

KENTUCKY TAX WORKSHOP

Basic Overview of Sales and Use Tax

SU.001

**Division of Sales and Use Tax
Kentucky Department of Revenue**

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Welcome to the Kentucky Tax Workshop on Sales and Use Tax.

This workshop is designed to provide a brief overview of the sales and use tax laws as they apply to sales and purchases of tangible personal property by consumers. Emphasis will be placed on understanding the difference between sales tax and use tax, the filing requirements of returns and some of the more common exemptions that are available.

The Kentucky Revised Statutes and Administrative Regulations are also referenced to provide additional resource material.

This workshop will provide Revenue employees with the basic tools needed to apply sales tax principles to their respective jobs.

THE MISSION OF THE KENTUCKY DEPARTMENT OF REVENUE

The DOR's Mission Statement, reflected in its philosophy and general strategy, is central to all of its work. All of the DOR's actions should reflect its mission and similarly, those actions should be judged by the extent to which they help the Department of Revenue carry out its mission.

Within this framework, it is the mission of the DOR to:

Provide courteous, accurate and efficient service for the benefit of Kentucky and its citizens, and administer the tax laws of the Commonwealth in a fair and impartial manner.

To achieve its mission, the Department of Revenue will:

- Promote voluntary compliance with tax laws through educational programs and quality taxpayer services;
- Inform the public of taxpayer rights and responsibilities;
- Establish and maintain clear, concise accurate and timely communication to foster positive and constructed relations and a better understanding of tax laws;
- Collect and process receipts and returns as cost effectively and efficiently as possible;
- Develop and implement new and innovative programs to minimize non-compliance with tax laws;
- Utilize information resources and expertise to serve in an advisory role;
- Acquire new technologies to implement and maintain a state-of-the-art tax administration system;
- Enforce compliance when there is an intent to defraud or evade the taxes due the Commonwealth; and
- Educate, train, develop and retain the qualified staff necessary to achieve its goals and objectives.

This material is designed specifically for training purposes only. Under no circumstances should the contents be used or cited as authority for justifying or sustaining a position taken by a Department of Revenue employee in a particular matter; instead, a Department of Revenue employee should cite as authority for his or her action the appropriate statute and/or regulation.

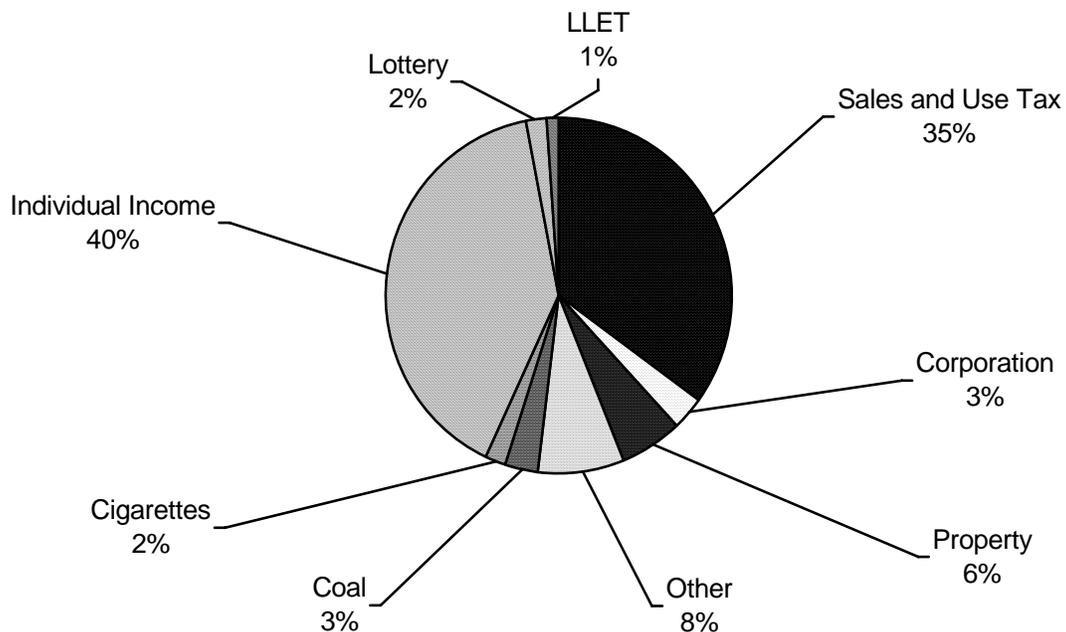
References to the *Kentucky Administrative Regulations* and *Kentucky Revised Statutes* in this material are provided for informational purposes only and do not constitute an official version.

Background of the Sales and Use Tax in Kentucky

The first evidence of sales and use tax legislation in Kentucky can be traced back as early as 1934, though short-lived. The tax was later repealed on January 15, 1936, indicating the Commonwealth was not quite ready to support such legislation. Finally on July 1, 1960, Kentucky became the 34th state to enact a sales and use tax policy. The rate was set at 3 percent. Effective April 1, 1968, the rate was increased from 3 percent to 5 percent. The last increase occurred 22 years later, effective July 1, 1990, when the tax rate was raised to 6 percent. Over the years, the rate has increased to compensate for the narrowing of the tax base.

As of June 30, 2009, there were 114,649 retail filers and 12,370 consumer use tax filers registered with the Department of Revenue. Revenue generated from sales and use tax accounted for some 35 percent of the General Fund for Fiscal Year 2008-2009. For Fiscal Year 2008-2009, the sales and use tax generated \$2.853 billion, down 0.7% from the prior year. This is the first time in history that there has been an annual decline.

Makeup of FY09 General Fund



Sales Tax

1. *What is the sales tax?*

The sales tax is a tax on tangible personal property and digital property sold, leased or rented in Kentucky and selected services, and is imposed upon the seller. The tax is levied on the seller as a cost of conducting business in the state.

KRS 139.200 Imposition of sales tax

A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross receipts derived from:

(1) Retail sales of:

(a) Tangible personal property, regardless of the method of delivery, made within this Commonwealth; and

(b) Digital property regardless of whether:

1. The purchaser has the right to permanently use the property;
2. The purchaser's right to access or retain the property is not permanent; or
3. The purchaser's right of use is conditioned upon continued payment; and

(2) The furnishing of the following:

(a) The rental of any room or rooms, lodgings, or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration. The tax shall not apply to rooms, lodgings, or accommodations supplied for a continuous period of thirty (30) days or more to a person;

(b) Sewer services;

(c) The sale of admissions except those taxed under KRS 138.480;

(d) Prepaid calling service and prepaid wireless calling service;

(e) Intrastate, interstate, and international communications service as defined in KRS 139.195, except the furnishing of pay telephone service as defined in KRS 139.195;

(f) Distribution, transmission, or transportation services for natural gas that is for storage, use, or other consumption in this state, excluding those services furnished:

1. For natural gas that is classified as residential use as provided in KRS 139.470(8); or
2. To a seller or reseller of natural gas.

Eff. 7/1/09

KRS 139.010 (17) (a) "Definitions for chapter"

(a) "Retailer" means:

(1) Every person engaged in the business of making retail sales or furnishing any services included in KRS 139.200;

(2) Every person engaged in the business of making sales at auction of tangible

personal property owned by the person or others for storage, use or other consumption;

(3) Every person making more than two (2) retail sales during any twelve (12) month period, including sales made in the capacity of assignee for the benefit of creditors, or receiver or trustee in bankruptcy;

(4) Any person conducting a race meeting under the provision of KRS Chapter 230, with respect to horses which are claimed during the meeting.

(b) When the department determines that it is necessary for the efficient administration of this chapter to regard any salesmen, representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors or employers under whom they operate or from whom they obtain the tangible personal property sold by them, irrespective of whether they are making sales on their own behalf or on behalf of the dealers, distributors, supervisors or employers, the department may so regard them and may regard the dealers, distributors, supervisors or employers as retailers for purposes of this chapter.

KRS 139.210 Retailers powers to collect from consumer; separate display of tax; taxes collected constitute debt to Commonwealth

(1) Except as provided in subsection (2) of this section, the tax shall be required to be collected by the retailer from the purchaser. If the taxable goods are bundled with services and are sold as a single package for one (1) price, the tax required to be collected by the retailer from the purchaser shall be computed on the entire amount. The tax shall be displayed separately from the sales price, the price advertised in the premises, the marked price, or other price on the sales receipt or other proof of sales.

(2) The department may relieve certain retailers from the provisions of subsection (1) of this section of separate display of the tax when the circumstances of the retailer make compliance impracticable. If the retailer establishes to the satisfaction of the department that the sales tax has been added to the total amount of the sales price and has not been absorbed by the retailer, the amount of the sales price shall be the amount received exclusive of the tax imposed.

(3) The taxes collected under this section shall be deemed to be held in trust by the retailer for and on account of the Commonwealth of Kentucky.

(4) The taxes to be collected under this section shall constitute a debt of the retailer to the Commonwealth.

2. *How is the sales tax collected?*

The seller must pay the sales tax to the Department of Revenue. The seller is required to pass the tax directly on to consumers as outlined in KRS 139.210. However, the seller must pay the tax on his taxable gross receipts whether the tax is collected from the customer or not.

3. *How can a seller collect, from the consumer, the sales tax that they are required to pay to the Department of Revenue?*

The Department of Revenue has adopted KRS 139.230 as a method for eliminating fractions of a cent to assist in the collection of tax from consumers. Selling prices must be quoted exclusive of the tax. A seller is not required to individually mark the tax on each item for sale.

KRS 139.230 Elimination of fractions of a cent

To eliminate fractions of one cent (\$0.01), and to ensure that the aggregate collections of taxes by a retailer, so far as may be practicable, shall be equal to six percent (6%) of gross receipts or sales price the tax shall be computed by applying the six percent (6%) rate to the sales price carried to the third decimal place and rounded to the nearest cent by eliminating any fraction less than one-half of one cent (\$0.005) and increasing any fraction of one-half of one cent (\$0.005) or over to the next higher cent.

4. *What is the “bracket system”?*

Before July 1, 2004 the “bracket system” was a method adopted by the DOR for collecting the tax so that the total amount of tax passed on to customers approximately equaled 6 percent of the retailer’s gross receipts. Effective July 1, 2004 legislation was passed that rescinded use of the bracket method. The term “bracketing” the tax is simply used to refer to passing the tax on to the consumers as a separate charge from the sales price. This requirement is outlined in KRS 139.210.

5. *May a retailer bracket the tax on a portion of retail sales and absorb the tax on the remaining sales?*

No. The seller must bracket the tax on all sales. The tax on vending machine sales may be effectively collected through placing upon each machine a statement that indicates the tax is included in the cost of the property dispensed.

