**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-51** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Warranty, maintenance or service contracts.** |
| **Keywords:** |  |
| **Approval Date:** | **03/03/1999** |

**Body:**

Office of Policy & Research

March 3, 1999  
  
TTTTTTTTTTTT  
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Dear Mr. TTTTT:  
  
We wish to acknowledge receipt of your letter dated December 9, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
K.A.R. 92-19-62(d) states in part: "If a retailer does not perform repair services under a warranty, maintenance or service contract, but instead has a third party perform the repairs, the third party’s gross receipts received from that retailer are not subject to sales tax. The third party shall secure an exemption certificate from the retailer which states:  
  
(1) that the service performed by the third party was pursuant to a warranty, maintenance or service contract;  
(2) that the retailer collected from the consumer sales tax on the total selling price of the warranty, maintenance or service contract; and  
(3) the retailer’s sales tax registration number."  
  
However, if a retailer has collected a deductible or similar charge from the consumer, the retailer shall include the amount in the retailer’s taxable gross receipts, even though a third party may actually perform the service under the warranty, maintenance or service contract. Additionally, since TTTTTTTTTTTTTTTT charges Kansas sales tax on the sale of extended warranty contracts, they would not be obligated to pay Kansas sales tax to a third party, when the third party provides repair parts and labor under a respective warranty contract.  
  
This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked in the future by the operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or published revenue ruling, that materially effects this private letter ruling. If I may be of further assistance, please contact me at your earliest convenience at (785) 296-7776.  
  
Sincerely yours,  
  
  
Thomas P. Browne, Jr.  
Tax Specialist  
  
TPB  
  
  
**Date Composed: 03/09/1999 Date Modified: 10/11/2001**