

103 KAR 31:020. Records.

RELATES TO: KRS 131.180, 139.010, 139.200, 139.270, 139.620, 139.720

STATUTORY AUTHORITY: KRS 131.130

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations for the administration and enforcement of Kentucky tax laws. This administrative regulation interprets the sales and use tax law as it applies to the records required to be maintained to support sales and use tax reports.

Section 1. Every seller, retailer, and person storing, using, or otherwise consuming in the state tangible personal property, digital property, or services included in KRS 139.200 purchased from a retailer, shall keep adequate and complete records showing:

(1) The gross receipts from the sales of tangible personal property, digital property, and services included in KRS 139.200 (including any services that are a part of the sale) made within Kentucky.

(2) All deductions allowed by law and claimed in filing returns.

(3) The total purchase price of all tangible personal property, digital property, and services included in KRS 139.200 purchased for sale or consumption in Kentucky.

Section 2. These records shall include:

(1) The normal books of account ordinarily maintained by the business engaged in the activity in questions;

(2) All bills, receipts, invoices, cash register tapes, cancelled checks, bank statements, or other documents of original entry supporting the entries in the books of account;

(3) All schedules or working papers used in connection with the preparation of tax returns; and

(4) All other approved certificates or standard data elements from an electronic form that correspond to the information provided on exemption certificates minus the signature received from purchasers.

Section 3. All records for any period shall be preserved until the statutory limitation relating to the assessment of additional tax for that period has expired pursuant to KRS 139.620, unless the department provides written authorization to destroy the records prior to the expiration of the statute of limitations. An agreement between the taxpayer and the department, extending the period of limitation upon assessment, shall automatically extend the period for which preservation of the records is required. Failure to maintain such records shall be considered evidence of negligence or intent to evade the tax, and may result in the imposition of appropriate penalties. (SU-63; 1 Ky.R. 232; eff. 1-8-1975; TAm eff. 6-9-2009; Crt eff. 1-28-2020; 46 Ky.R. 1595; eff. 5-5-2020.)