

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
BUSINESS PROCEDURES MANUAL

Procedure 3.8
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Effective Date: July 1, 2009
Supersedes: Procedure 3.8 dated April 15, 2003
Applies To: Colleges and System Office
Procedure Responsibility: Accounting

Sales and Use Tax

Sections:

Section 3.8.1 – Sales Tax
Section 3.8.2 – College Resale Operations
Section 3.8.3 – School Organization Purchases

Section 3.8.1 - Sales Tax

KCTCS uses one consolidated Kentucky sales tax number for reporting all resales. It is the responsibility of each college business officer to properly establish whether a sale is taxable or not prior to accepting payment.

Section 3.8.2 – College Resale Operations

- A. In accordance with Kentucky Revenue Cabinet, Circular 51C030, revised July 1, 1992, resale of materials used to practice a trade or vocation are taxable while the sale of a service performed as part of the learning process of the trade or vocation is not.
- B. Taxable sales should be recorded in the Student Projects-taxable account previously established in the KCTCS chart of accounts. The 6% sales tax collected, as part of the sale, should be recorded to the sales tax payable account 24000. Reporting and paying all sales tax collected will be done centrally.
- C. Each college should make copies of the pre-numbered Sales Tax permit and Resale Certificate specific to each college and distribute to each off campus location where resale operations occur.

Section 3.8.3 – Sales Tax in Contiguous States

KCTCS does not have a sales tax exemption in any contiguous state. Colleges are required to pay sales tax in those states for purchases.

End of Procedure