kansas based exempt entities (schools, nonprofit hospitals, etc.) were not initially issued the new Tax-Exempt Entity Exemption Certificate. When making purchases in Kansas, these entities will now use the redesigned Designated or Generic Exemption Certificate (Form ST-28). This certificate has been revised and expanded to accommodate use by these entities and is available on the department’s web site. The Designated or Generic Certificate CANNOT be accepted from a Kansas organization that has been issued a uniquely numbered Tax-Exempt Entity Exemption Certificate. The department recommends that out of state exempt organizations who often make purchases in Kansas apply for a Kansas Tax-Exempt Entity Exemption Certificate using the web site application outlined above.

EXAMPLE OF THE NEW TAX-EXEMPT ENTITY EXEMPTION CERTIFICATES, Form Series PR-78

Reproduced below is a sample of the Tax-Exempt Entity Exemption Certificate (for schools and educational institutions) to illustrate the general format of this type of exemption certificate. All certificates are 8 ½” X 11;” certificates in the initial mailing contain a bar code for mailing purposes.

**KANSAS DEPARTMENT OF REVENUE
DIVISION OF TAXATION**

TAX-EXEMPT ENTITY EXEMPTION CERTIFICATE

The Kansas Department of Revenue certifies that the entity to which it has issued this numbered certificate is exempt from paying Kansas sales and/or compensating use tax pursuant to:

K.S.A. 79-3006(c), which exempts all sales of tangible personal property and services, including the renting or leasing of tangible personal property purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution. The property or services will be used primarily by such schools or educational institutions for nonsectarian programs and activities provided or sponsored by them, or in the erection, repair or enlargement of buildings to be used for such purposes. EXCEPT FIKS. This exemption does not apply to property or services used to erect, construct, repair, enlarge or equip buildings used primarily for human habitation.

By furnishing this certificate, the undersigned tax-exempt entity certifies that its direct purchase of:

Description of property or service purchased _____


Seller's Name _____

Address _____
City, State, Zip _____

(is exempt from the state and local sales or compensating use tax. The undersigned tax-exempt entity further understands and agrees that if the tangible personal property and/or services are used other than as stated, or for any other purpose that is not exempt from the tax, the undersigned tax-exempt entity becomes liable for the state and local sales or use tax. The use of or unauthorized use of this certificate is expressly prohibited, punishable by fine and/or imprisonment.

TAX-EXEMPT ENTITY INFORMATION

Name: <School >
<Office of the Comptroller >
Address: <Campus Box XX>
<Street Address >
<Amcity, KS 67000-XXXX >



Kansas Exemption Number:
<KEX0000000000 >
Expiration Date: <12-31-2010 >

Authorized Signature _____ Driver's License # _____
Office, Office Manager/ Administrator _____ * Required by K.S.A. 79-3010(f) _____
Printed Name _____ Date _____

USE OF THIS EXEMPTION CERTIFICATE	INFORMATION FOR RETAILERS
<p>When purchases are exempt: The direct purchase, rental or lease of tangible personal property or repair services for the stated purposes are exempt. Purchases of property used for human habitation (beds, blinds, drapery, construction materials, etc.) are taxable, residential phone labor for repairs due to wear and tear and electrical or pest control are exempt; repair due to damage is generally taxable.</p> <p>Materials furnished by or through a contractor or the materials and/or labor of a subcontractor for real property projects are not exempt.</p> <p>Project Exemption Certificates (PEC) applicability: This entity is authorized to receive or issue a Project Exemption Certificate (PEC) in order that the materials purchased or furnished by a contractor or the materials and labor of a subcontractor on a real property project may be purchased without tax.</p>	<ul style="list-style-type: none">• You must keep a copy of this completed certificate with your other sales tax records for a period of three years from the date this certificate was signed and presented to you.• A completed certificate may be used by the organization as a Market exemption for future purchases from you of the same type for the same exempt purpose.• All purchases must be a direct purchase – billed directly to the entity, and/or paid for with entity funds (check or debit card).• Sales to employees or agents of the exempt entity using their personal funds are taxable, even when the employee/agent is reimbursed the expense by the exempt entity.• The items purchased must be used exclusively by the exempt entity for the stated exempt purpose(s).

