Determining the Sales Tax Rate for Destination-Based Sourcing

- **Items purchased in-person with the buyer taking possession of the items at the time of purchase**—The local sales tax rate is charged.
  - Tony walks into University Press, buys a book, and takes possession of the book at the time of the sale. Tony is charged sales tax based upon the sales tax rate in Lawrence (city, county, and state sales tax rate).
  - Alice goes to the library and makes some photocopies for personal use. The library will collect Lawrence (city, county, state) sales tax since this is where Alice receives the copies.

- **Items purchased and buyer has them shipped by the seller to an address in Kansas**—The sales tax rate is determined by the physical location of the address where possession of the item is taken. The physical delivery location may not be the same as the postal address, and the seller should ask the name of the county where the items are being delivered.
  - Adrian buys a book from University Press, and asks University Press to ship the book to his home address in Topeka. Since the book is delivered to a location within the city of Topeka, then Topeka sales tax, Shawnee county sales tax, and Kansas sales tax is charged.
  - Robert purchases a map from Kansas Geological Survey (KGS), and asks KGS to mail it to his home in rural Jefferson county. In Robert’s situation, his postal address has Lawrence as the delivery city even though the postal service delivers to his home in Jefferson county. Therefore, Jefferson county sales tax and state sales is charged, but not Lawrence sales tax.

- **Telephone, mail, catalog, and Internet sales**—The sales tax rate is determined by the delivery location of items purchased. The physical delivery location may not be the same as the postal address. The seller should look-up the tax rate using the KS Dept. of Revenue Website [http://www.taxwatch.biz/cgi-win/Kansas/TxWStateSite.exe/Lookups](http://www.taxwatch.biz/cgi-win/Kansas/TxWStateSite.exe/Lookups).
  - Bette lives in Hays. She orders KU merchandise by telephone and has it shipped to her home in Hays. In this situation, city of Hays sales tax and state sales tax is charge is charged. There is no county sales tax at this time in Ellis county.
  - Rick lives in rural Douglas county. He orders a map by mail from KGS. Even though his postal address is Lawrence, he will be Douglas county sales tax and state sales tax, but not Lawrence.

- **Gifts**—Items purchased as gifts and shipped by the seller are charged the sales tax rate of the destination address. Items purchased as gifts, but not shipped by the seller are charged the local sales tax rate regardless of where the purchaser delivers the items.
- Frank goes to University Press and buys a book as a gift for his sister Mary who lives in Liberal. Frank asks University Press ship the book to her. Since University Press is shipping the item, Seward county sales tax and state sales tax is charged. Presently, there is no Liberal city sales tax.
- Kim goes to University Press and buys a book as a gift for her mother living in rural Seward county. Mary is planning on going to the post office and mailing the book herself to her mother. Since the book is not being shipped by University Press, Lawrence city, Douglas county, and state sales tax is charged.

**Out-of-state**—Sales for items delivered to other states are considered out-of-state sales, and Kansas sales tax is not collected. However, the purchaser may owe compensating use tax to the state where the items are delivered. The responsibility for determining, calculating, and remitting compensating use tax is with the purchaser not the seller.

- Kristin is a student who purchases a KU shirt on the Lawrence campus for her brother in Texas. She asks the seller to mail the shirt to her brother. For sales tax purposes, Kansas considers this an out-of-state sale not subject to Kansas sales taxes. If Kristin had sent the shirt herself (instead of asking the seller to do it), then Lawrence sales would have been charged.
- Max lives in Florida. He places an order by telephone for KU merchandise to someone on the Lawrence campus, and asks the seller to ship the items to him. No sales tax will be charged.

**Tickets sales**—Sales of tickets for performances and events are charged the local sales tax rate where the event occurs regardless of the where the tickets are delivered.

- Albert lives in Wichita and buys tickets from the Lied Center for a performance. Since the performance occurs at the Lied Center, Lawrence sales tax is charged.
- Justin lives in Kansas City, MO. He buys tickets to a performance at the Lied Center, and has the tickets mailed to his home in Kansas City, MO. He is charged Lawrence city, Douglas county, and state sales tax even though the tickets are mailed to Missouri because the performance will take place in Lawrence.