**Private Letter Ruling**

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| **Ruling Number:** | **P-1998-43** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Leases and how trade-ins are applied to leases.** |
| **Keywords:** |  |
| **Effective Date:** | **05/04/1998** |

**Body:**

Office of Policy & Research

May 4, 1998  
  
  
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Dear Ms. TTTTTT:  
  
  
We wish to acknowledge receipts of your letter dated March 23, 1998, regarding the application of Kansas Retailers’ Sales tax.  
  
K.S.A. 79-3603(h) imposes a sales tax upon: “the gross receipts from the service of renting or leasing of tangible personal property. . .”  
  
Please be advised that a taxpayer may not take credit in the report of gross receipts for an amount equal to the allowance given for the trade-in of property currently under lease, since the lessee has no ownership in the leased vehicle. Further, if the to-be lessee owns the property that will be traded in, he does not necessarily need to negotiate the new lease with the same lessor. Additionally, the lessor must be in a position, as such, that he or she would be able to resell the property that was traded in.  
  
If the to-be lessee owns the property that will be traded-in, the new lease must be contracted for and controlled by one document, agreement or contract.  
  
In closing, the department of revenue looks to who has title to the property in determining ownership.  
  
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: 05/12/1998 Date Modified: 10/10/2001**