

**Questions**  
**Sales & Use Tax – Part I**  
**Sections I & J**

1. Is the local Chamber of Commerce deemed to be a unit of local government?

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2. What is the first step for a unit of government to obtain an exemption number?

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3. Gross receipts of tangible personal property sold by use of vending machines:

- a) are not, in accordance with **KRS 139.485**, taxable.
- b) are taxable only if each item is priced at 50¢ or less.
- c) are all taxable except bulk portions of 50¢ or less through vending machines.
- d) are not taxable.

4. What requirement must a vending machine owner meet in order to divide gross receipts by 1.06?

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5. Taxpayer A owns and operates a chain of candy vending machines which are located in various stores in Kentucky. Is a sales and use tax permit required by A? Explain.

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6. What procedure must be followed by a vending machine operator in order to compute his tax liability in the same manner as other retailers?

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7. The legislature exempted certain food items effective 10/1/72. Did this include food sold through vending machines? Explain.

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8. A taxpayer entered into a contract with the federal government to operate a job corp center. Are purchases made by the taxpayer for the purposes of operating the center exempt as sales to the federal government? Explain.

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9. Are sales of utility service to the federal government exempt? Explain.

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10. Are out-of-state governmental units afforded the same exemptions as in-state units? Explain.

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11. Is state government still required to collect tax on taxable sales?

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