

RETAIL PACKET



General

1. What is the sales tax? Who is responsible for collecting the sales tax?

Sales tax is a tax on tangible personal property and digital property that is sold, leased or rented in Kentucky and selected services. It is the seller's responsibility to collect the sales tax from the customers and to remit the sales tax to the Department of Revenue.

2. What is the tax rate?

There is a 6% statewide rate. There is no local option sales tax in Kentucky.

3. What is the use tax? What is the use tax rate?

The use tax is a tax on tangible personal property and digital property used in Kentucky upon which the sales tax has not been paid. In other words, it is a sort of "backstop" for the sales tax. Property which is purchased, leased or rented outside of Kentucky for storage, use or other consumption in this state is subject to the use tax. Tangible personal property and digital property purchased for resale, but which is used instead of being resold, is subject to sales and use tax. The use tax rate is 6%.

Persons who become liable for use tax are required to report and pay the tax directly to the Department within 20 days following the end of the month in which the taxable use occurs. Persons who occasionally incur a use tax liability and who do not hold a sales and use tax permit or consumer's use tax account may report and pay the use tax on a non-registered basis on a Consumer's Use Tax return, Revenue Form 51A113(O). The return may be obtained at any Kentucky Taxpayer Service Center, or by contacting the Department of Revenue, Division of Sales and Use Tax, P. O. Box 181, Frankfort, KY 40602-0181, or online at <http://revenue.ky.gov/forms/cursalefrm.htm>.

Businesses which are registered to collect sales tax should report their purchases subject to sales and use tax on line 23(a) of their sales and use tax return.

4. How is each tax computed?

The sales tax is computed on the gross receipts from sales. The use tax is computed on the sales price of the property. Gross receipts and sales price are defined in KRS 139.010.

5. What kind of receipts are subject to the sales tax?

- a. the sale of tangible personal property and digital property to consumers
- b. leases or rentals of tangible personal property and digital property to consumers
- c. sales of admissions
- d. accommodations to transients for less than 30 consecutive days
- e. communications services
- f. prepaid calling service and prepaid wireless calling services
- g. furnishing of sewer services
- h. natural gas transmission and distribution services

6. Are all sales of tangible personal property taxable?

No. There are three types of sales that are exempt from the sales tax. They are:

- a. Sales for Resale—tangible personal property and digital property which is purchased by another seller who issues a Resale Certificate. For more information on sales and purchases for resale, see regulation 31:111, available at this link: <http://www.lrc.ky.gov/kar/103/031/111.htm>
- b. Interstate Commerce—property purchased to be delivered to a location outside of Kentucky.
- c. Sale of property which is exempt under the sales and use tax law.

To access all Kentucky sales and use tax statutes and regulations, go to this link:
<https://revenue.ky.gov/Pages/Tax-Laws.aspx>

7. Who is required to collect and remit the use tax on out-of-state purchases of tangible personal property and digital property brought into Kentucky for use, storage, or consumption?

The consumer of the tangible personal property and digital property is responsible to remit the use tax to the Department of Revenue. However, if the out-of-state vendor is registered with the Kentucky Department of Revenue, he is responsible to collect and remit the tax to the Department of Revenue. The purchaser must obtain from the out-of-state vendor a receipt showing the Kentucky use tax has been paid in order to be relieved from paying the use tax directly to the Department of Revenue.

8. Does the law require the seller to provide a receipt to his customer showing the sales and use tax paid?

Yes. A detailed receipt showing the tax separately stated from the purchase price must be issued to the purchaser. KRS 139.210.

9. Are sellers allowed compensation for reporting and paying the tax?

Yes. Effective July 1, 2013, the seller may keep 1.75 percent of the first \$1,000 and 1.5 percent of tax due in excess of \$1,000 on each return up to a maximum of \$50 for reporting and remitting the taxes on or before the due date. Compensation is not allowed on returns filed or paid late.

10. How long must a registered retailer keep records?

4 Years pursuant to **KRS 139.720**

11. How do I close my sales and use tax account?

Complete form 51A205, the account maintenance portion, and mail to the address in question #3 above, submit via fax to the Division of Sales and Use Tax at (502) 564-2041, or scan and send via e-mail at *DORWebResponseSalesTax@ky.gov*. Form 51A205 is mailed with every sales and use tax return and is also available at *http://revenue.ky.gov/forms/cursalefrm.htm*.

