

Kansas Administrative Regulations

Kansas Department of Revenue

Article 19.—Kansas Retailers' Sales Tax

92-19-51. Gratuities, service charges and minimum charges.

(a) Each cover charge or minimum charge entitling the customer to receive entertainment, recreation, amusement, or food, meals or drinks furnished by any place where food, meals or drinks are regularly sold to the public, whether listed separately on a bill or collected as an admission fee or fixed charge shall be subject to sales tax.

(b) Each retailer shall include in the total selling price of the food, meals or drinks subject to sales tax, any amounts designated as a service charge which are added to the price of food, meals or drinks, even if the charges are made in lieu of tips and are paid over by the retailer in whole or in part to the retailer's employees.

(c) Cash gratuities or gratuities added by the consumer to a bill which are turned over in full to the employee, and gratuities given directly to an employee by a consumer and not pursuant to an arrangement made with the retailer shall not be subject to sales tax.

(d) Each retailer shall include in the total selling price of the food, meals or drink subject to sales tax, any gratuities which are mandatory in order for a consumer to receive food, meals, drinks or service, even though a portion or all of the mandatory gratuities collected may be paid over by the retailer to the retailer's employees.

(e) Each retailer shall include in the total selling price of food, meals or drinks subject to sales tax, any gratuities which are required by the retailer to be turned over either in whole or in part by the employees and which are credited by the retailer as a part of the minimum wage of the employees pursuant to federal or state laws, even though a portion or all of the gratuities collected may be paid over by the retailer to the retailer's employees.

(Authorized by K.S.A. 79-3618; implementing K.S.A. 1986 Supp. 79-3602; effective May 1, 1988.)

***** Authenticated Kansas Administrative Regulation *****