

Kansas Administrative Regulations

Kansas Department of Revenue

Article 19.—Kansas Retailers' Sales Tax

92-19-72. Retail sales between related entities.

(a) Each interdepartmental transfer of tangible personal property and taxable services between various departments of a single legal entity shall not constitute a sale subject to sales tax.

(b) Each transfer of tangible personal property and taxable services between separate legal entities for use or consumption, and not for resale, shall be taxable, even though the entities:

- (1) Share common principals or ownership and operations;
- (2) share the same business location;
- (3) file consolidated income tax returns for federal and state income purposes; or
- (4) do not enjoy a profit or expense as a result of the transaction.

When a transaction would be subject to sales tax if the transaction were between two separately owned and operated entities, the commonality of the two entities is irrelevant, and sales tax is imposed on the transaction between the two related entities.

(c) "Separate legal entities" shall mean entities which are recognized as individual entities either in fact or at law. Each transfer of tangible personal property and taxable services between separate legal entities for use or consumption, and not for resale, shall include:

- (1) Transfers between individuals and partnerships;
- (2) transfers between individuals and corporations;
- (3) transfers between individuals and unincorporated associations;
- (4) transfers between partnerships and corporations;
- (5) transfers between partnerships and unincorporated associations;
- (6) transfers between partnerships;
- (7) transfers between unincorporated associations and corporations; and

(8) transfers between corporations, whether between sister corporations or parent and subsidiary corporations.

(Authorized by K.S.A. 79-3618; implementing K.S.A. 1986 Supp. 79-3602; effective May 1, 1988.)

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