6. *Does the law require a seller to provide the purchaser with a receipt showing the sales tax paid?*

Yes. The tax required to be collected by the seller must be displayed separately from the sales price, the price advertised in the premises, the marked price on the sales receipt or other proof of sales. KRS 139.230

7. *What kinds of receipts are subject to the sales tax?*

The tax is due on gross receipts from (list not inclusive of all 139.200):

- a. the sale of tangible personal property to consumers;
- b. the sale of digital property
- c. leases or rentals of tangible personal property to consumers
- d. sales of admissions (i.e., theaters, stadiums, etc.);
- e. hotel and motel rentals to transients for less than 30 consecutive days;
- f. charges for intrastate and interstate communication services; and
- g. the sale of nonresidential utilities (sewer services, electricity, water and gas).

KRS 139.105 Sourcing of retail sales -- Communications services and digital property.

(1) For purposes of the retailer's obligation to pay or collect and remit the taxes imposed by KRS 139.200 and 139.310, the retailer shall source the retail sale, excluding sales of communications services and digital property as follows:

- (a) Over the counter. When the purchaser receives tangible personal property or service at a business location of the retailer, the sale is sourced to that business location;
- (b) Delivery to a specified address. When a purchaser or purchaser's donee receives tangible personal property or service at a location specified by the purchaser, the sale is sourced to that location; or
- (c) Delivery address unknown. When the retailer of a product does not know the address where the tangible personal property or service is received, the sale is sourced to the first address listed in this paragraph that is known to the retailer:
 1. The address of the purchaser;
 2. The billing address of the purchaser; or
 3. The address from which the tangible personal property was shipped; from which the computer software was delivered electronically or was first available for transmission by the retailer; or from which the service was provided.

(2) The retailer shall source communications services as follows:

- (a) A sale of mobile telecommunications services, other than air-ground radiotelephone service and prepaid wireless calling service, shall be sourced to the customer's or other purchaser's place of primary use;
- (b) A sale of postpaid calling service shall be sourced to the origination point of the telecommunications signal as first identified by either the retailer's telecommunications system or information received by the retailer from its service provider, where the system used to transport the signals is not that of the retailer;
- (c) A sale of prepaid calling service or a sale of a prepaid wireless calling service shall be sourced according to the provisions of subsection (1) of this section. If the sale is of a prepaid wireless calling service and the retailer does not know the address where the service is received, the sale shall be sourced to the first of the following that is known by the retailer:
 1. The address of the customer available from the business records of the retailer;
 2. The billing address of the customer;
 3. The address from which the service was provided; or

4. The location associated with the mobile telephone number;
- (d) A sale of a private communications service shall be sourced as follows:
1. Service for a separate charge related to a customer channel termination point shall be sourced to each level of jurisdiction in which the customer channel termination point is located.
 2. Service where all customer termination points are located entirely within one (1) jurisdiction or levels of jurisdiction is sourced in the jurisdiction in which the customer channel termination points are located.
 3. Service for segments of a channel between two (2) customer channel termination points located in different jurisdictions and which segments of channel are separately charged shall be sourced fifty percent (50%) in each level of jurisdiction in which the customer channel termination points are located.
 4. Service for segments of a channel located in more than one (1) jurisdiction or levels of jurisdiction and which segments are not separately billed shall be sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in the jurisdiction by the total number of customer channel termination points;
- (e) A sale of an ancillary service is sourced to the customer's place of primary use; and
- (f) A sale of other communications services:
1. Sold on a call-by-call basis shall be sourced based on the taxing jurisdiction where the call either originates or terminates and in which the service address is also located; or
 2. Sold on a basis other than a call-by-call basis shall be sourced to the customer's or other purchaser's place of primary use.
- (3) The retailer shall source the sale of digital property to the place of primary use. For purposes of this subsection, "place of primary use" means the street address where the end user receives the digital property or from where the end user primarily accesses the digital property.
- (4) Nothing included in subsection (1), (2), or (3) of this section shall affect the obligation of a purchaser to remit use tax pursuant to KRS 139.310.

Effective: July 1, 2009

8. *Are all sales of tangible personal property and digital property taxable?*

No. There are four major groups of sales which are not taxable. These are:

- a. sales of tangible personal property and digital property to another seller who executes a resale certificate;
- b. sales of property to be delivered by the seller to points outside of Kentucky;
- c. sales of property which are specifically exempt under sales and use tax laws; and
- d. occasional sales.

9. *What is an occasional sale?*

An “occasional sale” is a sale of tangible personal property or digital property made by the seller and for which the seller is not required to hold a permit. No more than two sales may be made by a seller during any 12-month period. KRS 139.010(9).

10. *Are occasional sales subject to the tax?*

No, as long as there are no more than two sales in any 12-month period. Examples of occasional sales are:

- a. sales of office furniture by a service enterprise (law offices, accounting firms, etc.);
- b. sales between individuals (such as boats, camping trailers and miscellaneous items).
- c. sale of equipment by a construction company.

11. *Are sales of real estate or intangible property taxable?*

No. Sales of real estate and intangible property (such as goodwill, stocks and bonds) are not taxable.

Consumer Use Tax

1. *What is the Consumer use tax?*

The use tax is a tax on tangible personal property and digital property used in Kentucky upon which the sales tax has not been paid. In other words, it is a sort of a “backstop” for the sales tax. Property which is purchased, leased or rented outside of Kentucky for storage, use or other consumption in this state is subject to the use tax.

KRS 139.310 Imposition of excise tax on storage, use, or other consumption.

- (1) An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property and digital property purchased for storage, use, or other consumption in this state at the rate of six percent (6%) of the sales price of the property.
- (2) The excise tax applies to the purchase of digital property regardless of whether:
 - (a) The purchaser has the right to permanently use the goods;
 - (b) The purchaser's right to access or retain the digital property is not permanent; or
 - (c) The purchaser's right of use is conditioned upon continued payment.

Effective: July 1, 2009

KRS 139.500 Exemption from use tax of property subject to sales or gasoline tax.

- (1) The storage, use, or other consumption in this state of property, the gross receipts from the sale of which are required to be included in the measure of the tax levied under KRS 139.200 is not subject to the use tax.
- (2) The storage, use, or other consumption in this state of gasoline or special fuels on which the tax under KRS Chapter 138 has been paid and which is not subject to refund under KRS 138.341, 138.344, 138.445, 279.200, or 279.530 shall not be subject to the use tax.

Effective: July 13, 1990

2. *Who is responsible for reporting and paying the use tax on out-of-state purchases of tangible personal property and digital property brought into Kentucky for use, storage or other consumption?*

KRS 139.330 Purchaser's liability for use tax.

Every person storing, using or otherwise consuming in this state tangible personal property and digital property purchased from a retailer is liable for the use tax levied under KRS 139.310. His liability is not extinguished until the tax has been paid to this state, except that a receipt from a retailer engaged in business in this state or from a retailer who is authorized by the department, under such rules and regulations as it may prescribe, to collect the tax and who is, for the purpose of this chapter relating to the use tax, regarded as a retailer

engaged in business in this state, given to the purchaser pursuant to KRS 139.340 is sufficient to relieve the purchaser from further liability for the tax to which the receipt refers.

The person who stores, uses or otherwise consumes the property is liable for use tax. However, if the out-of-state supplier is a holder of a Kentucky sales and use tax permit, he is required to collect and remit the tax to the Kentucky Department of Revenue. The purchaser must obtain from the out-of-state supplier a receipt showing that use tax has been paid in order to be relieved of the use tax liability.

Businesses registered for sales and use tax must report their purchases subject to sales and use tax on Line 23a of the Sales and Use Tax Return Form 51A102 and 51A103. Businesses registered as consumers may use Form 51A113, and individuals or businesses not normally required to register may use Form 51A113(O).

Individuals purchasing boats, trailers, ATVs, and manufactured homes without payment of tax to the seller must pay the use tax directly to the County Clerks upon registration or titling. Individuals may also report use tax on their Kentucky Individual Income Tax Return.

3. *On what types of transactions may the purchaser be subject to the use tax?*

The purchaser is subject to the Kentucky Use Tax on all out-of-state purchases in which the retailer does not collect Kentucky tax.

Examples of such purchases would be:

- a. Internet purchases from out-of-state retailers
- b. Magazine subscriptions
- c. Furniture
- d. Jewelry
- e. DVDs, books, and I-tunes
- f. All-Terrain Vehicles
- g. Recreational vehicles (excluding motorized vehicles that are licensed for over-the-road use and are taxed under the motor vehicle usage tax law.)

4. *How is use tax reported and remitted to the Department of Revenue by persons who do not have a sales and use tax permit?*

Persons who incur a use tax liability on a regular basis must register for a consumer use tax account number. The Department of Revenue will assign the taxpayer a consumer use tax account number and will send Form 51A113 on a regular basis.

Persons who incur a use tax liability on an irregular basis may report the use tax on their Kentucky Individual Income Tax Return, Form 740 or 740-EZ, or on a Consumer Use Tax Return, Form 51A113(O). Blank copies of this form may be obtained from the

Kentucky Department of Revenue's web site: <http://www.revenue.ky.gov/>, or by contacting the Division of Sales and Use Tax at (502) 564-5170, or from any of the Kentucky Taxpayer Service Centers (Service Centers).

5. Can a taxpayer with a consumer use tax account number issue a resale certificate and claim that their purchases are for resale?

No, consumer use tax account holders are not retailers and cannot issue a resale certificate (Form 51A105). Consumer use tax numbers are identified by a unique range of numbers (900000 series). Consumers are responsible for paying the tax on any purchases of materials and supplies.

Registration for Sales and Use Tax Permit

To register for the sales and use tax permit, the Kentucky Tax Registration Application (Form 10A100) must be completed. This form must be filed with the Division of Taxpayer Registration and Data Integrity or with any one of the Kentucky Taxpayer Service Centers. Effective July 1, 2004, there is no longer a \$10.00 license fee for each sales and use tax permit issued.

It is possible to obtain a sales and use tax permit number the same day the taxpayer applies for the permit if they personally visit one of the Service Centers. However, this is done at the discretion of each Service Center. The application can be obtained by calling one of the Department of Revenue offices or by visiting the Department of Revenue web site <http://www.revenue.ky.gov/>.

1. *What is the purpose of the sales and use tax permit?*

The permit shows the seller is properly registered with the Department of Revenue and that the retailer is authorized to collect the sales tax as required by KRS Chapter 139. The permit must be posted in a conspicuous place in the retailer's business establishment.

2. *Who must obtain a sales and use tax permit?*

All businesses or organizations making sales within Kentucky are required to register for a Sales and Use Tax Account.

A permit is required for every person who sells, leases or rents tangible personal property to consumers; who purchases property for resale; who charges taxable admissions; who rents lodgings to transients; who sells water, gas or electricity; or who furnishes sewer and communications services. Any salesman or manufacturer's agent, who solicits orders for a nonresident seller not registered in Kentucky, must obtain a permit. An out-of-state retailer with physical presence in Kentucky is also required to register, collect and remit the tax.

