**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-33** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Materials removed from inventory by a retailer/contractor.** |
| **Keywords:** |  |
| **Effective Date:** | **03/25/1998** |

**Body:**

Office of Policy & Research

March 25, 1998  
  
  
XXXXXXXXXXXXX  
XXXXXXXXXXXXX  
XXXXXXXXXXXXX  
XXXXXXXXXXXXX  
XXXXXXXXXXXXX  
  
  
Dear Mr. XXXX:  
  
  
We wish to acknowledge receipts of your letter dated March 19, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
K.A.R. 92-19-66(c) states in part: “Each retailer whose principal line of business is the retail selling of tangible personal property to the final user or consumer, but who also performs contractor services, may purchase material exempt from sales tax for resale purposes. When the retailer engages in a construction project as a contractor and removes material from inventory to perform the project, the retailer shall report and pay the proper sales tax on the cost of the material on the retailer’s sales tax return.”  
  
In closing, materials removed from inventory by a retailer to perform a construction project shall be subject to sales tax at the time the materials are removed from inventory, even though the materials may be used in a construction project outside the state of Kansas. Further, when a retailer, who is also a contractor removes material from inventory as a sale in interstate commerce, the Kansas sales tax would apply, even though the material may be used in a construction project outside the state of Kansas.  
  
If I may be of further assistance, please contact me at your earliest convenience at (785) 296-7776.  
  
Sincerely yours,  
  
  
  
Thomas P. Browne, Jr.  
Tax Specialist  
  
TPB  
  
  
**Date Composed: 04/08/1998 Date Modified: 10/10/2001**