PR-342D
1/08/04

The following Kansas entities and organizations have received numbered tax-exemption certificates:

- State of Kansas and its agencies
- Kansas political subdivisions – cities, counties, townships school districts
- Nonprofit hospitals
- Nonprofit blood, tissue and organ banks
- Nonprofit educational institutions (colleges, universities, trade schools, etc. providing education above grade 12)
- Elementary and secondary schools
- Kansas groundwater management districts
- Rural water districts and water supply districts

Port authority
Nonprofit nursing home, assisted living facility, interim care home
Nonprofit, nonsectarian, comprehensive youth development organizations
Community-based mental retardation facilities or mental health centers
Nonprofit public health corporations
Community action groups/agencies for weatherization of low-income homes
Nonprofit museums
Nonprofit historical societies
Nonprofit zoos
Public broadcasting stations (radio and TV)
Nonprofit organizations building Kansas Korean War Memorials
Parent-Teacher Associations and Organizations
Contractors preparing meals for the homebound elderly, disabled, indigent or homeless (such as Meals on Wheels)
Rural volunteer fire fighting organizations
Kansas chapters of these Organizations:
American Heart Association

Kansas Mental Illness Awareness Council
American Diabetes Association, Kansas Affiliate
American Lung Association
Kansas Alliance for the Mentally Ill
Alzheimer's Disease and Related Disorders Assn., Inc.
Parkinson's disease association
National Kidney Foundation (of KS and Western MO)
Heartstrings Community Foundation (effective 1/1/2005)
The Cystic Fibrosis Foundation, Heart of America Chapter (effective 1/1/2005)
Spina Bifida Association (effective 1/1/2005)
CHWC, Inc. (effective 7/1/2006)
Cross-lines Cooperative Council (effective 7/1/2006)
Dreams Work, Inc. (effective 7/1/2006)
KSDS, Inc. (effective 7/1/2006)
Lyme Association of Greater Kansas City, Inc. (effective 7/1/2006)
Dream Factory, Inc. (effective 7/1/2007)
Ottawa Suzuki Strings, Inc. (effective 7/1/2007)
International Association of Lions Clubs (effective 7/1/2007)
Johnson County Young Matrons, Inc. (effective 7/1/2007)
American Cancer Society, Inc. (effective 7/1/2007)
Community Services of Shawnee, Inc. (effective 7/1/2007)
Angel Babies Association (effective 7/1/2007)

Habitat for Humanity for housing project materials
Free-Access Radio and TV Stations
Religious Organizations
Primary care clinics and health centers serving the medically underserved
Kansas Academy of Science
Domestic violence shelters that are members of the Kansas Coalition against Sexual and Domestic Violence (KCSDV), (effective 1/1/2005)
Kansas Bioscience Authority - 2004 HB 2647, Section 12, (effective 7/1/2004)
Special Olympics Kansas, Inc. (effective 7/1/2006)
Marillac Center, Inc. - purchases of tangible personal property only (effective 7/1/2006)
West Sedgwick County - Sunrise Rotary Club and Sunrise Charitable Fund (effective 7/1/2006)
County Law Libraries (effective 7/1/2006)
501(c)(3) Homeless Shelters (effective 7/1/2006)
Jazz In The Woods, Inc. (effective 7/1/2007)
Frontenac Education Foundation (effective 7/1/2007)
Rotary Club of Shawnee Foundation (effective 7/1/2007)
Victory In The Valley, Inc. (effective 7/1/2007)
Booth Theatre Foundation, Inc. (effective 7/1/2007)
TLC Charities Foundation, Inc. (effective 7/1/2007)

Date Composed: 11/02/2004 Date Modified: 04/07/2006

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