3. *How does one distinguish between a retail sales tax number and a consumer use tax number?*

The sales and use tax number is six digits in length with the first digit ranging from 0-3 (e.g., 023418, 123456, 201220, or 301556). The consumer use tax number is also six digits in length, but the first digit will always be a 9 (e.g., 902346 or 910342). Taxpayers registered under the Consumer use tax account may not issue a resale certificate for any purchase claiming that it is for resale because they are not retailers.

4. *When is the sales and use tax return due?*

Unless a permit holder is authorized to file quarterly or annually by the Department of

Revenue, the return must be filed each month. The return is due on the 20th day of the following month after the end of a month, quarter or year, depending on the filing frequency.

An exception to this monthly reporting rule applies to taxpayers whose average monthly liability exceeds \$10,000 (accelerated filers). 103 KAR 25:131 The Accelerated Sales and Use Tax Return, Form 51A103, is due on the 25th day of the following month after the end of each month.

5. *How are the filing frequencies of returns determined?*

When a taxpayer registers for the sales and use tax permit, the Taxpayer Registration Section places them on either a quarterly (tax liability under \$500 a month) or monthly (tax liability over \$500 a month) filing frequency. This is determined by the estimated gross monthly sales indicated on the registration application.

If the taxpayer indicates they have no idea what their gross monthly sales might be, the filing frequency is usually determined by the business type (i.e., a restaurant would be monthly, whereas a flea market would be quarterly).

In June of each year, each permit holder's tax payments are averaged and the filing frequency is adjusted based on the authorized thresholds. The system is designed to make the appropriate frequency changes and to notify the permit holder if a change in filing frequency has occurred. These thresholds are:

- a. \$1,200 or greater in tax liability a year - monthly
- b. Between \$125 and \$ 1,199 in tax liability a year– quarterly
- c. Less than \$125 in tax liability a year- annually

6. *How do I notify the Department of Revenue of an address change or cancel my sales and use tax permit if I no longer require one?*

Taxpayers who request a cancellation of sales and use tax permits and other account maintenance changes may complete the Account Maintenance Information, Form 51A205, found at the bottom of the Kentucky sales and use tax instructions. Requests for cancellation of sales and use tax permit numbers, changes in business name, changes in ownership, or changes in location and mailing addresses may be made by completing this form. (Please note that changes in business name or changes in ownership must be processed by the Taxpayer Registration Section)

This completed form may be mailed back to the department along with the sales and use tax return in the envelope provided. Taxpayers may contact Taxpayer Registration at (502) 564-3306, the Division of Sales and Use Tax at (502) 564-5170 or one of our Service Centers for assistance when making changes to their accounts.

Electronic Funds Transfer (EFT) Payments

For taxable periods beginning after December 31, 1994, KRS 131.155 provides the Department of Revenue with authority to require certain taxpayers and other persons to remit taxes by electronic funds transfer (EFT). The legislation for this payment method was enacted to speed up the payment process.

Currently, taxpayers whose average payment per reporting period is \$25,000 or more are required to remit by EFT per Kentucky Regulation 103 KAR 1:060. However, DOR has the authority by statute to require taxpayers whose average payment per reporting period is at least \$10,000 to remit by EFT. Most of these taxpayers are accelerated filers.

Effective July 14, 2000, the Department of Revenue may also require reporting agents whose aggregate payment on behalf of multiple taxpayers is in excess of the threshold, or anyone who reports and pays for more than one hundred individual accounts, to remit all payments via electronic funds transfer. The Department of Revenue will allow permit holders whose average monthly payments are less than those stipulated to register for the EFT program if they elect to do so. The filing of returns and remittance of payments must still meet the Department of Revenue's established due date requirements.

What electronic methods are available for payment remittance?

EFT-Debit Method -The taxpayer initiates through the Department of Revenue. The taxpayer authorizes the department, or its authorized agent, to initiate debit entries to the taxpayer's account.

EFT-Credit Method—The taxpayer initiates through their own bank. The taxpayer is granted authority by the department to initiate Automated Clearing House credit transactions to the Department of Revenue's bank account.

Form 10A070 (1/99), Authorization Agreement for Electronic Fund Transfer, must be completed by the taxpayer and submitted to the Electronic Commerce Section for processing and authorization to begin remitting payment via EFT. The application should be sent to: Kentucky Department of Revenue, Electronic Commerce, P.O. Box 181, Station 21, Frankfort, Kentucky 40602-0181, phone: 1-800-839-4137 Fax (502) 564-6842.

E-Pay Method. The department accepts **MasterCard** or **Visa** credit card payments and electronic checks. Secure Socket Layer (SSL) 128-bit encryption is used to safeguard the security of credit card transactions. A convenience fee of 2.0% is required for credit card transactions involving tax return payments. (The fee is 2.5% for bill payments.) There is no convenience fee for electronic checks.

Identifying electronic payments on the KYIMS system

To recognize EFT, E-Pay and credit card payments on the KYIMS system, the validating numbers used to process the payments will help distinguish the type of payment processed.

EFT payments will post to the system with a 7-digit validating number. The series assigned to these payments begin with 9000000 and end with 9799999.

E-Pay and Credit card payments will also post to the system with a 7-digit validating number. The series assigned to these payments begin with 9800000 and stops at 9999999.

KY E-Tax—Electronic Filing and Payment System

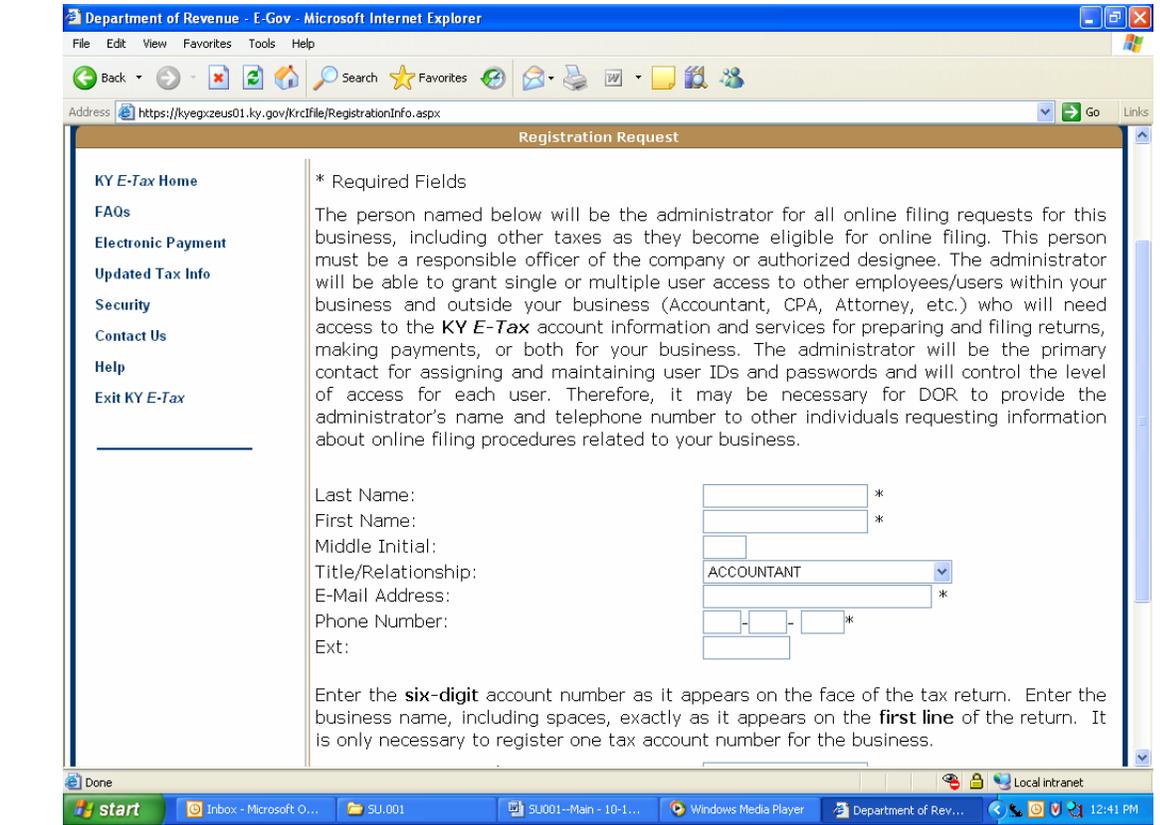
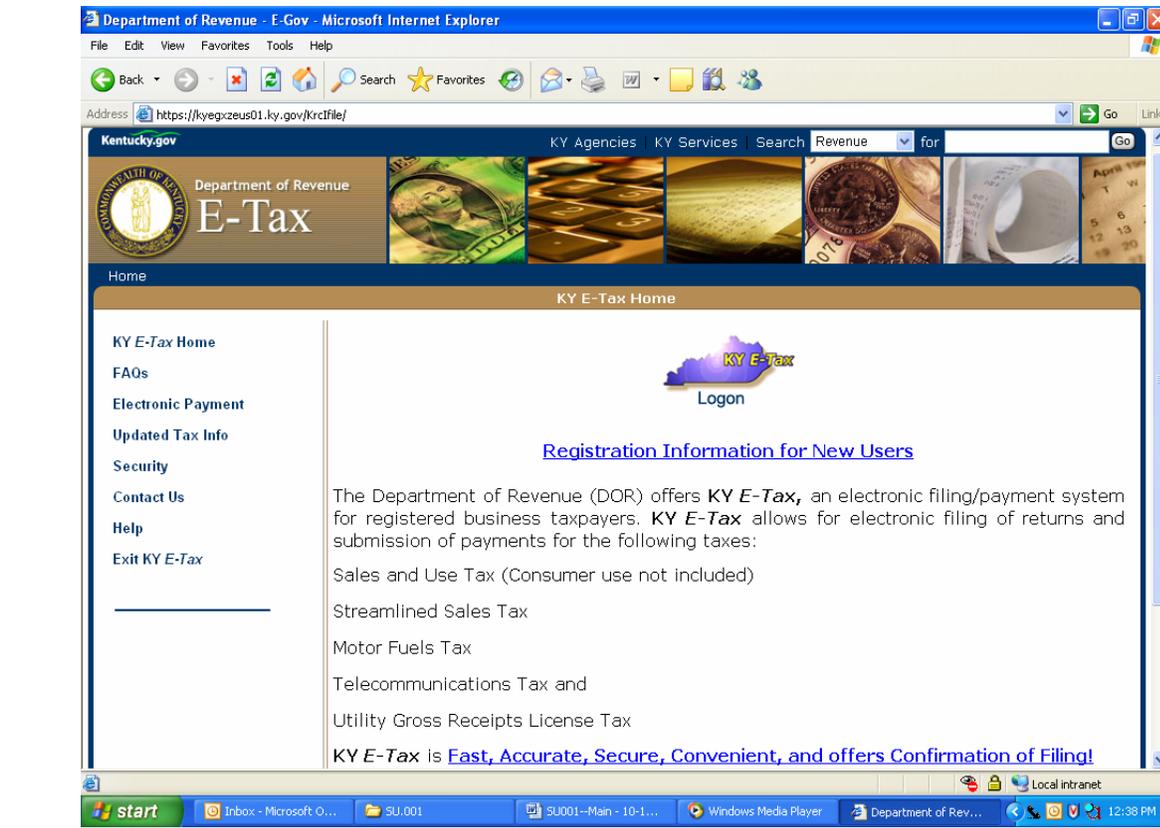
The Department of Revenue provides Kentucky taxpayers with an option to file sales and use tax returns electronically. **KY E-Tax**, found on the Kentucky Department of Revenue web page, allows for electronic filing of returns and/or submission of payments for sales and use tax. This option replaces Forms 51A102 and 51A103. (Consumer use tax returns are not included.)

