



This Week in State Tax (TWIST)

May 6, 2024



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Kansas: Sales Tax Changes Enacted over Governor's Veto

House Bill 2098, which was recently enacted over Governor Laura Kelly's veto, makes a number of changes to Kansas' sales and use tax laws. This summary covers the more significant changes that affect retailers and benefit telecommunications businesses. First, the bill revises the treatment of manufacturer's coupons so that they are treated the same as any retailer's coupons. Effective July 1, 2024, the amount of any coupon issued by a manufacturer, supplier, or distributor the amount of which is reimbursed by the manufacturer, supplier, or distributor reduces the "sales price" upon which tax will be computed. In other words, only the amount paid by the purchaser for the item is included in the sales price.

House Bill 2098 also creates a broad new sales tax exemption for the purchase of equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure purchased for use in the provision of communications services. "Communications service" means internet access service, telecommunications service, video service or any combination thereof. The exemption also extends to all services purchased by a provider of communications service that are used in the repair, maintenance, or installation of such communications service. The bill includes a non-exhaustive list of what is included in the definition of "equipment, machinery, software, ancillary components, appurtenances, accessories or other infrastructure." The exemption is effective July 1, 2024, and is currently set to expire on July 1, 2029.

Finally, House Bill 2098 creates a new sales tax exemption for purchases by disabled veterans that retailers will need to be aware of. The exemption is effective January 1, 2026 and applies to all sales of tangible personal property or services, except sales of motor vehicles, alcoholic beverages, tobacco, and electronic cigarettes. Purchases for the benefit of such individuals or made on behalf of such individuals will also qualify for the exemption, and the maximum benefit eligible under the exemption is capped at \$24,000 of taxable sales per year per eligible person. Surviving spouses of eligible persons continue to be eligible for the exemption until remarriage. Individuals claiming the exemption will apply to the Secretary of Revenue for a veteran exemption identification number, which will be provided on a card the size of a driver's license that may be presented to retailers when claiming the exemption. Please contact **Jeff Cook** with questions on these changes.

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