**Private Letter Ruling**

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| **Ruling Number:** | **P-2014-005** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Question regarding loyalty cards and Kansas Sales and Use Tax** |
| **Keywords:** |  |
| **Approval Date:** | **10/15/2014** |

**Body:**

Office of Policy and Research

October 15, 2014

XXXXXXXXXXX
XXXXXXXXXXX
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XXXXXXXXXXX

RE: Private letter ruling regarding whether loyalty cards are subject to Kansas Sales & Use tax

Dear XXXXXXXXX,

In your recent email to the Kansas Department of Revenue you explain that your client, XXXXXXXXXXX, is considering selling “loyalty cards” which will be valid for one year and will provide the following benefits and discounts to those customers that purchase the card:

· 10% discount on all store purchases (excluding firearms and ammunition)
redeem 5 pawns and receive 1 month free interest on your 6th redeem;
· 10% more cash for new pawn items. Customer who brings in an item that
has not been pawned before will receive an additional 10% on the quote; and
· a customer who brings in a pawn ticket and item from another pawn
shop will qualify for a loan of 10% more on that item.

In your email, you asked if the sale of the "loyalty card" would be subject to Kansas sales tax. No, the sale of the "loyalty card" by the pawn shop which provides the benefits and discounts to the purchaser would not be subject Kansas sales tax under K.S.A. 79-3603.

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,

Robin C. Harris
Tax Specialist
Office of Policy & Research

**Date Composed: 10/16/2014 Date Modified: 10/16/2014**