**Private Letter Ruling**

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| **Ruling Number:** | **P-2002-071** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Canned software purchases.** |
| **Keywords:** |  |
| **Approval Date:** | **08/19/2002** |

**Body:**

Office of Policy & Research

August 19, 2002

XXXX
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XXXX

Re: Private Letter Ruling Request

Dear XXXX:

This letter responds to your e-mail dated May 3, 2002, in which you request a ruling as to whether the purchase by your client, XXXX, of certain canned software would qualify for the sales tax exemption under K.S.A. 2001 Supp. 79-3606(kk). You provided the following facts:

XXXX is a manufacturer of custom bulk cables, wiring harnesses and cable assemblies. . . .
XXXX purchases AutoCAD software. . . . AutoCAD software is software that XXXX's engineering department uses to create and to produce schematic drawings of its products. The schematics are exclusively used (created and produced) for engineering of XXXX's products, for research and development of XXXX's products and for the design of XXXX's products. For example, a customer will order a wiring harness for a new model of aircraft. The customer will identify the specifications of the wiring harness. XXXX will then utilize the AutoCAD software to design the new wiring harness.

K.S.A. 2001 Supp. 79-3606(kk)(4) provides in part:

The following machinery, equipment and materials shall be deemed to be exempt even though it may not otherwise qualify as machinery and equipment used as an integral or essential part of an integrated production operation: (A) Computers and related peripheral equipment that are utilized by a manufacturing or processing business for engineering of the finished product or for research and development or product design.

The software purchase appears to qualify for the sales tax exemption under K.S.A. 2001 Supp. 79-3606(kk), assuming the software’s primary use by your client is for engineering of the finished product or for research and development or product design. Please consider my prior letter to you dated June 5, 2002 concerning the private letter ruling requested for your client, XXXX, to be revoked.

Let me know if you have any further questions.

Very truly yours,

Richard L. Cram

**Date Composed: 08/22/2002 Date Modified: 08/22/2002**