**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-248** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Repair parts for and repairs made to equipment owned by a contractor, subcontractor or repairman.** |
| **Keywords:** |  |
| **Approval Date:** | **11/08/1999** |

**Body:**

Office of Policy & Research

November 8, 1999

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Re: Kansas Sales Tax

Dear XXXXX:

Your correspondence of August 13, 1999, has been referred to me for response. By your letter you ask our assistance with a question you have regarding the use of Tax Exemption Certificates on eligible projects you are currently working on. Your letter states, in part:

It is my understanding that if we are renting a piece of equipment specifically for an exempt job, it is exempt from sales tax and so are the parts or repairs made to that same machine, however, if we are using our own piece of equipment on that job and it breaks down, aren’t the repairs necessary to keep it running on that job tax exempt, too? I realize that the same piece of equipment we own will be used farther down the road on different projects, but since the repair was specific to that date and time when the machine was on the same project, wouldn’t that qualify?

Your understanding that a piece of equipment rented specifically for an exempt job is exempt from sales tax is correct. You are also correct that the parts for repairs made to a rented machine and paid for by the machine’s owner are exempt. However, repair parts for and repairs made to your own equipment are subject to sales tax. Let me explain why.

The Kansas sales tax act imposes sales tax on all rentals of tangible personal property. [See K.S.A. 79-3603(h).] Kansas administrative regulations specifically provide that leases of tools, machinery and equipment by a contractor to perform construction services are subject to sales tax. An exception is the lease of equipment and machinery by a contractor under a project exemption certificate. [See K.A.R. 92-19-66c.]

When the rental of equipment is job specific, repairs made to that equipment are also job specific. Therefore, if the rental of the equipment is exempt, repairs made to the equipment are also exempt.

The Kansas sales tax act also imposes sales tax on all sales of tangible personal property. [See K.S.A. 79-3603(a).] Kansas administrative regulations specifically provide that sales of tools, equipment and machinery to contractors, subcontractors and repairmen to perform construction services are subject to sales tax. In the case of sales, there is no exemption from sales tax for the purchase of equipment and machinery by a contractor under a project exemption certificate. [See K.A.R. 92-19-66c.]

Since the purchase of equipment by a contractor, subcontractor or repairman is not considered to be job specific, repairs made to that equipment are not considered to be job specific. Therefore, since the purchase of equipment by a contractor, subcontractor or repairman is not exempt under a project exemption certificate, repairs made to that equipment are subject to Kansas sales tax.

This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.

I trust this information is of assistance. If I can be of further service, please feel free to contact me.

Sincerely,

Jim Weisgerber
Attorney
Tax Specialist

JW:jw

Enclosure: K.S.A. 79-3603(a)
K.S.A. 79-3603(h)
K.A.R. 92-19-66c

**Date Composed: 11/09/1999 Date Modified: 10/11/2001**