**Private Letter Ruling**

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| **Ruling Number:** | **P-2001-064** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Gross receipts from an information service.** |
| **Keywords:** |  |
| **Approval Date:** | **06/22/2001** |

**Body:**

Office of Policy & Research  
  
  
June 22, 2001

XXXXXXXXXXXXXXX  
XXXXXXXXXXXXXX  
XXXXXXXXXXXXX  
  
Dear XXXXXXXXXXXX:  
  
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:

We are a XXXXX based Corporation. We may be conducting business with a XXXX Corporation. Our Company sells custom statistical credit, collection, behavior, recovery and marketing models.  
  
There are two ways we can distribute our information.  
  
1. We build a custom statistical model and prepare technical specifications.  
Technical specifications is a report which the company, we are selling to, uses to write a computer program to implement the model. Sometimes included with this work is further analysis work regarding this problem. (regression formulas)  
  
2. We build a custom statistical model, write a computer program for our computer in XXXX and sell the client the output from the model. The output of a statistical model is a score via credit score, behavior score or recovery score. These scores are electronically sent to the client via Internet.  
  
Our Company needs to know if any of this work is subject to Kansas sales tax. If so are both options I and 2 subject to sales tax.

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: 06/26/2001 Date Modified: 10/11/2001**