

Sales Tax Regulations and Exemption Procedures

Kentucky Sales Tax is 6%.

Exemption For Breeding Stock

The purchase of broodmares and stallions is exempt from Kentucky sales tax. The purchase is for breeding purposes only. (Initial line 1 on Acknowledgement of Purchase and Security Agreement.)

Exemption For Horses Less Than Two Years of Age

The purchase of weanlings or yearlings by persons, who are not residents of Kentucky and who intend to transport the horses out of Kentucky immediately after the sale or after a temporary stay in Kentucky for training, may qualify for exemption of the tax. (Initial line 2 on Acknowledgement of Purchase and Security Agreement.)

Exemption For Horses in Interstate Commerce

Horses not qualified for exemptions as breeding stock or as horses under two years of age as stated above are referred to as "Racing Prospects" and may be exempt if sold/purchased in interstate commerce. Purchases may qualify for the interstate commerce exemption if the horses purchased will be immediately shipped by Keeneland Association, Inc. from Lexington, Kentucky to the purchaser at an out-of-state point via licensed Interstate Common Carrier (ICC). Keeneland will issue a release to the ICC carrier upon receipt of the Bill of Lading. The

shipment shall be wholly at purchaser's risk. All expenses incurred by Keeneland Association in shipping the horses will be invoiced to the purchaser and Keeneland shall retain a lien on the horse to secure all such expenses. (Initial line 3 on Acknowledgement of Purchase and Security Agreement.)

Exemption For Resale

The horse is being purchased for resale as evidenced by execution of a Resale Certificate form provided by the Kentucky Revenue Cabinet. **Taxpayer must provide a valid executed Kentucky Sales and Use Tax Certificate to Keeneland's Sales Accounting Office in order to be eligible for this exemption.**

No Exemption

The sale/purchase of all other horses not described above are subject to Kentucky Sales Tax at 6%.

Entitlement to exemption must be indicated by the purchaser's initials on the Acknowledgement of Purchase and Security Agreement contemporaneously with purchase and before delivery of stock is made.

If the exemption is disallowed for any reason, purchaser shall be responsible for any sales tax due, including interest and penalties, and shall indemnify Keeneland therefore.