
NOTICE 10-03
Addendum

Sample Worksheet for
Reporting Sales under Old and New
Sales Tax Rates on same return

This example explains how a retailer electronically filing the ST-36 monthly return should report sales under multiple taxing jurisdictions for the month of July 2010 that include both sales subject to the 5.3% state rate (plus applicable local taxes), and sales subject to the 6.3% state rate (plus applicable local taxes).

During the month of July 2010, ABC Building Supplier (ABC), located in Topeka, made total gross sales of building materials of \$38,150 to various contractors, delivered to various locations, as described below. ABC made \$12,350 in gross sales of building materials, which were picked up by the contractors at the Topeka location. \$8,500 of that \$12,350 in gross sales of building materials were to a contractor who had presented ABC with a Department-issued exemption certificate exempting those sales from the state rate increase, because the contractor had entered into a binding construction contract prior to May 1, 2010. ABC made gross sales of \$4,000 for building materials sold to a contractor and delivered by ABC to the construction site located at Lawrence. ABC made \$6,300 in gross sales of building materials to contractors for construction projects located in Hays and delivered the materials to those locations. For \$2,300 of those gross sales of building materials delivered to the Hays location, the contractor presented ABC with a Department-issued exemption certificate from the state rate increase, because the contractor had entered into a binding construction contract prior to May 1, 2010. ABC made \$15,500 of gross sales of building materials to a contractor for a project in Hutchinson and delivered those materials to the Hutchinson construction site.

For the gross sales of \$8,500 of building materials picked up at Topeka and purchased by a contractor presenting the exemption certificate from the state rate increase, the 5.3% state rate, plus applicable local sales taxes in effect for Topeka-Shawnee County as of July 1, 2010 of 2.95%, for a total of 7.95%, would apply. For the gross sales of \$2,300 of building materials delivered to the Hays location and purchased by a contractor presenting the exemption certificate from the state rate increase, the 5.3% state rate, plus applicable local sales taxes in effect as of July 1, 2010 of 2.25%, for a total of 7.55%, would apply. For the other sales made by ABC during July, the 6.3% state rate (plus the applicable local sales taxes in effect at the delivery location as of July 1, 2010) would apply. For building materials picked up in Topeka, the combined rate would be the new 6.3% state rate, plus 2.65% in local sales taxes, for a total combined rate of 8.95%. For building materials delivered to Lawrence, the combined rate would be the new 6.3% state rate, plus 2.55%, for a total combined rate of 8.85%. For building materials delivered to Hays, the combined rate would be the new 6.3% state rate, plus 2.55%, for a total combined rate of 8.55%. For building materials delivered to Hutchinson, the combined rate would be the new 6.3% state rate, plus 1.75% in local sales, for a total combined rate on 8.05%.

To complete the July 2010 ST-36 return, ABC should enter its gross sales reported under each taxing jurisdiction code in the "Gross Sales" column in Part III of the ST-36 return. The "Gross Sales" column should include sales that were invoiced to customers at the 5.3% state rate as well as sales that were invoiced at the 6.3% state rate. The gross sales of building materials picked up

at the Topeka location, \$12,350, would be reported under the Topeka-Shawnee County taxing jurisdiction code under the “Gross Sales” column in Part III of the ST-36. The gross sales of building materials delivered to Lawrence, \$4,000, would be reported under the Lawrence-Douglas County taxing jurisdiction code under “Gross Sales” column in Part III of the ST-36. The gross sales of building materials delivered to Hays, \$6,300, would be reported under the Hays-Ellis County taxing jurisdiction code. The gross sales of building materials delivered to Hutchinson, \$15,500, would be reported under the Hutchinson-Reno County taxing jurisdiction code.

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Wednesday Jul 7, 2010 11:24 AM CST

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ST-36 Kansas Retailers' Sales Tax Return

Business Name	ABC BUILDING SUPPLIES		
Tax Account Number	004-856789157-F01	EIN	856789157
Period Begin Date	07/01/2010	Period End Date	07/31/2010
Return Type	Original	Due Date	08/25/2010

Part III

Taxing Jurisdiction	Gross Sales	Merchandise Consumed By You	Part II (Non-Utility) Deductions	Net Sales	Tax Rate	Net Tax	
Hays/Ellis (HAYEL)	6300.00	0.00	0.00	6,300.00	8.55%	538.65	Delete
Hutchinson/Reno (HUTRN)	15500.00	0.00	0.00	15,500.00	8.05%	1,247.75	Delete
Lawrence/Douglas (LAWDG)	4000.00	0.00	0.00	4,000.00	8.85%	354.00	Delete
Topeka/Shawnee (TOPSN)	12350.00	0.00	0.00	12,350.00	8.95%	1,105.33	Delete
						Page Total Net Tax:	\$3,245.73

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Part 3 Gross Sales: \$38,150.00
Part 3 Total Net Tax: \$3,245.73

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To determine the deduction allowed because of the rate increase, ABC will total the sales receipts being reported that were invoiced at the 5.3% state rate for each Taxing Jurisdiction Code under which sales receipts are being reported. The sum of the 5.3% state rate sales for a taxing jurisdiction should be multiplied by the Factor that is appropriate for that taxing jurisdiction from the Factor Table, below.