The E-file system allows taxpayers to file their returns online, view prior periods, assign administrators and users, and select payment options. The *E-Tax* system will automatically figure the return, compute the vendor compensation (if filed timely), and compute any late filing penalty and interest. Unlike paper filed returns, Total Receipts on the E-File return (Line 1 on the return) does not include the sales tax and there is no 1.06 deduction (Line 22 on the return).

Once a taxpayer elects to file electronically, the KYIMS system will no longer send paper returns automatically. Taxpayers will need to contact the Department of Revenue if a paper return is requested. When E-file returns are processed to the KYIMS system, the validating number series assigned to these returns will begin with 3000000 and run through 3199999. When the E-file return is processed to the sales tax system, a “**filed on-line**” notation will appear at the bottom of the transaction history display for the period.

To access the online filing web site, go to the Department of Revenue home page at <http://www.revenue.ky.gov/>. Click on the **KY E-Tax** logo, and then click on **Sales and Use Tax Returns** under E-Filing.

The screenshot shows a Microsoft Internet Explorer browser window displaying the Kentucky Department of Revenue website. The browser's address bar shows the URL: <http://revenue.ky.gov/NR/exeres/3991D8AD-6BDB-42FA-A79B-0B3911355B42,frameless.htm?NRMODE=Published>. The website header includes the Kentucky Department of Revenue logo and navigation links for Home, Site Map, Calendar, Finance & Administration Cabinet, and Revenue > E-Tax - E-Filing and Payment Option. The main content area is titled "E-Filing and Payment Options" and asks, "Do you qualify to electronically file your individual income tax returns for free?". It features logos for the Free File Alliance Kentucky and IRS e-file, along with a "CLICK, ZIP, FAST ROUND TRIP" slogan. Below this, it states, "The Department of Revenue encourages all taxpayers and tax professionals to file returns and make payments electronically." and identifies the department as an "e-file" participant. The page is organized into sections: "E-Registration" with links for Telecommunications Tax, Utility Gross Receipts License Tax, and "E-Filing" with links for Motor Fuel Tax, Sales and Use Tax Returns, FAQs Online Sales Tax Filing, Streamlined Sales Tax, Telecommunications Tax, Utility Gross Receipts License Tax, Wage and Tax Statements - Withholding Tax, and "E-Payments" with links for E-Payments - Credit Cards and ACH Debits, Authorization Agreement for Electronic Funds Transfer - Form 10A070 (57K), Instructions for Authorization Agreement for Electronic Funds - Form 10A070, and Authorization for EFT Payment Bank Change - Form 10A071. A sidebar on the left lists various tax forms and services, and a "NEWS" icon with the text "click here to access important TAX NEWS" is also present. A footer note indicates the page was last updated on 8/13/2009.



Address <https://kyegxzeus01.ky.gov/Krcfile/protected/AccountSummary.aspx?krcfile=EBFD7927CA9374150462DF614A17637644D862592A90675D90C88F89A09066852948DD720C6> Go Links

Kentucky.gov KY Agencies | KY Services | Search Revenue for Go

Department of Revenue
E-Tax

Home Account Information

KY E-Tax Home
FAQs
Electronic Payment
Updated Tax Info
Security
Contact Us
Help
 Exit KY E-Tax

Welcome **TIM BENNETT**

If any of the information is incorrect [click here to submit corrected information.](#)
 Please include your Sales Tax Number on the e-mail.

Your Last Successful Logon was on 10/19/2009

Business Name
 MOTION PICTURE PROD REFUNDABLE CREDIT

Business Location
 P O BOX 299
 FRANFORT KY 40602

Sales Tax
 File Frequency: Annual
 Frequency Effective Date: 06/10/2009
 Account Status: Active

Mailing Address
 DEPARTMENT OF REVENUE
 DIV OF SALES & USE BR MG
 P O BOX 181

To view or file a return, click on the appropriate tax period. Paper filed returns are not available to view online.

Period	Status	Outstanding Liabilities
06/01/2009-06/30/2009	FILED ONLINE	X
05/01/2009-05/31/2009	FILED ONLINE	
04/01/2009-04/30/2009	FILED ONLINE	
03/01/2009-03/31/2009	FILED ONLINE	
02/01/2009-02/28/2009	FILED ONLINE	
01/01/2009-01/31/2009	FILED ONLINE	
12/01/2008-12/31/2008	FILED ONLINE	
11/01/2008-11/30/2008	FILED ONLINE	
10/01/2008-10/31/2008	FILED ONLINE	
09/01/2008-09/30/2008	FILED ONLINE	
08/01/2008-08/31/2008	FILED ONLINE	
07/31/2008	FILED ONLINE	
01/01/2007-12/31/2007	FILED ONLINE	
01/01/2006-12/31/2006	FILED ONLINE	
06/30/2006	FILED ONLINE	
05/31/2006	FILED ONLINE	
04/30/2006	FILED ONLINE	
03/31/2006	FILED ONLINE	
02/28/2006	FILED ONLINE	
01/31/2006	FILED ONLINE	
12/31/2005	FILED ONLINE	

An 'X' indicates outstanding liabilities for this period. If you have questions please contact Department of Revenue at 502-564-5170 or by e-mail at KRCWebResponseETax@ky.gov.

Select another Account User Maintenance

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The screenshot shows a web browser window displaying the Kentucky Department of Revenue's E-Tax portal. The page title is "Sales Tax Return Summary". The browser address bar shows a URL from kyegxzeus01.ky.gov. The page header includes the Kentucky Department of Revenue logo and navigation links for "KY Agencies" and "KY Services". A search bar is present with "Revenue" selected. The main content area displays the following information:

Business Name: MOTION PICTURE PROD REFUNDABLE CREDIT
Period: 07/01/2008 - 06/30/2009
Due Date: 07/20/2009
Date Filed: 07/02/2009
Filed By: T BENNETT
Validating Num: 003061892
Total due:(as of 07/20/2009) \$5.90

Total Receipts - Does not include sales tax collected	\$100.00
Total Deductions	\$0.00
Total Taxable Amount	\$100.00
Total Tax	\$6.00
Vendor's Compensation	\$0.10
Net Tax Due	\$5.90
Total Due (As of 07/20/2009)	\$5.90

Navigation links on the left include: KY E-Tax Home, Electronic Payment, Updated Tax Info, Security, Contact Us, Help, and Exit KY E-Tax. At the bottom of the page, there are "Back" and "Print" buttons. The Windows taskbar at the bottom shows the Start button and several open applications including Microsoft Office, a file explorer window, and Windows Media Player. The system clock indicates 3:44 PM on 07/20/2009.

Department of Revenue - E-Gov - Microsoft Internet Explorer

Address: http://kydevesxtest1/krcfile/protected/SalesDedList.aspx?krfile=3E4BA1930D16F69219E98B2A115E356D2C175DBA4854681ACBE39CACCD0DFC19F7BD6C117DA96B8B34E

Kentucky.gov Department of Revenue E-Tax

Home

Sales Tax Deductions List

KY E-Tax Home
 FAQs
 Electronic Payment
 Updated Tax Info
 Security
 Contact Us
 Help
 Exit KY E-Tax

List of deductions categories available. Click the appropriate box to add or delete a deduction. A box with a check mark in it indicates deductions selected.

Deduction Description	
Sales for which resale certificates received (Revenue Form 51A105)	<input type="checkbox"/>
Sales for which agricultural certificates received (Revenue Forms 51A158 & 51A159)	<input type="checkbox"/>
Sales to charitable, religious, educational institutions, where purchase exemption certificates received (Revenue Form 51A126)	<input checked="" type="checkbox"/>
Sales of tax exempt foods	<input type="checkbox"/>
Sales to government units	<input type="checkbox"/>
Sales in interstate commerce delivered to an out of state location by your vehicle, common carrier or U. S. mail	<input type="checkbox"/>
Sale of gasoline or special fuels on which Kentucky motor fuels tax has been paid	<input type="checkbox"/>
Service & installation charges included in total receipts (Must be separately stated on customer invoice)	<input type="checkbox"/>
Returned merchandise on which tax was previously reported in prior months	<input type="checkbox"/>
Freight and delivery charges - No longer a valid deduction effective 7/1/2004	<input type="checkbox"/>
Sales of prescription medicine, medical oxygen, prosthetics & physical aids	<input type="checkbox"/>
Sales of all motor vehicles that are licensed for use on public highway & tax was paid under KRS 138.460	<input type="checkbox"/>
Sales for which enterprise zone certificates received (Revenue Forms 51A151 & 51A152)	<input type="checkbox"/>

Enter the description of any other deductions you wish to add:
 (Effective 4/1/09 the sale of packaged distilled spirits, wine and malt beverages is not an eligible deduction.)

Add

To continue please cancel or save your selections.

Cancel Save

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Interactive Voice Response (IVR) System

The Interactive Voice Response (IVR) System, or Kentucky “no tax due” system, is a telephone activated system that allows taxpayers to file “no tax due” sales and use tax returns by calling a toll-free telephone number. No tax due returns may be filed for any reporting period and the telephone call must be made by the date the return is due.

For sales tax filers, a business must have no sales for the period, or have sales that can be adjusted or offset by one of the following deductions: **sales for which resale certificates were received, sales in interstate commerce, service and installation charges, or sales of motor vehicles licensed for highway use.** IVR may not be used if more than one deduction is claimed or if consumer use tax is due. Taxpayers who file by IVR will still receive paper returns but the returns are not to be sent back.

After an IVR call is completed, the system will end the call with a confirmation number confirming the transaction is complete. Taxpayers should retain this number for their records. The IVR toll-free number is **1-866-282-1851**. The number is available 24 hours a day, seven days a week.

Once the return data is captured by IVR, the data is then configured and downloaded to the mainframe where it is processed to the sales tax system. The return data is processed to the system using validating numbers ranging from 2950000 to 2999999. The Sales Tax System designates the return was **IVR Filed** as noted on the screen print below.

