

103 KAR 27:230. Automotive body shops or suppliers.

RELATES TO: KRS 139.010, 139.200, 139.210, 139.220, 139.230, 139.240, 139.250, 139.260, 139.270, 139.280, 139.290, 139.310, 139.330

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky. This administrative regulation establishes sales and use tax requirements for transactions involving automotive body shops or related suppliers.

Section 1. (1) Automotive body shops shall be classified as retailers of parts and materials used in body work that become a component part of a motor vehicle.

(2) The list in this subsection shall serve as examples of parts and materials used in body work that become a component part of a motor vehicle:

- (a) Body putty;
- (b) Body solder;
- (c) Finishing glazes;
- (d) Lacquers;
- (e) Paint;
- (f) Plastic filler;
- (g) Primer;
- (h) Resins (epoxy, fiberglass, or polyester);
- (i) Sealants;
- (j) Shellacs;
- (k) Thinners;
- (l) Undercoating; and
- (m) Welding rods.

(3) An automotive body shop may purchase materials and parts that become component parts of a motor vehicle without paying tax to a supplier if the body shop issues a Resale Certificate, Form 51A105, which is incorporated by reference in 103 KAR 3:020, to the seller at the time of purchase.

(4) An automotive body shop shall collect sales tax on charges for materials and parts sold to customers. They shall separately state on the customer invoice and in their records the sales price of the parts and materials from the charges for repair and installation labor. If the labor charges are not separately stated, the presumption shall be that the entire charge represents the sales price of tangible personal property sold with the applicable tax due from the seller.

Section 2. (1) An automotive body shop shall be classified as the consumer of items of tangible personal property used in the performance of body work that do not become a component part of the motor vehicle and shall pay tax on the items accordingly.

(2) The list in this subsection shall serve as examples of items used in the performance of body work that do not become a component part of a motor vehicle:

- (a) Acetylene and other welding gases;
- (b) Cleaners;
- (c) Compound pads;
- (d) Flux;
- (e) Masking paper;

- (f) Masking tape;
- (g) Polishing or buffing pads;
- (h) Removers (liquid or paste);
- (i) Rubbing compounds;
- (j) Sanding discs;
- (k) Sandpaper; or
- (l) Waxes.

Section 3. (1) This administrative regulation shall replace Revenue Circular 51C001-S12.

(2) Revenue Circular 51C001-S12 is hereby rescinded and shall be null, void, and unenforceable. (33 Ky.R. 2806; 3152; eff. 5-4-2007; TAm eff. 5-20-2009.)