

# Notice

**Notice Number:** 04-07  
**Tax Type:** Kansas Compensating Tax; Kansas Retailers' Sales Tax  
**Brief Description:** New sales tax exemptions effective January 1, 2005.  
**Keywords:**  
**Approval Date:** 09/01/2004

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**Body:**

## **Kansas Department of Revenue Office of Policy & Research**

### **NOTICE 04-07 SALES TAX EXEMPTIONS**

The following Kansas Retailers' Sales Tax (or Kansas Compensating Tax) exemptions become effective for sales that are made on or after **January 1, 2005**. Retailers making sales qualifying within these new exemptions need not collect Kansas sales tax on sales that are made on or after January 1, 2005. For any exempt sale, retailers must obtain a properly completed exemption certificate from the purchaser and retain the certificate in their files for a period of at least three (3) years from the date of purchase as authority not to collect sales tax. Any new (or revised) exemption certificates will be available from the department's web site no later than December 2004.

The new exemptions, effective January 1, 2005 are shown below in the bolded-italicized language:

1. K.S.A. 79-3606(vv) – Purchases of tangible personal property by the following IRC Section 501(c)(3) charitable organizations and sales of tangible personal property by such organizations:

♦ *the Heartstrings Community Foundation for the purpose of providing training, employment and activities for adults with developmental disabilities;*

♦ *the Cystic Fibrosis Foundation, Heart of America Chapter, for the purposes of assuring the development of the means to cure and control cystic fibrosis and improving the quality of life for those with the disease; and*

♦ *the Spina Bifida Association of Kansas for the purpose of providing financial, educational and practical aid to families and individuals with spina bifida. Such aid includes, but is not limited to, funding for medical devices, counseling and medical educational opportunities;*

2. K.S.A. 79-3606(g) – *sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of aircraft;*

**SEE ALSO - NOTICE 04-06 – FOR MORE INFORMATION REGARDING THIS AIRCRAFT EXEMPTION**

3. K.S.A. 79-3606(r) *sales of hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments thereto, and replacement parts therefor, including batteries, by a person licensed in the practice of dispensing and fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and amendments thereto.*

**SEE ALSO - NOTICE 04-05 – FOR MORE INFORMATION REGARDING THIS HEARING AID EXEMPTION**

4. K.S.A. 79-3606(v) - all sales of ***tangible personal property*** to any contractor (such as Meals On Wheels) for use in preparing meals for delivery to homebound elderly persons and all sales of ***tangible personal property*** for use in preparing meals for consumption by indigent or homeless individuals whether or not such meals are consumed at a place designated for such purpose, ***and all sales of food products by or on behalf of any such contractor or organization for any such purpose;***

5. K.S.A. 79-3606(hhh) - ***all sales of tangible personal property and services purchased by or on behalf of all domestic violence shelters that are member agencies of the Kansas coalition against sexual and domestic violence.***

6. KSA 79-3603(s) – the sale of “***custom***” computer software, and the sale of the services of modifying, altering, updating or maintaining “***custom***” computer software.

\*The sale of PREWRITTEN COMPUTER SOFTWARE or “CANNED” software and the services of modifying, altering, updating or maintaining “CANNED” software continues to be subject to sales tax.

**Definition of “prewritten computer software”:**

KSA 79-3602(cc) "Prewritten computer software" means computer software, including prewritten upgrades, which is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the combination to be other than prewritten computer software. Prewritten computer software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the purchaser. Where a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person's modifications or enhancements. Prewritten computer software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software, except that where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute prewritten computer software.

**SEE ALSO - EDU-71, Sales Tax Guidelines: Taxing Charges for Computer Products and Services and Internet Related Sales and Services– FOR MORE INFORMATION REGARDING THE TAXATION OF COMPUTER SOFTWARE.**

7. 2004 House Bill 2647, Section 12 exempts all sales of tangible personal property and services to the **Kansas Bioscience Authority.**

**Taxpayer Assistance.** If you have questions about this notice or its application, please contact the department at (785) 368-8222. Additional copies of this notice and application are on our web site or may be ordered through the department’s voice mail forms request line at (785) 296-4937.

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