DEPARTMENT OF REVENUE - SALES & USE TAX		PAGE 01
SALES TAX RETURN FOR PERIOD ENDING		REVSU057
ACCT NO:		
ST: ACTIVE	1 TOT RECEIPTS	
DATE: 06/01/01	20 TOT DEDUCTIONS	
	21 NET RECEIPTS	
	22 TAXABLE RECEIPTS	
	23 AMT SUBJECT USE	
(1)	24 TOT TAX AMOUNT	
VAL: 002950161	25 SALES & USE TAX	
DATE: / /	26 TOT COMPENSATION	
ORIGINAL RET	27 TAX DUE	
UNAUDITED FIG	28 CREDIT CLAIMED	
NO-OP	29 NET TAX DUE	
(2)	30 PENALTY	
VAL:	31 INTEREST	
DATE:	32 TOTAL P & I	*****
	33 AMOUNT DUE	*****
	AMT PAID ON RETURN	
	ADD'L CR MEMO APPL	*****
ADJ:	OTHER CREDITS	*****
	IVR FILED	
	CR MEMO/AR	

Completing the Sales and Use Tax Return

FORMS 51A102 AND 51A102E—SALES AND USE TAX RETURN (E Designates EFT Return)

Line 1, Total Receipts—The amount to be reported on this line is the seller's gross receipts/sales and/or rental and lease receipts including sales tax collected. It is the sum of total invoices for the period. (KRS 139.010(10)(a) "Gross Receipts")

Line 2, Sales for which resale certificates received—The amount to be reported on Line 2 is the total dollar amount of sales where the seller accepted a Resale Certificate (Form 51A105) from a retailer who intends to resale the property purchased. A Kentucky purchaser must be registered with the Department of Revenue before he can issue a valid resale certificate. The burden of proving that the sale is not taxable is on the seller unless a valid certificate is accepted in "good faith." Good faith shall be demonstrated by the seller if he accepts and maintains on file a completed certificate. A resale certificate is a statement by the purchaser to the effect that the property purchased by him will be resold, leased or rented in his normal course of business. The purchaser must list on the certificate the nature of his business, the nature of the property purchased, his permit number, address and the date the certificate is signed.

If a seller regularly sells the same kind of merchandise to the same customer, a single certificate known as a "blanket certificate" will be sufficient for all such sales and a new certificate need not be signed each time a purchase is made. A manufacturer may issue this certificate for industrial tools and supplies used directly in the manufacturing process. KRS 139.470(11) gives the criteria necessary for items to qualify under this exemption.

Line 3, Sales for which agricultural certificates received—The amount to be reported on this line is the total dollar amount of exempt sales to farmers. Farmers must execute Form 51A158, Farm Exemption Certificate, and Form 51A159, On-Farm Facilities Certificate of Exemption for Materials, Machinery and Equipment, for all exempt purchases. The seller must retain the completed certificates in his files.

Line 4, Sales for which purchase exemption certificates received—The amount to be reported on this line is the total dollar amount of sales to nonprofit organizations. Examples of such organizations include schools, churches, parent/teacher organizations and other nonprofit 501C(3) organizations designated by the federal government. A Purchase Exemption Certificate (Form 51A126) is a statement signed by the purchaser to the effect that the property purchased will be used solely within the exempt function of the nonprofit institution. These certificates may be issued only by nonprofit charitable, educational and religious institutions or historical sites which have qualified as exempt purchasers and have been issued a purchase exemption number by the Department of Revenue.

Line 5, Sales of tax-exempt grocery store food—The amount to be reported on this line is the total dollar amount of sales which constitute exempt foods. Grocers and similar establishments may take this statutory deduction on food sales. (KRS 139.485)

Line 6, Sales to government units—The amount to be reported on this line is the total dollar amount of sales to the units of local, state and federal governments and special districts. The seller must maintain a copy of the exemption authorization letter granted by the Department of Revenue for each organization in its files.

Line 7, Sales in interstate commerce delivered to an out-of-state location by seller vehicle, common carrier or U.S. mail—The amount to be reported on this line is the total dollar amount of sales made in interstate commerce. The seller ships the property out-of-state; the buyer does not take possession of the property in Kentucky.

Line 8, Sales of gasoline or special fuels on which Kentucky motor fuels tax has been paid—The amount to be reported on this line is the total dollar amount of gasoline and special fuels. This includes gasoline sold at the pump, but does not include gasoline sales at marinas or for other off-road usage, such as aircraft fuel. (KRS 139.480(16))

Line 9, Trade-in allowances (accrual method only)—Trade-ins must be of like-kind property and the entire sales price must be included in line 1. The amount to be reported on this line is the total dollar amount accepted as trade-in value. The trade-in value is deducted from the initial purchase price before the sales tax is computed. (KRS 139.010(10)(a)(5)) Accrual method is defined as the reporting of taxable receipts and the payment of the tax on the return at the time the retailer makes the sale.

Line 10, Service and installation charges—The amount of service and installation charges must be included in line 1. The amount to be reported on this line is the total dollar amount of charges for labor and other services used in installing or applying the property sold. These charges must be separately stated on the customer's invoice; if not the charges are subject to tax. (KRS 139.010(10)(c)(4))

Line 11, Returned merchandise—The amount to be reported on this line is the total dollar amount of merchandise returned by customers on which the sales tax has been paid and reported in a prior month. The seller will credit the tax amount back to his customer. (KRS 139.010(10))

Line 12, Bad debts and repossessions (accrual method only)— The seller may only deduct bad debts if the tax was previously paid and the debt has been written off for income tax purposes. Unhonored checks must be deducted on lines 18 and 19. (KRS 139.350)

Line 13, Freight and delivery charges—**Effective July 1, 2004 Freight and Delivery Charges are no longer a valid deduction. This deduction line remains on the return and should be left blank.**

Line 14, Cash discounts (accrual method only)—The amount to be reported on this line is the total dollar amount of cash discounts allowed and taken on sales (provided that premium or trading stamps shall not be included as cash discounts. Line 1 must include the amount of the sale before the discount. (KRS 139.010(10)(c))

Line 15, Sales of prescription medicines, medical oxygen, prosthetic devices and physical aids—The amount to be reported on this line is the total dollar amount of sales of prescription medicines, prosthetic devices and physical aids exempt under KRS 139.472.

Line 16, Sales of motor vehicles and motorcycles that have been licensed for use on the public highways and the appropriate usage tax has been paid under KRS 138.460—The amount to be reported on this line is the total dollar amount of motor vehicle sales where the motor vehicle usage tax has been paid at the County Clerk's office, where vehicles are licensed. (KRS 139.470 (21))

Line 17, Sales for which enterprise zone exemption certificates received— **Effective 01-01-08, all Enterprise Zones have expired. The Kentucky Enterprise Initiative Act, (KEIA) effective January 1, 2006, replaced the original enterprise zone legislation.**

Lines 18 and 19, Other deductions—These deduction lines are for other exemptions which are not listed on lines 2–19. Examples of other deductions are lottery tickets and water sold for equine use.

Line 20, Total deductions—The amount to be reported on this line is the total of lines 2–19. Lines 2–19 are itemized deductions where the seller did not charge the sales tax.

Line 21, Net Receipts (including tax)—Line 21 is calculated by subtracting line 20 from line 1. The amount on line 21 may never reflect a credit amount. The Department of Revenue does not permit the processing of a return where the total deductions (line 20) exceed total receipts (line 1).

Line 22, Taxable Receipts--Receipts subject to tax—Line 22 is calculated by dividing line 21 by 1.06 to back the 6 percent tax out of that figure. Because the sales tax is included in line 1 (gross receipts), it must be backed out so that the tax will not be included twice.

Line 23(a), Cost of all tangible personal property and digital property purchased without payment of the sales and use tax for business or personal use—Any item that is held in inventory for resale purposes which is removed and used in a taxable manner or any taxable out-of-state purchases for business use (property not held for resale) on which tax was not paid must be reported on line 23(a).

Line 23(b), Estimated energy purchases (EDP holders only)—EDP estimated payments. This payment amount represents the estimated energy purchases consumed in the production process for the reporting period. The sales and use tax does not apply to the sale, use, storage or other consumption of energy or energy-producing fuels used in the course of manufacturing, industrial processing, mining or refining to the extent that the cost of all energy or energy-producing fuels used exceeds 3 percent of the cost of production.

Taxpayers authorized for EDP should make estimated monthly tax payments. The payment is computed by multiplying the cost of production by 3 percent and then multiplying the resulting figure by 6 percent. The taxpayer is required to report and make monthly payments equal to 1/12 of the total estimated tax. The energy direct pay exemption transfers liability for any tax on energy purchases from the vendor to the customer.

Line 24, Total taxable amount—Line 22 plus lines 23(a) and 23(b).

Line 25, Sales and Use Tax—Line 24 times (x) 6 percent (.06).

Line 26, Vendor's Compensation—The vendor's compensation can only be deducted if the return and payment are timely. It is a discount in tax liability, which the taxpayer may take for reporting and paying the taxes by the due dates. The compensation or discount is computed by deducting 1.75 percent of the first \$1,000 of line 25 and 1 percent of the amount in excess of \$1,000 of the total tax (line 25) (effective July 1, 2003, not to exceed \$1,500).

Effective July 1, 2004, the \$1,500.00 cap was eliminated and not re-enacted in the 2004/2005 budget bill. July 1, 2005, the \$1,500.00 cap was reinstated and still remains in effect.

Line 27, Tax Due—Line 25 minus line 26.

Line 28, Pre-approved credits (indicate credit memo date)—Only credits previously approved by the Department of Revenue can be claimed on line 28. The credit memo date must be entered. At present, the Department of Revenue does not authorize such credits except under special circumstances.

Line 29, Net Tax Due—Line 27 minus line 28.

Line 30, Penalty—KRS 131.180 provides the following penalties for late filing and late payment: (a) *If filed late*, add 2 percent of line 29 for each 1- to 30-day period for which the return is late, penalty not to exceed 20 percent of line 29. Minimum penalty of \$10.00 regardless of the amount of tax due or whether there is any tax due; (b) *If paid late*, also add 2 percent of line 29 for each 1- to 30-day period, penalty not to exceed 20 percent, \$10.00 minimum. (KRS 131.180)

Line 31, Interest—Interest at the tax interest rate will be assessed as provided in KRS 131.183 from the original due date of the return until the date the tax is paid. The tax interest rate for 2009 is 5 percent. Multiply the amount on line 29 times the tax interest rate, divide by 365, times the number of days late. Effective May 1, 2008, all taxes payable to the commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus two percent. Interest paid on a refund shall be paid on the base rate minus two percent from the date of the amended return.

Line 32, Total Penalty and Interest—Line 30 plus line 31.

Line 33, Total Amount Due—Line 29 plus line 32.

