

Rental And Leasing Companies

The taxability of sales and purchases of tangible personal property and labor services by rental and leasing companies are summarized below. This list is not all-inclusive.

Purchases by Rental And Leasing Companies:

Kansas sales or compensating use tax applies to those purchases identified or designated as taxable in the chart below. The applicable Kansas sales or Kansas consumers' use tax must be paid to the vendor or accrued and remitted directly to the Kansas Department of Revenue. Purchases from Kansas vendors may be reported using the retailers' sales tax return. Purchases from outside this state which are delivered to this state are to be reported on the Kansas consumers compensating use tax return.

Purchases for use

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| Items and equipment purchased exclusively to rent to others may be purchased exempt with a Resale Exemption Certificate. Items may include but not limited to electronics, appliances, formal wear, costumes, camping gear, boats, bikes, motorcycles, sporting goods, office equipment, compressors, power washers, cleaning equipment, furniture, musical instruments, tables and tableware. | Exempt |
| Repair services to damaged rental property. A Resale Exemption Certificate will need to be provided when repairs are made. | Exempt |
| Repairs and maintenance to existing buildings, and existing covered structures. | Taxable |
| Repair and replacement services to commercial real estate such as parking lots, fences, light poles, etc. | Taxable |
| Labor services for the original construction of new building | Exempt |
| Repair and replacement Parts, and labor service charges for repairing, servicing, altering or maintaining the rental company's tangible personal property for items <u>not</u> exclusively for rental such as tools, computers, printers, copiers, security equipment, etc. | Taxable |
| Warranty or service agreements for tangible personal property not in rental inventory such as, equipment and tools, computers, printers, copiers, security equipment, etc. | Taxable |
| Motor vehicle fuel (gas & diesel) purchased for off road use when purchased without paying the motor fuel excise tax. This includes fuel for which the motor fuel tax (road tax) has been refunded to you. | Taxable |
| Tangible property purchased to be given away or donated. (Items that are given away or donated to a tax exempt entity are not subject to sales tax as of April 2007). | Taxable |
| Motor vehicles and accessories not in rental inventory. | Taxable |
| Maintenance/repair of motor vehicles and accessories including lifts and other mechanical equipment not in rental inventory. | Taxable |
| Educational materials, posters, maps or other literature. | Taxable |
| Furniture and fixtures, including but not limited to: desks, lamps, tables, chairs, shelving, plants, planters, artwork, signs not in rental inventory. | Taxable |
| Linen (not in rental inventory) services. | Taxable |
| Laptop and desktop computers, copiers, printers, fax machines, calculators and other similar equipment not in rental inventory. | Taxable |
| Printed materials production and distribution (such as direct mail items).. | Taxable |
| Security monitoring service. | Exempt |
| Security cameras and other security equipment purchased by a club. | Taxable |
| Canned Software and software upgrades and labor services to modify, alter, update or maintain software. | Taxable |
| <u>Custom</u> software, custom software upgrades and labor services to modify, alter, update or maintain customized software. <i>"Custom" software = software developed for a single end user.</i> | Exempt |
| Newspaper and magazine subscriptions. | Taxable |
| Advertising in newspapers, radio, television, etc. | Exempt |
| Promotional items purchased by a company including but not limited to: calendars, mugs and items of clothing. | Taxable |
| Services to install, replace, or repair plumbing, wiring, built-in cabinets and other fixtures. | Taxable |
| Complimentary items that are given away, such as bottled water, soft drinks, coffee, creamer, sugar, cups and stir sticks, balloons, stickers, pens and candy. | Taxable |
| Pest control materials and supplies purchased by company. | Taxable |
| Janitorial supplies | Taxable |

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Purchases for use continued

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| Trash removal, shredding services, cleaning services, city sewer service. | Exempt |
| Utilities including but not limited to electricity, gas and water | Taxable |
| Professional services such as legal or accounting services | Exempt |
| Telephone answering services | Taxable |
| Business cards, office supplies, paper, toner cartridges, etc. | Taxable |

Sales By Rental And Leasing Companies:

The taxability of sales of tangible personal property and labor services by rental and leasing companies is summarized below. **This list is not all inclusive.** The applicable sales tax must be collected unless the purchaser provides a valid exemption certificate*.

Sales

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| Rental, rent to own and lease charges to a customer including; all fees such as; insurance and damage waiver fees, late fees and property tax charges, delivery, pick-up, labor and fuel. | Taxable |
| Rental and lease charges to a contractor providing a project exemption certificate. | Exempt |
| Any charge to the customer for repair, replacement, refurbishment or any other type of damage charge. | Taxable |
| Retail sales of tangible personal property. | Taxable |

* Sales/rentals to exempt entities with proper exemption certificates provided are exempt from sales tax. Ensure the exemption certificates are retained to substantiate all non taxed transactions.

Note: Kansas tax applies to the "gross receipts" from the sale of taxable goods or services in Kansas. Gross receipts include any amounts collected from the customer including any charges billed for freight, delivery or special handling.