**Private Letter Ruling**

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| **Ruling Number:** | **P-2002-086** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Sales of memberships to receive discounts at restaurants, retail stores, sporting events, movie theaters, hotels and other service providers.** |
| **Keywords:** |  |
| **Approval Date:** | **10/16/2002** |

**Body:**

Office of Policy & Research  
  
  
October 16, 2002

XXXX  
XXXX  
XXXX  
  
Re: Private Letter Ruling Request for XXXX  
  
Dear XXXX:  
  
This letter is in response to your request dated September 20, 2002, on behalf of your client, XXXX, for a private letter ruling on the sales tax treatment of the sale of memberships, which you describe as follows:

My client (“Business”) sells a membership program entitling members to receive discounts at restaurants, retail stores, sporting events, movie theaters, hotels and other service providers throughout the United States. In exchange for their membership fee, members receive discounts available, access to an “800” telephone number to answer members’ questions, and access to an internet site providing updated information and offering additional benefits. Members must present their membership card to receive their desired benefits. The membership and related discounts are valid for not more than 14 months.  
Significantly, if a member’s book or card are stolen, Business will provide a replacement book/card at no charge. . . .  
In tailoring the discount program to the needs of its Kansas members, Business contacts various Kansas retailers, amusement vendors and service providers in addition to national retailers and service providers. Establishments participate in the program to promote their products and for the increased consumer traffic that participation in the Business program generates. Participating establishments are added to the membership’s directory and are permitted to include a coupon, sample menu or other reference in the discount coupon book. The establishments receive no remuneration from Business nor do they receive any portion of the membership fee.

Please be advised that it is the opinion of the department that the sale of memberships described above is not subject to Kansas sales or use tax. You acknowledge that your client is liable for Kansas use tax on the membership book, cards and all tangible personal property it uses in Kansas in providing the memberships, that it has long paid taxes to Kansas and has filed required Kansas returns.  
  
XXXXXX.  
  
This is a private letter ruling pursuant to K.A.R. 92-19-59. It is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to an accurate determination by the department, this ruling is null and void. This ruling will be revoked in the future by the operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or published revenue ruling, that materially effects this private letter ruling.  
  
Very truly yours,  
  
  
  
Richard L. Cram  
  
  
**Date Composed: 10/17/2002 Date Modified: 10/17/2002**