**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-213** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax; Transient Guest Tax** |
| **Brief Description:** | **Centrally billed credit card charges for federal employees related to business travel expenses.** |
| **Keywords:** |  |
| **Approval Date:** | **10/01/1999** |

**Body:**

Office of Policy & Research

October 1, 1999

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XXXX

RE: Your letter of August 30, 1999

Dear Sergeant XXXX:

Thank you for your letter that we received at the end of August. You ask how the State of Kansas will tax hotel accommodations that the XXXX Band pays for with centrally billed Visa credit cards. Please be advised that these sales are exempt from Kansas sales tax and Kansas transient guest tax because the credit cards are centrally billed.

From the standpoint of state sales taxation, there are two important features that determine taxability of business related travel expenses that federal employees pay for with certain federally sponsored credit cards. These cards are normally issued in the employee’s name. The two distinguishing features are that some cards are centrally billed while other cards are billed to the individual employee. When a federal employee uses a card that is centrally billed, the federal government receives the bill and pays it. This is considered to be a direct sale to the United States and is exempt from state sales taxes because of the Supremacy Clause. When card charges are billed to an individual employee who is liable for the charges, the transaction is considered to be a sale to an individual and is taxable just like any other sale to an individual. This rule applies to even though the federal government will later reimburse the employee for the expenditures.

In the case of the XXXX Band, the Visa cards being used are centrally billed. This is your understanding and is reflected in the fact that the cards are Visa travel cards with account number 4486 1600 XYZX YZXY. Please be advised that we intend to issue a notice and new exemption certificate shortly that discusses these new cards. I will send you copies when they are published. If you have any additional questions, please call me at (785) 296-3081.

Sincerely,

Thomas E. Hatten

Attorney/Policy & Research

**Date Composed: 10/11/1999 Date Modified: 10/11/2001**