SALES TAX CREDITS AND REFUNDS

Credit for tax previously paid, for which a retailer has received a valid exemption certificate or for which a retailer is claiming an allowable deduction, may be taken on the sales and use tax return (Form 51A102). The deduction may be taken on lines 2 through 19 of the return designating the specific deduction line claimed. The deduction may not be claimed if the deduction amount or the total amount of all deductions (line 20) exceeds the retailer's gross receipts for the period as reported on line 1 of the return. If a retailer's total deductions (line 20) exceed the amount of gross receipts reported on line 1, a credit may not be claimed and the retailer must apply to the Department of Revenue for a refund. Line 28, pre-approved credits may not be used for the purpose of claiming credits or refunds unless specifically authorized by the Department of Revenue.

The Department of Revenue requires written documentation to substantiate all refund claims. Copies of amended returns, invoices, exemption certificates and other documentation should be provided with the refund request. All refund requests should be submitted to the Division of Sales and Use Tax, P.O. Box 181, Station 67, Frankfort, Kentucky 40602.

SALES AND USE TAX AUTOMATED SYSTEM (KYIMS)

The sales and use tax automated system performs a variety of functions essential to the processing and balancing of returns. The system is able to calculate and balance returns to deduct credits, to bill for errors and to “kick out” returns if additional information is needed for processing. Kick-outs (Turn-Around Documents) must be manually worked and resubmitted for processing by the system. The system is also capable of maintaining credit balances. Credits must be manually entered by the user in order for the system to trace the credit balance.

Kentucky Administrative Regulation 103 KAR 25:131- Current month payment of sales and use tax by larger taxpayers.

This regulation sets forth the requirements for larger taxpayers, whose average monthly tax liability is \$10,000 or more, to accelerate their tax payments on a monthly basis.

FORMS 51A103 AND 51A103E—ACCELERATED SALES AND USE TAX RETURN (E Designates EFT Return)

The accelerated sales and use tax return is due on the 25th day following each calendar month. All filers are registered on a monthly basis. Accelerated filing requires the taxpayer to make an estimated or actual tax prepayment each month on line 27(b) of the return. The taxpayer will then claim this credit or overpayment on the next month's return on line 28(a). Form 51A103 only differs from Form 51A102 by the due date and by the lines designated for reporting the accelerated payment and credit.

There are currently 553 accelerated filers.

Completing the Consumer Use Tax Return

FORMS 51A113 AND 51A113(O)—CONSUMER USE TAX RETURN

Line 1, Total Sales Price—The total sales price is the total dollar amount of all purchases of tangible personal property and digital property subject to use tax. The taxpayer will complete the back of the return, listing the itemized purchases subject to use tax for the period. For each purchase, the taxpayer must list the name and address of seller, the description of the property, the date of purchase and the sales price of the property purchased. The total sales price of property purchased from this list will be the amount entered on line 1 of the return.

Line 2, Use Tax—The amount of use tax due is computed by multiplying 6 percent times the amount on line 1.

Line 3, Compensation—The vendor's compensation can only be deducted if the return and payment are timely. It is a discount in tax liability which the taxpayer may take for reporting and paying the taxes by the due dates. The compensation or discount is computed by deducting 1.75 percent of the first \$1,000 of line 2 and 1 percent of the amount in excess of \$1,000 of the total tax (line 2); shall not exceed \$1,500 (effective July 1, 2003).

Effective July 1, 2004, the \$1,500.00 cap was eliminated and not re-enacted in the 2004/2005 budget bill. Effective July 1, 2005, the \$1,500.00 cap was reinstated and still remains in effect.

Line 4, Tax Due—Line 2 minus line 3.

Line 5, Pre-approved Credits—Only credits previously approved by the Department of Revenue can be claimed on line 5. The credit memo date must be entered. At present, the Department of Revenue does not authorize such credits except under special circumstances.

Line 6, Net Tax Due—Line 4 minus line 5.

Line 7, Penalty—KRS 131.180 provides the following penalties for late filing and late payment:

- (a) *If filed late*, add 2 percent of line 6 for each 1- to 30- day period for which the return is late, not to exceed 20 percent of line 6, minimum penalty of \$10 regardless of the amount of tax due or whether there is any tax due;
- (b) *If paid late*, also add 2 percent of line 6 for each 1- to 30- day period, penalty not to exceed 20 percent, \$10 minimum. (KRS 131.180)

Penalty Note: For any jeopardy assessment or estimated assessment issued for periods after January 1, 2003, the minimum late file penalty will be \$100.00. This

includes zero tax due returns that are filed late when a jeopardy or estimated assessment has been issued.

Line 8, Interest—Interest at the tax interest rate will be assessed as provided in KRS 131.183 from the original due date of the return until the date the tax is paid. The current tax interest rate is 5 percent. Multiply the amount on line 6 times the current interest rate, divide by 365, times the number of days late. Effective May 1, 2008 all taxes payable to the commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus two percent. Interest paid on a refund shall be paid on the base rate minus two percent from the date of the amended return..

Line 10, Total Amount Due—The sum of lines 6, 7 and 8.

Commonly Asked Questions

1. **Does a wholesaler need to register for a sales tax permit number?**
Yes. Even though sales are for resale, the wholesaler must still report sales made.
2. **Can retailers absorb the tax instead of using the bracket system?**
No. Retailers must bracket the tax and collect it from their customers.
3. **Must a sales tax return be filed even though no sales were made for the period?**
Yes. The return must still be filed by the due date. A minimum \$10.00 penalty is assessed for late filing.
4. **Can contractors purchase materials exempt from tax if they are doing a job for a nonprofit or governmental entity?**
No. Contractors may not use the exempt status of these entities to purchase materials tax exempt.
5. **Where do I report the sale of business assets on the sales tax return?**
If the seller collects the tax on the sale of the business assets, the receipts should be reported on line 1, Total Receipts. If the buyer reports the tax, line 23(a) may be used to report the sale of business assets.
6. **How do you compute the vendor's compensation?**
The computation is 1.75 percent of the first \$1,000 plus 1 percent of any amount above \$1,000. **Effective July 1, 2005, the \$1,500.00 cap was re-enacted by the General Assembly.** Vendor's compensation may only be claimed if the return is filed and paid by the due date.
7. **How do I compute interest on the return?**
Multiply the amount of tax due times the tax interest rate, divide by 365, times the number of days the return is late (for leap year, use 366).
8. **How far can I go back to amend returns?**
Four years from the due date of the return or when the tax was actually paid, which ever is later. Amended returns should be mailed to the Division of Sales and Use Tax PO Box 181 Frankfort, KY 40602-0181.
9. **What if the return due date falls on a holiday or weekend?**
The return due date will then be extended to the next business day.
10. **If I am an individual who owes use tax to the Department of Revenue, how do I report the tax?**
An individual taxpayer may report the use tax on the individual income tax return for the year or file the Consumer Use Tax Return (51A113(0)).

- 11. Do farmers have to register for sales tax numbers to make exempt purchases?**
No. They issue agricultural certificates Form 51A158, Farm Exemption Certificate and Form 51A159, On-Farm Facilities Certificate of Exemption for Material, Machinery and Equipment, to their vendors.
- 12. How can a Consumer use tax number be identified?**
It is a six-digit number beginning with a 9, commonly referred to as “900,000 series” account numbers.
- 13. Can a consumer use tax holder issue a resale certificate for purchases?**
No. The resale certificate specifically states a consumer may not issue this certificate.
- 14. What are some examples of exemption certificates that a contractor may issue to a supplier?**
Certificate of Exemption Machinery for New and Expanded Industry, Form 51A111, Certificate of Exemption for Pollution Control Facilities, Form 51A149, and On-Farm Facilities Certificate of Exemption for Materials, Machinery, and Equipment, Form 51A159. The certificate must be initiated by the exemption holder.
- 15. What is the difference between the sales tax and the use tax?**
Sales tax is imposed on the seller; use tax is imposed on the seller or buyer. A remote seller doing business in Kentucky is required to collect use tax. Sales tax is imposed on retail sales made within Kentucky, while use tax is imposed upon retail transactions made outside Kentucky for tangible personal property and digital property for storage, use or other consumption in Kentucky.
- 16. Must Consumer use tax returns be filed if there is no tax due for the period?**
No. The system does not create a delinquency notice for returns not filed.
- 17. What services in Kentucky are subject to sales tax?**
Services subject to sales tax are the furnishing of sewer services and intrastate and interstate communications service, admissions and rental of any room or rooms, lodging or accommodations less than 30 days, natural gas transmissions for delivery and use in Kentucky.
- 18. Where may I obtain a temporary vendor’s license?**
The Service Centers located throughout the state assign temporary numbers in the areas of their region.
- 19. Where may I obtain a regular sales tax permit registration form?**
You may contact Taxpayer Registration at (502) 564-3306, the Sales and Use Tax Division at (502) 564-5170, Fax-on-Demand System at (502) 564-4459, any one of

our Service Center locations, or by visiting the Kentucky Department of Revenue web site <http://www.revenue.ky.gov/>.

20. Is setting up an Internet web site subject to sales tax?

No.

21. Are the sales tax returns available for downloading over the Internet?

No. The forms are preprinted with specific taxpayer information used in processing the return and must be requested from the Department of Revenue.

22. What is the purpose of the sales and use tax permit?

The permit letter is issued as proof the business is registered for sales tax. It should be placed visibly at the business location so customers can see it.

Legislation Affecting Retailer and Use Tax Account Holders

2003 Legislation

VENDOR COMPENSATION

The vendor compensation can only be deducted if the return and payment are timely. It is a discount in tax liability, which the taxpayer may take for reporting and paying the taxes by the due dates. The compensation or discount is computed by deducting 1.75 percent of the first \$1,000 of line 25 and 1 percent of the amount in excess of \$1,000 of the total tax (line 25). Effective July 1, 2003 the amount paid to a vendor for the collection of sales tax is capped at \$1,500 for each reporting period.

STREAMLINED SALES AND USE TAX AGREEMENT (HB 293) (EFFECTIVE JULY 1, 2004)

During the 2003 legislative session, the Kentucky General Assembly enacted HB 293 to conform to the uniform standards of the Streamlined Sales Tax Agreement (SSUTA).

The Streamlined Sales Tax Project (SSTP) was organized in March of 2000 with a wide range of participation from state and local tax administrators, state and local government representatives, and private industry groups. On November 12, 2002, 30 states (including Kentucky) and the District of Columbia approved the Streamlined Sales and Use Tax Agreement (SSUTA). The goal of this project is to simplify and modernize sales and use tax collection and administration so that Main Street merchants as well as remote sellers can more easily comply with the multiple tax requirements of various states. The agreement provides for a central online registration system and the online filing of tax returns for out-of-state retailers who elect to register and report tax to member states adopting the agreement. The agreement also provides for various uniform definitions, such as tangible personal property. There is a link to the project website on the Department's Sales and Use Tax page.

The SSUTA officially became effective October 1, 2005. Currently, 23 member states are actively participating in the agreement and approximately 1,200 streamlined filers have registered. For Fiscal year 2009, Streamlined sales tax filers remitted over \$12 million to Kentucky. Of this total, \$6.3 million has come from new account holders not previously registered in the state. The cumulative Kentucky Streamlined payments for filings since November 2005 total \$36.5 million.

