**Private Letter Ruling**

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| **Ruling Number:** | **P-2000-030** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax; Corporate Income Tax** |
| **Brief Description:** | **Web center customization for Kansas firms by out-of-state companies.** |
| **Keywords:** |  |
| **Approval Date:** | **06/19/2000** |

**Body:**

Office of Policy & Research

June 19, 2000

XXXXXXXXXXX
XXXXXXXXXXX
XXXXXXXXXXX

Dear XXXXXXXXXXXXXXXX:

I have been asked to respond to your letter dated April 19, 2000. In it, you request a private letter ruling to verify your Kansas tax obligations.

In your letter you stated:

XXXXXX is located in Arizona. The Arizona location will take orders for the product. Technical services in the creation and support of the product will occur at an out of state location. XXXXXXXX does not have [any] property or employees in your state.

The primary product sold by the company consists of the establishment of web centers. For an annual fee, a member will have access to certain features provided to customize the web center. Features on the web center, include templates that simplify the process of establishing the site, links to third party affiliate programs, web-based personal information management tools (i.e. calendar, address book, schedule, etc.), web-based email, etc.

Kansas income tax:

You indicated that the company does not own or rent any real or personal property that is located in Kansas. The company does not have or maintain any inventory or employees in Kansas.

Based on the facts of this letter, it is the opinion of the Kansas Department of Revenue that the company is not required to file Kansas income tax returns.

Kansas retailers’ sales tax:

Nexus requirements spring from constitutional due process considerations that mandate that a state must have certain minimal contacts with an out-of-state business before it can impose tax or tax collections duties on that business. As noted above, if your company has property in Kansas that it owns or leases, the nexus requirements are met and your company would be required to collect Kansas sales or use tax on its taxable sales. However, absent: (1) the presence of such owned or leased property in Kansas; (2) sending employees or agents into Kansas; or (3) other acts that would constitute nexus, your company would not be required to collect Kansas tax.

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

**Date Composed: 06/20/2000 Date Modified: 10/10/2001**