**Opinion Letter**

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| **Letter Number:** | **O-1998-20** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Collection duties for labor services and materials.** |
| **Keywords:** |  |
| **Approval Date:** | **11/13/1998** |

**Body:**

Office of Policy & Research  
  
November 13, 1998

XXXXX  
XXXXX  
XXXXX

RE: Your letter of October 27, 1998

Dear Ms. XXXXX:  
  
I have been asked to respond to your letter of October 27, 1998. In it you state that someone advised you that you can cancel your sales tax registration and satisfy your sales tax obligations by paying sales tax on your purchases of materials and supplies. This advice is incorrect. As a plumbing company, you probably make some sales at retail and perform some labor services for commercial entities that do not qualify for the new residential exemption. This means that you continue to have sales tax collection duties under the Kansas retailers’ sales tax act and should remain registered and report sales tax on your retail sales. In addition, you have a resale inventory that has not been taxed. If you change your reporting status, you will owe sales tax on all your entire inventory during the period that you change your reporting status.  
  
For reporting local sales tax on labor services, the local tax is due based on your retail location for all contracts that are $10,000 or less. For contracts that are more than $10,000, the local tax due is the local tax that in place at the job situs. *K.S.A. 12-191.*  
  
I have enclosed a copy of Notice #92-02. It explains and applies the new exemption for residential repair and remodeling. Please call me if you have any other questions or wish to discuss this matter further. My number is (785) 296-4008.

Sincerely,  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

Enclosure  
  
  
**Date Composed: 11/24/1998 Date Modified: 10/10/2001**