As of June 2009, new money for Governing Board states exceeds \$448 million.

SST Model Numbers

To participate in the SSTA, registrants must select from 4 model types. Model numbers 1, 2, 3, and 4 refer to different registration filing models used for submitting SST returns. All models file with each respective SST state.

Model 1 filers must contract with a **Certified Service Provider (CSP)** to file returns and payments on their behalf. The **CSP** accesses Kentucky's web service to upload the information into DOR's system. To date there are four **CSP's** on board – **Avalara, ADPTaxware, Exactor, and SpeedTax.**

Model 2 filers have purchased a **Certified Accounting System (CAS)** and are responsible for filing their own returns and payments.

Model 3 filers possess an accounting system approved by the SST Governing Board and are responsible for filing their own returns and payments. None are certified at this time.

Model 4 filers are all other taxpayers who elect to collect and remit sales tax under the streamlined agreement. Model 4's must file returns through DOR's web site.

SST Registration

Streamlined filers must register and file returns for all full member states. All taxpayers participating in the SST agreement must register on-line at the SST national web site at <https://www.sstregister.org/sellers/Entry.aspx>. The on-line registration system will automatically assign each taxpayer a 9-digit alpha numeric SST number and will require the taxpayer to select a password. The same SST number and password are also used by the taxpayer (**Model 4 filers only**) to file the **Simplified Electronic Return (SER)** and **Information Return (IR)** on the DOR's web site. <https://rfo2zeus.state.ky.us/krcifile/SSTP> Once registered, the SU system will assign the taxpayer a Kentucky Sales Tax Number, but will not send paper returns.

SST Simplified Electronic Return (SER)

The Simplified Electronic Return (SER) is an on-line return that does not require taxpayers to itemize all deductions. The SER will allow for 6 itemized deductions in addition to a line for reporting total deductions claimed. Similar to the On-Line return in the E-Tax System, line 1 of the SER return (Taxable Receipts) does not include the sales tax collected. All SST filers use the same return format for each member state.

SST Information Return (IR)

The Information Return (IR) is an on-line reconciliation return that is filed every 6 months, normally in March and October of each year. The information return itemizes each deduction claimed from the SER's filed for the 6 month period. Kentucky is one of few member states that require the filing of this return. Elimination of the IR, with a reformatting of the SER, is in process.

LEGISLATIVE IMPACT OF STREAMLINED AGREEMENT EFFECTIVE JULY 1, 2004

Freight and Delivery - Charges by a retailer for freight and delivery of a taxable product are subject to the sales tax. This includes shipping and handling charges, postage fees, and similar transportation charges whether the charges are separately stated on the invoice or not. If the property purchased is exempt from sales tax, the associated freight and delivery charges will also be exempt. Transportation companies who provide a transportation service but do not sell tangible personal property are not retailers and do not charge sales tax to their customers.

Downloaded Tangible Personal Property - All downloaded property such as software, books, music, and movies either from the internet or by other electronic means are subject to sales and use tax. Software that is not prewritten (custom), but specifically designed to fit the needs of a specific purchaser, is not subject to sales tax whether downloaded or provided in tangible form.

Effective July 1, 2009, the retail sale of digital property accessed or obtained (transferred electronically) by the purchaser is subject to 6% Sales and Use Tax. Categories of digital property include digital audio works, digital books, finished artwork, digital photographs, periodicals, newspapers, magazines, video greeting cards, audio greeting cards, video games, electronic games, and digital code related to this property. (HB 347)

Prescription Medicines, Prosthetic Devices, Mobility Enhancing Equipment (MEE) and Durable Medical Equipment (DME)-KRS 139.472 - SST Legislation has helped to significantly improve this area of tax administration and compliance. Historically, Kentucky's exemptions were very narrow and generated a significant amount of litigation.

Effective July 1, 2004, the prescription drug exemption was expanded to cover legend drugs purchased for the treatment of a human being if dispensed by a licensed pharmacist, administered by a physician or other healthcare provider, or distributed as a free sample to or from a physician's office. At the same time the prosthetic device exemption was broadened to apply to all healthcare providers rather than to just hospitals and non-profit 501(c)(3) entities. Prosthetic devices are exempt when purchased by a healthcare provider for the treatment of specific patients or when

purchased under a prescription by an individual patient. Prosthetic devices individually designed or created for a specific person also qualify for the exemption regardless of who the purchaser is.

Effective June 20, 2005, the category of mobility enhancing equipment for which a prescription is issued became exempt. Previously various items in this category when purchased by individuals for private use were exempt such as wheelchairs, crutches and walkers. However, other items such as walking canes, trapeze devices, chair lifts and transfer boards were taxable.

Effective August 1, 2008, an over-the-counter (OTC) drug purchased for human use for which a prescription is issued became exempt. Historically, Kentucky had exempted OTC drugs when prescribed by a physician and dispensed by a licensed pharmacist, but the July 1, 2004, SST changes that broadened the exemption for legend drugs also eliminated the OTC exemption with a prescription.

Effective July 1, 2009, durable medical equipment (DME) for which a prescription is issued became exempt from sales and use tax. Prior to this change, only limited DME items purchased by individuals for private use such as hospital beds and certain medical oxygen delivery equipment were exempt.

Please note that for prosthetic devices, MEE and DME the exemption also includes repair and replacement parts for the same. Prior to these legislative changes there was debate and litigation regarding the eligibility of these parts. However, for all MEE and DME and for prosthetic devices purchased by the individual for private use, the repair and replacement parts must be prescribed for the exemption to apply.

These legislative updates have also helped to resolve disputes related to Medicare and Medicaid eligible purchases and whether the purchase is made directly by a governmental entity or a third party administrator. Since items eligible under either the Medicare or Medicaid program require a prescription, the exemption will apply if the product falls within one of the exempt categories outlined in statute.

Food and Food Products-KRS 139.485 - Under this amendment the term food and food ingredients means substances whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food does not include alcoholic beverages, tobacco, candy, dietary supplements, soft drinks, and prepared foods. Prepared foods mean foods that are sold in a heated state or heated by the retailer; two (2) or more food ingredients mixed or combined by the retailer for sale as a single item; and food sold with eating utensils provided by the retailer.

Leases and Rentals – 103 KAR 28:051(3) – Lease means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration.

(1) Gross receipts from the lease or rental of tangible personal property shall include:

- (a) The total amount of payments, or consideration received by the lessor from the lessee;
 - (b) Payments paid by the lessee to a third party for the benefit of the lessor which are required by the terms of the agreement; and
 - (c) All itemized charges for costs incurred by the lessor and passed on to the lessee as separate charges in the lease or rental agreement including finance or interest charges, property tax, and insurance charges.
- (2) Charges by a lessor to a lessee for a separately-executed maintenance agreement, which is not a part of the lease or rental agreement, shall not be subject to tax.

Sourcing Rules- KRS 139.105 – The sourcing rules adopted under the Streamlined agreement are compatible with the sourcing rules historically followed by Kentucky. A sale is considered taxable in the state or location where the sale is made unless the sale is considered a sale in Interstate Commerce. If the purchaser takes possession of the property at point of sale in Kentucky, the sale is considered taxable in Kentucky. However, with the adoption of the new SSTA sourcing rules on July 1, 2004, receiving the product in Kentucky does not include possession by a shipping company on behalf of the purchaser located out of state.

For example, if a shipping company, on behalf of an out-of-state purchaser, takes possession of the product and delivers the product to the purchaser out of state for use, the product will not be considered as received in Kentucky. However, this does not affect transactions where the purchaser or purchaser's representative takes possession in Kentucky before arranging for delivery to an out-of-state location. If the purchaser or his representative buys the product at the seller's Kentucky location, then the transaction will be sourced as an over-the-counter sale taxable in Kentucky.

Previous editions of **Kentucky Sales Tax Facts** for April, May, and June 2004 highlight the original SSTA changes in Kentucky's tax code. All three of these newsletters may be accessed as well as other materials regarding the Streamlined Sales Tax Project (SSTP) at <http://www.revenue.ky.gov/>. You will need to select the Publications button on the left side of the screen to view the newsletters.

2005 Legislation

KENTUCKY ENTERPRISE INITIATIVE ACT (KRS 154.20-200)

Effective January 1, 2006, a new statewide tax incentive program replaced the Enterprise Zone Program. House Bill 272 created a new section of KRS 154 that allows eligible companies to receive refunds of sales and use tax paid on the purchase of building materials and research and development (R&D) equipment for an approved project. Only businesses primarily engaged in manufacturing, service or technology, or developing a tourism attraction are eligible to apply for the tax incentives. Companies

seeking to participate in the incentive program must apply for eligibility through the Kentucky Economic Development Finance Authority (KEDFA).

All areas require a minimum investment of \$500,000. A yearly statewide cap of \$20 million for building materials and \$5 million for R&D equipment exists on all approved projects. During the 2009 Special Session, the R&D exemption was expanded to include electronic processing equipment costing at least \$50,000. However, the \$5 million annual cap was not increased.

After receiving approval from KEDFA, a company must file Form 51A200, Application for Kentucky Enterprise Initiative Act (KEIA) Tax Credit Program, with the Department of Revenue, Division of Sales and Use Tax. Form 51A200 must be filed within 60 days of completion of the project or the expiration of the life of the project, whichever comes first.

As of December 31, 2007, all existing enterprise zones have expired.

TELECOMMUNICATIONS EXCISE TAX (KRS 136.600-136.660)

Effective January 1, 2006 Chapter 136 established a 3 percent excise tax on multi-channel video programming services (cable service, satellite broadcast, and wireless cable service), a 2.4 percent gross revenues tax on multi-channel video programming services, and a 1.3 percent gross revenues tax on communications services (unlike sales tax, this term includes pay phone service and ring tones). A percent of receipts from these excise taxes is distributed by the Department of Revenue to local political subdivisions, school districts, special districts, and sheriffs.

Though not a sales tax, the telecommunications tax is administered by the Division of Sales and Use Tax and is similar to the design of the sales and use tax return.

2007 Legislation

KENTUCKY SIGNATURE PROJECT (KRS 139.515)

KRS 139.515 establishes a refund credit to an agency as defined in KRS 65.7045, for a signature project that meets the requirements of KRS 65.7075. Subsection 2 of 139.515 provides a refund of the sales and use tax paid on the purchase of the tangible personal property used in the construction of the portion of the signature project that does not relate to approved public infrastructure costs or approved signature project costs.

To apply for refund, an approved Signature Project company or agency must file Revenue Form 51A291, Application for Kentucky Signature Project Sales and Use Tax

Refund, with the Department of Revenue. Claims for refund must be filed annually, within 60 days following the end of the fiscal year in which the project grant is executed, and shall cover purchases made during the immediately preceding year.

