103 KAR 31:180. Signature project refunds on construction costs.

RELATES TO: KRS 65.7045, 139.515, 154.30-010
STATUTORY AUTHORITY: KRS 131.130(1), 139.710
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. KRS 139.710 authorizes the department to administer the provisions of KRS Chapter 139, relating to the assessment, collection, refund, and administration of taxes. KRS 139.515 requires sales tax refunds for qualified signature projects. This administrative regulation establishes requirements for a sales and use tax refund relating to a signature project.

Section 1. Definitions. (1) "Agency" is defined in KRS 65.7045(2).
(2) "Approved public infrastructure costs" is defined by KRS 154.30-010(3).
(3) "Approved signature projects costs" is defined by KRS 154.30-010(4)154.030-010(4).
(4) "Commencement date" is defined in KRS 65.7045(8).
(5) "Fiscal year" means the Commonwealth of Kentucky's accounting period, which begins every July 1 and ends on June 30 of the following year.
(6) "Purchaser" means the contractor, subcontractor, or other entity that purchases tangible personal property used in the construction of a signature project.
(7) "Signature project" is defined by KRS 139.515(1)(b) and 154.30-010(26).
(8) "Tangible personal property used in the construction of a signature project" is defined in KRS 139.515(1)(c).
(9) "Vendor" means an individual or entity from whom tangible personal property used in the construction of a signature project is purchased.

Section 2. Refund Application Requirements. (1) Requests for refunds shall be filed with the Department of Revenue annually by the agency within the sixty (60) day timeframe as provided for in KRS 139.515 and shall only cover purchases made after the "commencement date" of the project grant agreement.
(2) Refund requests shall be postmarked, electronically submitted, or if delivered by messenger, hand-stamped by the department by the date required and shall include the following:
(a) Application for Kentucky Signature Project Sales and Use Tax Refund, Form 51A291;
(b) Information Sharing and Assignment Agreement for Designated Refund Claims, Form 51A290. The agency shall cause to be executed a separate Information Sharing and Assignment for Designated Refund Claims for every purchaser and vendor relationship. Each agreement shall be submitted to the Department of Revenue with the first request for refund that includes the purchaser vendor relationship filed after the execution of the agreement. Only one (1) agreement shall be required for each vendor and purchaser relationship for the life of the signature project;
(c) Expenditure Report for Signature Project Refunds, Form 51A292, from each purchaser detailing all "tangible personal property used in the construction of the signature project" and the total corresponding Kentucky sales and use tax paid;
(d) Sample invoices between each purchaser and vendor; and
(e) The percentage of each purchaser's "tangible personal property used in the construction of the signature project" not included in the project grant agreement as approved public infrastructure costs or approved signature project costs.

Section 3. Record-Keeping Requirements. The approved agency shall keep adequate and

complete records supporting its refund request for periods not less than four (4) years as provided by KRS 139.720. The department may audit part or all of the records of all parties involved as necessary to verify the refund request and to ensure compliance with KRS 139.515.

Section 4. Forms. The forms listed herein may be inspected, copied, or obtained, subject to applicable copyright law, at:

(1) The Kentucky Department of Revenue, 501 High Street, Frankfort, Kentucky 40620;

(2) A Kentucky Taxpayer Service Center, Monday through Friday, 8 a.m. to 4:30 p.m.; or

(3) The department Web site at http://revenue.ky.gov. (34 Ky.R. 1592; Am. 2524; eff. 7-7-2008; 44 Ky.R. 775, 1211; eff. 1-5-2018.)