12. How do I obtain a copy of my sales and use tax permit?

A sales and use tax permit is contained within correspondence mailed to every new sales and use tax registrant. If you need another copy, contact the Division of Sales and Use Tax at (502) 564-5170, via e-mail at *DORWebResponseSalesTax@ky.gov*, or , if registered to file electronically via eFile, you have the option to print your own sales tax permit by going to the “View Taxes” link on your account.

Filing the Return

1. What kind of sales and use tax return needs to be filed?

If you registered with a paper application, a sales and use tax return will be mailed to you by the Department of Revenue (DOR) based on your filing frequency. You must use the form provided by the Department of Revenue as this is a scannable form. A limited number of forms providers have been approved to reproduce the Department of Revenue sales and use tax return in a scannable format. Confirm with your forms provider that they are authorized to reproduce Kentucky sales and use tax returns. If you registered through the Kentucky One Stop at www.OneStop.ky.gov, you must file your return electronically and will not receive a paper return. Please see questions 6-15 for information about online filing.

2. What is my filing frequency?

Your filing frequency is based on information received on your application for a sales and use tax permit. You will either be set up on a **monthly**, **quarterly** or **annual** filing frequency. All accounts are reviewed on an annual basis and adjustments to filing frequency are normally made in June of each year. If your filing frequency has been changed, you will be notified by the Department of Revenue as to the new filing frequency.

3. When is my sales and use tax return due?

A return is due each month, unless you are a quarterly or annual filer. The monthly return is due on the 20th of the following month. For example, the July return is due August 20th. If the 20th falls on a weekend or a holiday the return is due the next business day following the 20th. Instructions will be included with each return. Some businesses are required to accelerate, and accelerated filers' returns are due on the 25th of the following month.

4. How is the use tax due reported?

Use tax is reported on line 23(a) of the sales and use tax return issued to you by the Department of Revenue. If you hold a consumer's use tax number (900,000 series), you report total purchases on line 1 of the consumer's use tax return.

5. How do I remit the tax due to the Department of Revenue?

Tax due can be paid either by issuing a paper check (please include your sales and use tax account number on the check), EFT (Electronic Funds Transfers), or by Online Payment. A separate application for EFT must be completed in order to utilize this method of payment. Online payment information may be viewed on the DOR Web site www.revenue.ky.gov—E-File and Payment Options—Sales Tax Returns.

6. Can I file my sales and use tax return online?

Yes. You must first be registered with the Department of Revenue and hold a valid Sales and Use tax permit or a registered consumer's use tax account. You may then register your business for online filing at the Kentucky One Stop at www.onestop.ky.gov. Click on One Stop Business Services and create a user account. Once you have created the account and are logged in, please click on the question mark in the upper right hand corner, then select the eFile Quick Start Guide for instructions.

7. Which returns can be filed online using KY eFile?

At present the Sales and Use Tax returns and the Consumer's Use Tax form (51A113) can be filed online. Form numbers include 51A102, 51A102E, 51A103, and 51A103E.

8. How do I get help in using KY eFile?

You may call the Division of Sales and Use Tax at (502) 564-5170 for help. In addition, you may contact us directly at DORWebResponseSalesTax@ky.gov.

9. Is there anything different about the online return as opposed to my paper return?

Yes. Please note that line 1, total receipts per the online return **does not** include the tax collected. You only include total receipts without the sales tax. As a result, the line 22 calculation on the paper return which divides the total by 1.06 to remove the tax is not necessary for the online return.

10. How secure is my information sent electronically?

The KY eFile site and your data are secured using SSL (Secure Sockets Layer) and 128 bit encryption.

11. What is the benefit of filing my return by KY eFile?

- a. It's free
- b. It's fast
- c. It's easy
- d. It's convenient
- e. It makes all the computations with no math errors

12. When can I begin filing my returns after registering online?

You will be able to start filing your return immediately after registration. You will be contacted via e-mail on your One Stop dashboard when the registration process is complete and the return is ready for electronic filing.

13. Do I need to download special software to file KY eFile?

No special software is needed.

14. Is the filing due date for KY eFile different from normal filing dates?

No, the due date for your returns remains the same as normal filing due dates.

