**Opinion Letter**

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| **Letter Number:** | **O-1999-12** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Accrual vs. cash basis accounting.** |
| **Keywords:** |  |
| **Approval Date:** | **03/23/1999** |

**Body:**

Office of Policy & Research

March 23, 1999

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Dear Mr. TTTTTT:

We wish to acknowledge receipt of your E-mail received on March 11, 1999, regarding the application of Kansas Retailers’ Sales tax.

This is an informational letter only and not a private letter ruling pursuant to K.A.R. 92-19-59.

Kansas retailers using accrual basis accounting record sales when the earnings process is complete and the amount due from the customer is measurable and legally collectable. At this time, the sale is recorded on the retailer’s books and would be subject to sales tax at that time.

Kansas retailers using cash basis accounting report sales of tangible personal property or services when the cash is collected from the customer. This may occur on the same day that the property is transferred or the service is performed or it may occur several weeks later.

In closing, if a retailer has adopted the accrual basis for reporting, the retailer may deduct any bad debts or uncollectables actually written off the retailer’s books from the gross receipts accrued if: 1) the amount was previously reported as taxable gross receipts; and 2) the debts are charged off the retailer’s books for federal income tax purposes. However, if any amount of the bad debts or uncollectables are subsequently recovered, the retailer shall include the recovery and tax in the next sales tax return.

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: 04/29/1999 Date Modified: 10/10/2001**