



# ABOUT THE MULTI-JURISDICTION EXEMPTION CERTIFICATE

## PURPOSE

The Multi-Jurisdiction Exemption Certificate is used whenever an exempt transaction crosses state lines. In Kansas, it takes the place of a Kansas resale or ingredient or component part exemption certificate when:

1) an out-of-state business, taking delivery of inventory or ingredient parts in Kansas, is not registered in Kansas,

OR

2) a wholesaler is buying inventory.

**A Kansas business buying inventory or ingredient parts in another state may also furnish this certificate to the seller in the other state, subject to the laws of that state.**

## WHO MAY USE THIS CERTIFICATE?

Businesses and wholesalers **from other states** that do not have a Kansas sales tax number to furnish for a Kansas ingredient or component part exemption certificate **or a Kansas resale exemption certificate** must use this certificate to certify that they qualify for these two Kansas exemptions when making purchases in Kansas.

A Kansas wholesaler will use this certificate when buying inventory from either another Kansas business or a business in another state. Wholesalers are not required to obtain a Kansas sales tax number. A Kansas retailer may also use this certificate when purchasing inventory or ingredient or component parts from a retailer or wholesaler in another state.

## WHAT PURCHASES ARE EXEMPT?

Only goods and merchandise (tangible personal property) are exempt. To be exempt, the tangible personal property must be for:

- wholesale sale,
- retail sale (resale), rental, or lease,
- an ingredient or component part of a new product to be resold, leased, or rented.

In accepting this certificate, the seller should exercise reasonable care and judgment. The property purchased must be of the type normally sold wholesale or retail, leased or rented, or used as an ingredient or component part of a product manufactured in the customer's usual course of business.

Equipment and fixtures for a business are not exempt. When purchased in Kansas, these items are taxable. When a Kansas business buys equipment or supplies from another state, the Kansas business will owe Consumers' Compensating Use tax on these purchases unless a sales or use tax of at least equal to the Kansas retailers' sales tax rate in effect where the item is used, stored or consumed. See **Publication KS-1510, "Kansas Sales and Compensating Use Tax"** available on the department's website.

**RETAINING THIS CERTIFICATE:** Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.