

## **103 KAR 26:050. Common carriers.**

RELATES TO: KRS 139.470, 139.480

STATUTORY AUTHORITY: KRS 131.130 (1)

NECESSITY, FUNCTION, AND CONFORMITY: To interpret the sales and use tax law as it applies to transactions involving common carriers.

Section 1. All tangible personal property sold to or used by common carriers in this state shall be subject to application of the sales or use tax with the exceptions noted in Section 2 of this administrative regulation. Tax will be applicable to leasing arrangements, or use pursuant to leasing arrangements, whereby items of equipment (including, for example, but not limited to, such things as tires or batteries) are acquired by common carriers for utilization over extended periods of time in connection with operations. Such purchases, uses, leases, and uses pursuant to leases are subject to the exceptions and qualifications hereinafter noted.

Section 2. Excepted from application of the sales or use tax are the following:

(1) Over the road equipment or floating equipment which enters this state in actual use in interstate commerce at the time of entering, and is used exclusively in interstate commerce thereafter (nominal use in intrastate commerce will not affect this exception from application of tax).

(2) Locomotives or rolling stock, including materials for the construction, repair, or modification thereof, or fuel or supplies for the direct operation of locomotives or trains, used or to be used in interstate commerce. The term "rolling stock" shall mean only that equipment designed to move on rails and used for the transportation of goods or passengers for hire.

(3) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the direct operation of aircraft in interstate commerce and used exclusively for the conveyance of property or passengers for hire (nominal use in intrastate commerce will not affect this exception from application of tax). (SU-43-1; 1 Ky.R. 229; eff. 1-8-1975; 9 Ky.R. 1152; eff. 5-4-1983; 13 Ky.R. 1084; eff. 1-13-1987; TAm eff. 5-20-2009; TAm eff. 6-22-2016.)