
TAX - KENTUCKY

Century Aluminum of Kentucky, GP v. Department of Revenue

Court of Appeals of Kentucky - December 15, 2022 - S.W.3d - 2022 WL 17726276

Department of Revenue petitioned for review after Claims Commission determined that items purchased by taxpayer, an aluminum manufacturer, were exempt from sales and use tax.

The Circuit Court determined items were introduced to maintain, restore, mend, or repair machinery, and thus were subject to tax, and the Court of Appeals affirmed such determination. Taxpayer sought discretionary review, which was granted.

The Supreme Court held that substantial evidence supported Claims Commission's determination that items purchased by taxpayer constituted supplies exempt from sales and use tax.

Substantial evidence supported Claims Commission's determination that items purchased by taxpayer, an aluminum manufacturer, were tangible personal property consumed within manufacturing process and had useful life of less than one year, and thus constituted supplies exempt from sales and use tax; taxpayer's technical manager testified that anode stubs typically lasted less than year, and were valued at scrap price of steel when used up, that Inductotherm lining typically lasted around a month and had no value after it was used up and very little value for scrap, that welding wire lasted entire life cycle of stub and then its value after used up was scrap steel, that industrial gases lasted entire time weld was intact and then had zero value, and that thermocouples and tube assemblies lasted about a week, and had no value after being used up.

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