**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-148** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Application of sales tax to prepaid telephone cards and discount cards.** |
| **Keywords:** |  |
| **Approval Date:** | **09/25/1998** |

**Body:**

Office of Policy & Research

September 25, 1998  
  
  
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Dear Mr. TTTTT:  
  
We wish to acknowledge receipt of your letter dated July 24, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
K.S.A. 79-3603(e) imposes a sales tax: “upon the gross receipts received from the sale of admissions to any place providing amusement, entertainment or recreation services. . .”  
  
It is the position of this department that K.S.A. 79-3603(e) does not impose sales tax on the retail sale of discount cards which permit the holder thereof to take advantage of exclusive discounts and savings from products, services and tourist attractions from business throughout the city of TTTTTTTT.  
  
If the prepaid telephone cards are purchased in a state other that Kansas, said cards would not be subject to Kansas sales tax.  
  
The entertainment and discount magazine would be subject to the Kansas compensating use tax. However, if the manuals have already been subjected to sales tax by another state, then the tax imposed by the Kansas Compensating Tax Act would apply, but at a rate measured by the difference between 4.9% and the rate by which the previous state tax upon the sale was computed. If no other tax was imposed by another state, then the entire cost of the manuals would be subject to the Kansas use tax of 4.9%.  
  
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: 10/06/1998 Date Modified: 10/10/2001**