

Kansas Administrative Regulations

Kansas Department of Revenue

Article 19.—Kansas Retailers' Sales Tax

92-19-66. Contractors, subcontractors and repairmen; purchases of material.

(a) Sales of building material or other property to contractors, subcontractors or repairmen for use by them in building, constructing, erecting, equipping, furnishing, repairing, servicing, altering, maintaining, enlarging, reconstructing or remodeling shall be taxable. Material used by a contractor, subcontractor or repairman for a project under original construction shall be subject to sales tax. Each contractor, subcontractor or repairman is deemed to be the final user or consumer of material used by the contractor, subcontractor, and repairman in construction projects. Each contractor, subcontractor or repairman shall not give, and each retailer shall not accept, a resale exemption certificate to purchase material without sales tax.

(b) Each contractor, subcontractor or repairman shall be responsible for the payment of sales tax on all materials and supplies purchased for use by the contractor, subcontractor or repairman in erecting structures for others, or for building on, or otherwise improving, altering or repairing real or personal property of others.

(c) Each retailer whose principal line of business is the retail selling of tangible personal property to the final user or consumer, but who also performs contractor services, may purchase material exempt from sales tax for resale purposes. When the retailer engages in a construction project as a contractor and removes material from inventory to perform the project, the retailer shall report and pay the proper sales tax on the cost of the material on the retailer's sales tax return.

(d) The taxing event shall be deemed to occur at the time a contractor purchases material, or when a retailer who is also a contractor removes material from inventory to perform a construction project. Therefore, bulk purchases of all material by persons who are contractors only, and all material removed from inventory by a retailer to perform a construction project shall be subject to sales tax at the time of purchase or at the time the material is removed from inventory, even though the material may be used in a

construction project outside of Kansas. No deduction, exclusion, refund or credit for sales tax shall be allowed when a contractor purchases material in Kansas, or when a retailer who is also a contractor removes material from inventory as a sale in interstate commerce, even though the material may be used in a construction project outside of Kansas.

(Authorized by K.S.A. 79-3618; implementing K.S.A. 1986 Supp. 79-3603 as amended by L. 1987, Ch. 182, Sec. 108; effective May 1, 1988.)

***** Authenticated Kansas Administrative Regulation *****