**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-076** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Gross receipts from an information service.** |
| **Keywords:** |  |
| **Approval Date:** | **07/23/2001** |

**Body:**

Office of Policy & Research  
  
  
July 23, 2001

XXXXXXXXXXXXX  
XXXXXXXXXXXXXX  
XXXXXXXXXXXXXX  
  
Dear XXXXXX:  
  
The purpose of this letter is to respond to your letter received by this office on June 12, 2001. In it, you ask if the gross receipts from an 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:

XXXXXXXXX would like to request a Private Letter Ruling on the collection -and remittance of Sales Tax on an internet business process which will be marketed under the XXXXXXXXXX will allow clients to create their business forms in an Internet environment, The service marketed as XXXX will have fundamental similarities in its marketing, Internet presentation and assimilation into a clients business practices, However, because each instance of XXXXXXXXXXwill be unique to each client's business forms and processes, it will be continually modified to meet each client's requirements. XXXXXXXXis not a PC based software which must be installed, nor is it a stand-alone accounting software package. Furthermore, XXXXXXXXXX is not intending to contract with clients for maintenance XXXXXXXXX subsequent to implementation.  
  
Despite the core similarities in the service, this Internet business process appears to fall under the exceptions provided by K.S.A. 79-3603(s) and as represented by previously exempted services including customized computer services and consulting, and as such would be exempt from the collection and remittance of sales tax.  
  
Please provide a ruling XXXXXXXXX understanding that the XXXXXXXXXX is exempt from the collection and remittance of sales tax. If further information is required for the ruling, please XXXXXXXXXXXX, at the address noted below.

Per our telephone conversation it was determined that your company’s service consists of the service of converting physical (paper) forms or documents in an electronic media. This electronic copy is then email to the client.  
  
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: 07/30/2001 Date Modified: 10/11/2001**