

Notice

Notice Number: Water Protection Fee
Tax Type: Water Protection Fee
Brief Description: Water Protection
Keywords:
Effective Date: 07/01/1990

Body:

NOTICE

TO: Water Retailers

FROM: Kansas Department of Revenue
Business Tax Bureau

SUBJECT: Water Protection Fee (Senate Bill No. 2765)

DATE: June 13, 1990

Senate Bill No. 2765, enacted by the 1990 Kansas Legislature, exempts the water protection fee from the gross receipts subject to state and local retailers' sales tax. The effective date of this change is July 1, 1990.

When the water protection fee is separately stated on water bills to the customer, the fee is not subject to state and local retailers' sales tax on water sales made on or after July 1, 1990. Accordingly, the water protection fee should be separately stated on customer bills and should not be made subject to state or local retailers' sales tax.

Water protection fees absorbed or included in the water retailer's charges and not separately identified in the customer bills will remain subject to the Kansas retailers' sales tax.

For water retailers to properly account and report the water protection fee on **their retailers' sales tax return**, the water retailer should include the water fee in the gross receipts on Line 1. The water protection fee should be itemized in the deduction section (Line 1) on the reverse side of the retailers' sales tax return.

Franchise taxes or fees, debt reduction charges, late fees and other charges remain subject to state and local retailers' sales tax, if the sale of water is subject to tax. Such charges are a part of the total amount received from the sale of water and must be taxed at the same rate that is imposed on the sale of water. For example, if the sale of water is for residential or agricultural use then only the local retailers' sales tax would apply to the above mentioned charges. It is immaterial that such charges may be separately itemized or are included in the water rate charges.

If you have any questions regarding the application of Kansas retailers' sales tax to the water protection fee, please write the Business Tax Bureau, Kansas Department of Revenue, Topeka, Kansas 66625-0001, or call (913) 296-2461.

Date Composed: 10/06/1997 Date Modified: 10/10/2001

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