

**TECHNICAL AMENDMENT**  
**August 3, 2017**

**103 KAR 26:010. Service enterprises in general.**

RELATES TO: KRS 139.010

STATUTORY AUTHORITY: KRS 139.010~~[131.130(1)]~~

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky. This administrative regulation establishes sales and use tax requirements for service enterprises in general.

Section 1. (1) Persons engaged in the business of rendering service shall be classified as consumers, not retailers, of the tangible personal property which they use incidentally in rendering the service. Tax shall apply to the sale of tangible personal property to consumers.

(2) The list in this subsection shall serve as examples of service enterprises:

- (a) Advertising agencies;
- (b) Banks;
- (c) Barbers;
- (d) Beauty shop operators;
- (e) Bootblacks;
- (f) Cleaners;
- (g) Launderers;
- (h) Shoe repairmen;
- (i) Taxidermists;
- (j) Tire repairers; and
- (k) Similar enterprises.

Section 2. (1) Persons rendering professional services shall be classified as consumers, not retailers, of the tangible personal property which they use incidentally in rendering their services.

(2) The list in this subsection shall serve as examples of persons rendering professional services:

- (a) Accountants;
- (b) Architects;
- (c) Audience research service providers;
- (d) Cable television service providers;
- (e) Construction information service providers;
- (f) Engineers; and
- (g) Lawyers.

Section 3. If a person engaged in the business of rendering services also regularly engages in the business of selling tangible personal property to consumers, that person shall be classified as a retailer with respect to the sales, and shall obtain permits, file returns, and remit tax measured by the sales.

Section 4. (1) This administrative regulation shall replace Revenue Policies 51P440, 51P441, and 51P442.

(2) Revenue Policies 51P440, 51P441, and 51P442 are hereby rescinded and shall be null, void, and unenforceable. (SU-21-2; 1 Ky.R. 144; eff. 12-11-74; 33 Ky.R. 2343; 3150; eff. 5-4-2007;

TAm eff. 5-20-2009; TAm eff. 8-3-2017.)