To find the appropriate Factor for each taxing jurisdiction, ABC must determine the combined sales tax rate in place for the Taxing Jurisdiction Code immediately before July 1, 2010 and the combined sales tax rate in place for the same Code on July 1, 2010. The decimal amount that follows the two combined rates in the Factor Table is the appropriate Factor for the Taxing Jurisdiction Code in question. This must be done for each Taxing Jurisdiction Code where gross sales reported under that Taxing Jurisdiction Code include both sales to which the state rate increase does not apply and sales to which the state rate increase does apply.

Old Rate/New Rate → Factor

<u>5.3/6.3% → 0.1587</u>	<u>7.65/8.65% → 0.1156</u>
<u>5.8/6.8% → 0.1471</u>	<u>7.65/9.25%* → 0.1730</u>
<u>6.05/7.05% → 0.1418</u>	<u>7.775/8.775% → 0.1140</u>
<u>6.3/7.3% → 0.1370</u>	<u>7.8/8.8% → 0.1136</u>
<u>6.3/7.8%* → 0.19231</u>	<u>7.8/9.3%* → 0.1613</u>
<u>6.3/8.3%* → 0.2410</u>	<u>7.8/9.8%* → 0.2041</u>
<u>6.45/7.45% → 0.1342</u>	<u>7.85/8.85% → 0.1130</u>
<u>6.525/7.525% → 0.1329</u>	<u>7.9/8.9% → 0.1124</u>
<u>6.55/7.55% → 0.1325</u>	<u>7.9/9.9%* → 0.2020</u>
<u>6.7/7.7% → 0.1299</u>	<u>7.925/8.925% → 0.1120</u>
<u>6.8/7.8% → 0.1282</u>	<u>7.95/8.95% → 0.1117</u>
<u>6.8/8.3%* → 0.1807</u>	<u>8.025/9.025% → 0.1108</u>
<u>6.8/9.8%* → 0.3061</u>	<u>8.05/9.05% → 0.1105</u>
<u>6.95/7.95% → 0.1258</u>	<u>8.15/9.15% → 0.1093</u>
<u>7.0/8.0% → 0.1250</u>	<u>8.15/9.525%* → 0.1444</u>
<u>7.05/8.05% → 0.1242</u>	<u>8.275/9.275% → 0.1078</u>
<u>7.15/8.15% → 0.1227</u>	<u>8.3/9.3% → 0.1075</u>
<u>7.2/8.2% → 0.1220</u>	<u>8.525/9.525% → 0.1050</u>
<u>7.3/8.3% → 0.1205</u>	<u>8.55/9.55% → 0.1047</u>
<u>7.3/8.8%* → 0.1705</u>	<u>8.55/9.925%* → 0.1385</u>
<u>7.3/9.3%* → 0.2151</u>	<u>8.55/10.55%* → 0.1900</u>
<u>7.45/8.45% → 0.1183</u>	<u>8.65/9.65% → 0.1036</u>
<u>7.525/8.525% → 0.1173</u>	<u>8.775/9.775% → 0.1023</u>
<u>7.55/8.55% → 0.1170</u>	<u>8.8/9.8% → 0.1020</u>
<u>7.55/8.8%* → 0.1420</u>	<u>8.85/9.85% → 0.1015</u>
<u>7.55/8.925%* → 0.15406</u>	<u>8.9/9.9% → 0.1010</u>
<u>7.55/10.5%* → 0.2801</u>	<u>8.925/9.925% → 0.1008</u>
<u>7.6/8.6%* → 0.1163</u>	<u>9.05/10.05% → 0.0995</u>
<u>7.6/9.25%* → 0.1784</u>	<u>9.3/10.3% → 0.0971</u>
<u>7.6/9.6%* → 0.2083</u>	<u>9.55/10.55% → 0.0948</u>

