

103 KAR 31:020. Records.

RELATES TO: KRS 139.720

STATUTORY AUTHORITY: KRS Chapter 13A

NECESSITY, FUNCTION, AND CONFORMITY: To interpret the sales and use tax law as it applies to the records required to be maintained to support sales and use tax reports.

Section 1. Every seller, retailer, and person storing, using or otherwise consuming in the state tangible personal property purchased from a retailer, shall keep adequate and complete records showing:

(1) The gross receipts from the sales of tangible personal property (including any services that are a part of the sale) made within Kentucky.

(2) All deductions allowed by law and claimed in filing returns.

(3) The total purchase price of all tangible personal property purchased for sale or consumption in Kentucky.

Section 2. These records must include the normal books of account ordinarily maintained by the average prudent business man engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes, cancelled checks, bank statements, or other documents of original entry supporting the entries in the books of account, as well as all schedules or working papers used in connection with the preparation of tax returns and all "resale certificates", "agricultural certificates", and other approved certificates received from purchasers.

Section 3. All such records for any period shall be preserved until the statutory limitation relating to the assessment of additional tax for that period has expired, unless the department in writing sooner authorizes their destruction. An agreement between the taxpayer and the department, extending the period of limitation upon assessment, shall automatically extend the period for which preservation of the records is required. Failure to maintain such records will be considered evidence of negligence or intent to evade the tax, and may result in the imposition of appropriate penalties. (SU-63; 1 Ky.R. 232; eff. 1-8-1975; TAm eff. 6-9-2009.)