**Private Letter Ruling**

|  |  |
| --- | --- |
| **Ruling Number:** | **P-1998-24** |

|  |  |
| --- | --- |
| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Sales tax liability of insurance company's when a totaled vehicle is retained by the owner.** |
| **Keywords:** |  |
| **Effective Date:** | **02/27/1998** |

**Body:**

Office of Policy & Research

February 27, 1998  
  
  
TTTTTTTTTTT  
TTTTTTTTTTT  
TTTTTTTTTTT  
TTTTTTTTTTT  
  
  
Dear Mr. TTTTTTTT:  
  
  
We wish to acknowledge receipts of your letter dated December 15, 1997, regarding the application of Kansas Retailers’ Sales tax.  
  
K.S.A. 79-3603(a) imposes a sales tax upon: “The gross receipts received from the sale of tangible personal property at retail within this state. . .”  
  
Please be advised that the situation that you have described in your letter to this department does not indicate that a sale of tangible personal property has been made. Therefore, when an automobile has been determined a total loss and the owner elects to subtract out a reasonable salvage value and retain said automobile, the insurance company would not be obligated to pay sales tax on the respective transaction.  
  
In closing, this department would not have any jurisdiction over what is and is not included in the compensation amount paid to the owner. This is strictly an amount negotiated between the insurance company and the owner.  
  
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: 03/04/1998 Date Modified: 10/10/2001**