**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-047** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Gross receipts from an information service.** |
| **Keywords:** |  |
| **Approval Date:** | **05/24/2001** |

**Body:**

Office of Policy & Research  
  
  
May 24, 2001

XXXXXXXXXXXX  
XXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXX  
  
Dear XXXXXXXXXX:  
  
The purpose of this letter is to respond to your letter dated April 23, 2001. In it, you ask if the gross receipts from a information service are subject to Kansas retailers’ sales tax.  
  
In deciding whether a particular transaction is subject to sales tax, a two step analysis is generally necessary. The first step is to determine whether the sales tax act generally imposes tax on the type of transaction in question. The second step is to determine whether the act provides an exemption for the particular type of transaction.  
  
As a rule, sales tax is imposed on all transactions involving the transfer of tangible personal property. With services, however, tax is imposed only on those transactions that are specifically enumerated in the sales tax act. Exemptions for transactions involving either tangible personal property or services are allowed as specifically enumerated.  
  
In your letter you stated:

I recently attended a class sponsored by the Small Business Development Center at Johnson County Community College. Mr. Ron Grant of the Division of Tax Operations presented information on withholding and sales tax, filing requirements, and preparing forms. Based on questions that arose during the class, I am requesting a Private Letter Ruling regarding Kansas Sales Tax. The following is a brief description of our business situation.  
  
We sell market. research reports (printed information in 3-ring binders with computer diskettes and maps, plus consulting time) to banks, builders, developers and the local Home Builders Association.  
  
We are a licensee of a company located in XXXX. All primary and secondary data is gathered locally and shipped to a computer center in XXXXX. Information is processed and reports are shipped directly from XXXX to our clients.  
  
We pay the computer center approximately $XXX per report for processing, copying, binders, postage, etc. We then charge our customers $XXX for the market research information and personal consulting time.  
  
Should our reports, diskettes and consulting be subject to sales tax? Is the “object of the sale” the binder or the information and consulting? I believe it is the latter. Please respond with your ruling as soon as possible. Thank you.

It is the opinion of the Department that no imposition exists in the law to impose Kansas sales tax on the services as described in this letter.  
  
Your Company is required to pay Kansas sales and compensating taxes on all purchases of tangible personal property and taxable services used or consumed by their business.  
  
This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.  
  
  
Sincerely,  
  
  
  
Mark D. Ciardullo  
Tax Specialist  
  
MDC  
  
  
**Date Composed: 05/22/2001 Date Modified: 10/11/2001**