In the example above, ABC made a total of \$12,350 in gross sales of building materials that were picked up by contractors in Topeka during July 2010, and \$8,500 of those sales were to a contractor presenting an exemption certificate from the state rate increase. The combined sales tax rate for Topeka in effect before the July 1, 2010 state rate increase was 7.95%, and the combined sales tax rate for that same location after the state rate increase is 8.95%. The factor to be used and the computation of the deduction applicable to the gross sales reported on the ST-36 for the Topeka-Shawnee County taxing jurisdiction code is computed as shown below. Also, ABC made a total of \$6,000 in gross sales of building materials that were delivered to Hays and \$2,300 of those sales were to a contractor presenting an exemption certificate from the state rate increase. The combined sales tax rate for Hays in effect before the July 1, 2010 state rate increase was 7.55%, and the combined sales tax rate for that same location after the state rate increase is 8.55%. The factor to be used and the computation of the deduction applicable to the gross sales reported on the ST-36 for the Hays-Ellis County taxing jurisdiction code is computed as shown below:

<u>Example:</u>	<u>Old Rate/New Rate</u> → <u>Factor x Sales = Deduction</u>
Topeka-Shawnee	7.95/8.95% → 0.1117 x \$8,500 = \$949.45
Hays-Ellis	7.55/8.55% → 0.1170 x \$2,300 = \$269.10

The result of this multiplication should be entered in Part III of the ST-36 on the Line in Column labeled "Part II Deductions (*Non-Utility*)" that corresponds to the Taxing Jurisdiction identified for that Line in the first Column labeled "Taxing Jurisdictions."

KANSAS DEPARTMENT OF REVENUE
Wednesday Jul 7, 2010 11:27 AM CST

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ST-36 Kansas Retailers' Sales Tax Return

Business Name: ABC BUILDING SUPPLIES
 Tax Account Number: 004-856789157-F01 EIN: 856789157
 Period Begin Date: 07/01/2010 Period End Date: 07/31/2010
 Return Type: Original Due Date: 08/25/2010

Taxing Jurisdiction	Gross Sales	Merchandise Consumed By You	Part II (Non-Utility) Deductions	Net Sales	Tax Rate	Net Tax
Hays/Ellis (HAYEL)	6300.00	0.00	269.10	6,030.90	8.55%	515.64 Delete
Hutchinson/Reno (HUTRN)	15500.00	0.00	0.00	15,500.00	8.05%	1,247.75 Delete
Lawrence/Douglas (LAWDG)	4000.00	0.00	0.00	4,000.00	8.85%	354.00 Delete
Topeka/Shawnee (TOPSN)	12350.00	0.00	949.45	11,400.55	8.95%	1,020.35 Delete
Page Total Net Tax:						\$3,137.74

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 Part 3 Gross Sales: \$38,150.00
 Part 3 Total Net Tax: \$3,137.74

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The amount of the total deductions being reported in the Column "Part II Deductions (*Non-Utility*)" in Part III to adjust for the 5.3% state rate sales must also be entered on Part II on Line N, "Other allowable deductions." The total amount for "Other allowable deductions" on Line N of Part II for this example would be \$949.45 + \$269.10 = \$1218.55.

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ST-36 Kansas Retailers' Sales Tax Return

Business Name	ABC BUILDING SUPPLIES		
Tax Account Number	004-856789157-F01	EIN	856789157
Period Begin Date	07/01/2010	Period End Date	07/31/2010
Return Type	Original	Due Date	08/25/2010

Part II

A. Sales to other retailers for resale	\$ 0.00
B. Returned goods, discounts, allowances and trade-ins	\$ 0.00
C. Sales to U.S. government, State of Kansas, & Kansas political subdivision	\$ 0.00
D. Sales of ingredient or component parts of tangible personal property produced	\$ 0.00
E. Sales of items consumed in the production of tangible personal property	\$ 0.00
F. Sales to nonprofit hospitals or nonprofit blood banks, tissue or organ bank	\$ 0.00
G. Sales to nonprofit education institutions	\$ 0.00
H. Sales to qualifying Sales tax exempt religious and nonprofit organizations	\$ 0.00
I. Sales of farm equipment and machinery	\$ 0.00
J. Sales of manufacturing machinery and equipment	\$ 0.00
K. Sales of alcoholic beverages	\$ 0.00
L. Non-taxable labor services, original construction and residential remodeling	\$ 0.00
M. Deliveries outside of Kansas	\$ 0.00
N. Other allowable deductions	\$ 1218.55
O. Total Deductions	\$ 1,218.55

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This completes the adjustments that need to be made on the electronically filed ST-36 monthly return to report sales at the 5.3% state rate (plus applicable local taxes) and sales subject to the 6.3% state rate (plus applicable local taxes), as shown in this example.