In addition, Information Sharing and Assignment Agreements for designated refund claims (Form 51A290), the Expenditure Report for Signature Project Refunds (Form 51A292), and a copy of at least one invoice from each vendor must be submitted with each refund application. As of 12/31/08 there are seven approved signature projects.

Once completed, each signature project participates as a TIF (Tax Increment Financing) partner and shares in a portion of the annual incremental sales tax revenues arising from the footprint of the project, up to the designated approved costs per KRS 65.7075.

ALTERNATIVE FUEL, GASIFICATION or RENEWABLE ENERGY FACILITY (KRS 139.517)

House Energy Bill (HB 1)—Created in the 2007 special session, it established two new provisions for sales and use tax refunds related to energy facilities and energy efficiency machinery or equipment. **KRS 139.517** provides a sales tax incentive for approved alternative fuel, gasification and renewable energy facilities. The approved company may receive up to 100 percent of the sales tax paid on tangible personal property used to construct, retrofit or upgrade an approved facility.

This exemption does not apply to the purchase of operating supplies, or repair, replacement or spare parts. (**KRS 154.27–070**) The approved company shall file a request for refund with the Department of Revenue (DOR) within 60 days following the end of the calendar year in which the activation date occurs per **KRS 154.27–010**. The approved company seeking the incentive must also execute information sharing agreements with contractors, vendors and other related parties.

KRS 139.518 creates a refund incentive for energy efficiency machinery or equipment used at manufacturing plants. “Energy efficiency project” is defined in the statute to mean a project where a manufacturer purchases new or replacement machinery or equipment for the plant facility that reduces the consumption of energy and energy-producing fuels used in the manufacturing process in the plant by at least 15 percent. The manufacturer must apply for pre-approval with the department; document the amount of energy used in the 12 months prior to application; document the achievement of the energy efficiency standards within 18 months after the machinery is placed in service; and file for a refund of the sales tax paid on the machinery.

The effective date for both sales and use tax provisions in the bill is Aug. 30, 2007. However, the sales and use tax exemption for the energy-efficiency portion will apply only to purchases made on or after July 1, 2008.

2008 Legislation

HB 629 contains revisions to KRS Chapter 139 (sales and use tax law). The statutes listed below were either moved, repealed, or amended effective August 1, 2008.

KRS 139.010 Definitions for chapter was amended to include the following new definitions:

KRS 139.040 Definition of Business
KRS 139.050 Gross Receipts
KRS 139.060 In This State
KRS 139.070 Occasional Sale
KRS 139.080 Person
KRS 139.090 Purchase
KRS 139.095 Recycling Purposes
KRS 139.100 Retail Sales
KRS 139.110 Retailer
KRS 139.120 Sale-Lease or Rental
KRS 139.140 Seller
KRS 139.150 Storage
KRS 139.160 Tangible Personal Property
KRS 139.170 Definitions
KRS 139.180 Taxpayer-Department
KRS 139.190 Use

KRS 131.183 - INTEREST PROVISIONS

Effective May 1, 2008, all taxes payable to the Commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus two percent; when interest is paid on a refund, interest shall be paid at the base rate minus two percent.

2009 Legislation

KRS 139.010 (24)(c) (1) – DEFINITION OF RETAILER

Effective August 1, 2009, amends Section 24(c) (1) definition of retailer to exclude person making sales at a charitable auction.

HB 144 – SALES TAX CHANGES FOR PACKAGED LIQUOR

HB 144 was recently passed by the General Assembly and signed into law by Governor Beshear on February 13, 2009. As part of this bill, KRS 139.470(23) was repealed to

eliminate the sales tax exemption for the sale of packaged distilled spirits, wine and malt beverages not consumed on the premises licensed for their sale per KRS 243.

Effective April 1, 2009 the sale of packaged liquor including beer, wine, and distilled spirits is subject to the 6% Kentucky sales and use tax. Deductions previously taken for sales of beer, alcoholic beverages, or packaged liquor are no longer allowable.

HB 53 – TITLING OF ATV'S

Effective July 1, 2010, ATV's are required to be titled at the County Clerk's Office. The Clerk's office will collect the applicable use tax on ATV's purchased from out of state retailers without payment of the tax.

2009 SST Legislation

HB 347 - DURABLE MEDICAL EQUIPMENT

Effective July 1, 2009, the purchase of durable medical equipment, including hospital beds, is exempt from sales tax when the purchaser buys the equipment under a prescription.

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Applications, Tax Forms and Exemption Certificates.....49

Kentucky Revised Statutes

Department of Revenue statutes:

KRS 131.010	Definitions for chapter
KRS 131.155	Department's authority to require certain taxpayers and other persons to remit taxes by electronic fund transfers; administrative regulations; waiver of requirement; refund by electronic fund transfer
KRS 131.180	Uniform Civil Penalty Act

Kentucky Enterprise Initiative Act statute

KRS 154.20-206	Authorization of sales and use tax refund for approved company -- Administrative regulations.
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Sales and Use Tax statutes:

KRS 139.010	Definitions
KRS 139.200	Imposition of sales tax
KRS 139.210	Retailers powers to collect from consumer; separate display of tax; taxes collected constitute debt to Commonwealth
KRS 139.230	Elimination of fractions of a cent
KRS 139.270	Resale certificate
KRS 139.310	Imposition of use tax
KRS 139.330	Purchaser's liability for use tax
KRS 139.350	Exception in the case of worthless accounts
KRS 139.470	Exempt transactions
KRS 139.472	Exemption of prescription medicines, prosthetic devices, mobility enhancing equipment and durable medical equipment
KRS 139.480	Property exempt
KRS 139.485	Exemption of food items
KRS 139.495	Application of taxes to resident non-profit Institutions
KRS 139.570	Withholding taxpayer's collection costs
KRS 139.980	Civil penalties

All Sales and Use Tax statutes can be found at the Legislative Research Commission's website: <http://www.lrc.ky.gov/KRS/139-00/CHAPTER.HTM>

Kentucky Administration Regulations

103 KAR 25:131	Current month payments of sales and use tax by larger taxpayers
103 KAR 26:110	Motor carrier repair and replacement parts
103 KAR 26:120	Advertising agencies
103 KAR 28:051	Leases and Rentals
103 KAR 30:091	Sales to farmers
103 KAR 30:140	Energy and energy-producing fuels
103 KAR 30:235	Sales to the federal government
103 KAR 31:111	Sales and purchases for resale

All Kentucky Administrative Regulations can be found at the Legislative Research Commission's website: <http://www.lrc.ky.gov/kar/titles.htm>

Applications, Tax Forms and Exemption Certificates

Sales and Use Tax forms can be found at:

<http://www.revenue.ky.gov/forms/cursalefrm.htm>

The screenshot shows the website interface for the Kentucky Department of Revenue. The main heading is "Current Year Sales & Use Tax Forms" with a sub-heading "Downloadable forms & instructions". A table lists various forms with their names and file sizes. A sidebar on the left contains navigation links for "Tax Forms", "Individual", "Withholding Tax", "Business", "Tax Professional", "Laws & Regulations", "Newsroom", "About Us", "Contact Us", and "Software Developer's Information". On the right, there are "Related Content" boxes for "E-Filing and Payment Options" and "Income Tax Forms Requisition (67K)".

Form Name	File Size
Resale Certificate (Sales & Use Tax) - Form 51A105	26K
Application for Energy Direct Pay Authorization - Form 51A109	50K
Certificate of Exemption, Machinery for New & Expanded Industry - Form 51A111	65K
Application for Direct Pay Authorization - Form 51A112	43K
Consumer's Use Tax Return - Form 51A113(O)	41K
Order for Selected Sales & Use Tax Publications - Form 51A115	59K
Application for Purchase Exemption - Form 51A125	36K
Purchase Exemption Certificate - Form 51A126	6K
Out-of-State Purchase Exemption Certificate - Form 51A127	24K
Solid Waste Recycling Machinery Exemption Certificate - Form 51A128	13K
Energy Exemption Annual Return - Form 51A129	NEW!!!
Monthly Aviation Fuel Tax Credit Schedule of Qualified Certificated Air Carriers - Form 51A130	37K
Monthly Aviation Fuel Dealer Supplementary Schedule	NEW!!!
Kentucky Sales & Use Tax Equine Breeders Supplementary Schedule	NEW!!!
Kentucky Sales Tax Motor Vehicle Sales Supplementary Schedule	NEW!!!
Purchase Exemption Certificate Watercraft Industry - Form 51A143	26K
Certificate of Exemption for Pollution Control Facilities - Form 51A149	61K

Aircraft Exemption Certificate - Form 51A150	10K
Certificate of Exemption-Water Used In Raising Equine - Form 51A157	36K
Farm Exemption Certificate - Form 51A158	73K
On-Farm Facilities Certificate of Exemption for Materials, Machinery & Equipment - Form 51A159	71K
Application for Truck Part Direct Pay Authorization - Form 51A160	71K
Application for Kentucky Enterprise Initiative Act(KEIA) Tax Credit Program - Form 51A200	57K
KY Sales & Use Tax Instructions - Form 51A205	75K
Sales & Use Tax Refund Application - Form 51A209	18K
Application for Pollution Control Tax Exemption Certificate - Form 51A216	18K
Certificate of Exemption for Alcohol Production Facilities - Form 51A222	59K
Kentucky Sales & Use Tax Certificate of Resale (Schools) - Form 51A227	306K
Application for Fluidized Bed Combustion Technology Tax Exemption Certificate - Form 51A228	344K
Fluidized Bed Combustion Technology Tax Exemption Certificate - Form 51A229	26K
Registration for the Kentucky Sales & Use Tax Refund for Motion Picture & Television Production Companies - Form 51A241	51K
Application for Sales & Use Tax Refund for Motion Picture Production Company - Form 51A242	342K
Streamlined Sales Tax Agreement - Certificate of Exemption - Form 51A260	18K
Certificate of Sales Tax Paid on the Purchase of a Motor Vehicle - Form 51A270	37K
Out-Of-State Purchase - Use Tax Affidavit - Form 51A280	63K
Information Sharing and Assignment Agreement for Designated Refund Claims - Form 51A290	60K
Application for Kentucky Signature Project Sales and Use Tax Refund - Form 51A291	55K
Expenditure Report for Signature Project Refunds - Form 51A292	51K

Application for Preapproval for Energy Efficiency Machinery or Equipment - Form 51A300	54K
Application for Kentucky Alternative Fuel, Gasification, and Renewable Energy Facility Sales and Use Tax Refund - Form 51A301	NEW!!!
Expenditure Report for Alternative Fuel, Gasification, and Renewable Energy Facility Refunds - Form 51A302	NEW!!!
Information Sharing and Assignment Agreement for Energy Efficiency Project Incentive - Form 51A350	97K
Application for Energy Efficiency Machinery or Equipment Sales and Use Tax Incentive - Form 51A351	58K
Affidavit of Non-Highway Use - Form 72A007	59K
UGRLT Energy Exemption Annual Return, Form 73A902	69K

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Local Intranet