**Private Letter Ruling**

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| **Ruling Number:** | **P-2000-004** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Coin operated car wash.** |
| **Keywords:** |  |
| **Approval Date:** | **02/02/2000** |

**Body:**

Office of Policy & Research  
  
  
February 2, 2000

XXXX  
XXXX  
XXXX

RE: Your letter dated January 24, 2000

Dear XXXX:  
  
Thank you for your letter that we received late last month. In it, you ask how coin operated car washes are taxed under the Kansas retailers sales tax act. The receipts from car washes of all types are taxed in Kansas. This includes all coin operated car washes, whether operated automatically or manually by the consumer (wand-type car washes). The statutes that imposes the tax are K.S.A. 79-3603(f) and K.S.A. 79-3603(j), which have been part of Kansas law since 1970. They tax:

(f) the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

and

(j) the gross receipts from the rendering of the services of washing and washing and waxing of vehicles;

To determine the amount of sales tax to report on the receipts contained in a coin-operate device, retailers must first calculate the gross receipts to be reported to the state. To do this, you must take the total receipts in the machine and divide them by 1 plus the state and local tax rates stated as a decimal. This yields the “gross receipts” to report to the state. Once this is done, the state and local sales tax due can be figured by subtracting the gross receipts so computed from the total receipts that were in the machine. The remainder will be the tax due. (The tax due will always equal the gross receipts times the tax rate.) The total amount in the machine will equal the sum of the gross receipts plus the tax. This process is sometimes referred to as “factoring.”  
  
I have enclosed a copy of an Instruction that the department issued concerning the tax on car washes in 1970 when the law was first enacted.

Sincerely,  
  
  
Thomas E. Hatten  
Attorney/Policy & Research

Enclosure  
  
  
**Date Composed: 02/17/2000 Date Modified: 10/11/2001**