15. How do I remit my payment if I file KY eFile?

You have the following payment options:

- a. Credit Card (Discover, VISA and Master Card) Payments incur a 2 to 2.5% transaction fee on the total paid.
- b. Debit Card (Discover, VISA and Master Card) Payments incur a 1.5% transaction fee on the total paid.
- c. Electronic Check (ACH Debit) No convenience fees are charged on the transactions.
- d. EFT (if registered) If you are not registered for EFT but would like to do so, you must call (502) 564-6020.
- e. Check. (Please include ending periods, business name, account number and type tax. **Do not** send paper return along with your check if you filed your return online.)

Kentucky Department of Revenue
Order For Selected Sales and Use Tax Publications



Mail order requests to: Kentucky Department of Revenue, Division of Sales and Use Tax, P. O. Box 181, STA. #66, Frankfort KY 40602-0181.

Taxpayers may also receive small quantities of forms by contacting the local taxpayer service center in their area or by calling the Division of Sales and Use Tax in Frankfort at (502) 564-5170. Some forms are also available on the Kentucky Department of Revenue Web site at www.revenue.ky.gov/forms and regulations are available at www.revenue.ky.gov/laws.

FORM NAME **ORDER NUMBER**

Food Industry

Coupons or Redemption Certificates (Reg. 31:080)
Containers, Wrapping and Packaging Materials (Reg. 30:170)

Mining and Manufacturing Industry

Publishers of Newspapers, Magazines (Reg. 27:140)
Producing, Fabricating and Processing (Reg. 28:030)
Leases and Rentals (Reg. 28:051)
Machinery for New and Expanded Industry (Reg. 30:120)
Energy and Energy-Producing Fuels (Reg. 30:140)
Containers, Wrapping and Packaging Materials (Reg. 30:170)
Direct Pay Authorization (Reg. 31:030)
Application for Energy Direct Pay 51A109
Application for Direct Pay 51A112
Energy Exemption Annual Return 51A129
Application for Pollution Control Tax Exemption Certificate 51A216

Automotive and Power Equipment Industries

Motor Vehicles, Mobile Homes and Trailers (Reg. 27:100)
Leases and Rentals (Reg. 28:051)
Application for Truck Part Direct Pay 51A160

Agricultural Industry

Florists and Nurserymen (Reg. 27:050)
Sales to Farmers (Reg. 30:091)
Farm Exemption Certificate 51A158
On-Farm Facility Certificate of Exemption 51A159
Water for Equine Exemption 51A157

General Retail Industry

Kentucky Tax Registration Application 10A100
Instructions for Kentucky Tax Registration 10A100-I
Electronic Funds Transfer Information 10F075
Authorization Agreement for Electronic Funds Transfer 10A070
Sales and Use Tax Refund Application 51A209
Vending Machines (Reg. 27:180)
Coupons or Redemption Certificates (Reg. 31:080)

Lumber, Building Construction and Contractor Industry

Painters and Finishers (Reg. 26:060)
Construction Contractors (Reg. 26:070)
Machinery for New and Expanded Industry (Reg. 30:120)
Sales to the Federal Government (Reg. 30:235)

(continued on back page)

SALES AND USE TAX ORDER FORM
KENTUCKY DEPARTMENT OF REVENUE
DIVISION OF SALES AND USE TAX
P. O. Box 181, STA. #66, FRANKFORT KY 40602-0181

Order Number	Quantity	Mailing Address
_____	_____	Name _____
_____	_____	Address _____
_____	_____	City _____ State _____ ZIP Code _____
_____	_____	Sales/Use Tax Account No. _____

Miscellaneous Service Industry

Service Enterprises in General	(Reg. 26:010)
Dentists and Dental Laboratories	(Reg. 26:080)
Photographers, Photo Finishers and X-ray Labs	(Reg. 27:120)
Printing and Related Industries	(Reg. 27:130)
Application to Admissions.....	(Reg. 28:010)

Educational, Charitable and Religious Institutions

Application for Purchase Exemption.....	51A125
Certificate of Resale (Schools)	51A227

Resale and Exemption Certificates

*Resale Certificate	51A105
*Certificate of Exemption–Machinery for New and Expanded Industry	51A111
*Purchase Exemption Certificate.....	51A126
*Solid Waste Recycling Machinery Exemption Certificate	51A128
*Updated—Exemption Certificate—Aircraft or Watercraft	51A150
*Streamlined Sales Tax Agreement (SST)-Certificate of Exemption	51A260

**(These exempt certificates may be photocopied for business use and are available on the DOR Web site at www.revenue.ky.gov.)*

Other

Consumer Use Tax Return	51A113(O)
Application for Kentucky Disaster Relief Sales and Use Tax Refund	51A600