



# Tire Excise Tax

Kansas tire retailers and new vehicle dealers are required to collect and pay the Kansas Tire Excise Tax. This publication is designed to assist you in understanding which sales are subject to this tax, which ones are exempt, and how to properly collect and remit the tire excise tax to Kansas Department of Revenue. Information about your tax responsibilities, a sample completed return, and blank forms are also included.

As a tire retailer or vehicle dealer accepting waste tires from customers, you are responsible for complying with the provisions of the Kansas Waste Tire Law, discussed on pages 3 and 10 of this publication. To obtain detailed information and assistance with your responsibilities under this environmental law, including the current rules and regulations for the disposal of waste tires, contact the Kansas Department of Health and Environment, Bureau of Waste Management (see page 10).



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If there is a conflict between the law and information found in this publication, the law remains the final authority. Under no circumstances should the contents of this publication be used to set or sustain a technical legal position. A library of current policy information is also available on the Kansas Department of Revenue (KDOR) website at: [ksrevenue.org](http://ksrevenue.org)



## INTRODUCTION

### WHAT IS THE TIRE EXCISE TAX?

Since July 1, 1990, Kansas has imposed a tire excise tax on the retail sale of new vehicle tires. There are two general types of tire sales subject to the tire excise tax: 1) the sale of new vehicle tires by a tire retailer; and, 2) the sale of new tires mounted on a new or used vehicle sold at retail for the first time.

Like Kansas sales tax, the tax is paid by the customer to the tire retailer or vehicle dealer. The retailer will collect it from the final user or consumer, hold it in trust for the state, then remits it to the Kansas Department of Revenue on a regular basis using the Tire Excise Tax Return (TE-1) provided by the Kansas Department of Revenue.

### RATE OF TAX

The tire excise tax is 25 cents on each new vehicle tire sold on or after July 1, 2001 (tax was 50 cents prior to this date). This excise tax is in addition to any federal tax or the Kansas sales tax due on these retail sales.

### WASTE TIRE MANAGEMENT FUND

The revenue generated from the tire excise tax is deposited into the Waste Tire Management Fund. This fund is administered by the Kansas Department of Health and Environment and is used to clean up pre-law (prior to 1990) waste tire sites; provide public education on the proper disposal and processing of used (waste) tires; and, provide administrative funds for permits, planning, compliance, and enforcement of laws regulating the storage, recycling, processing, and disposal of used and waste tires.

### WHAT VEHICLE TIRES ARE TAXED?

The tire excise tax is imposed on the retail sale of new vehicle tires within the state of Kansas. A *vehicle* is any device by which persons or property may be transported or drawn upon a highway, including agricultural implements. This excise tax, therefore, applies to new tires for: automobiles, boat trailers, buses, combines, construction equipment, farm machinery, mopeds, motorcycles, pop-up campers, recreational vehicles, tractors, trailers, trucks, and truck tractors.

The retail sale of new vehicle tires within the state of Kansas means that the sale of the tire(s) took place within the geographical boundaries of Kansas. This includes sales of tires by tire dealers located in Kansas and delivered within the state Kansas. It also includes tires sold by out-of-state dealers who are physically present in Kansas and sell tires at retail within Kansas. No Kansas tire excise tax is due on the sale of tires by a Kansas dealer for delivery

outside of Kansas. Likewise no Kansas tire excise tax is due on the sales of tires by an out-of-state dealer who merely delivers or ships the tires into the state of Kansas.

*Vehicle* does not include devices powered by humans (i.e., bicycles) or those not authorized to operate on public highways (i.e., ATVs, golf carts or riding lawnmowers).

### TAXABLE TIRE SALES

Following are examples of tire sales subject to the tire excise tax.

- New tires sold to the final user or consumer, including, but not limited to, new tires sold to individuals and corporation, farmers and ranchers, and entities exempt from Kansas sales tax.
- New tires mounted on new and used vehicles
- New tires installed on vehicles in Kansas even though the buyer is a resident of another state.
- New tires sold to a vehicle, implement, or equipment dealer for installation on a used vehicle being held for resale – unless dealer provides a Tire Retailer Exemption Certificate.
- New tires sold for a truck mounted with a spreader or mixer-feed truck used to dispense feed in a feedlot.
- Tires sold to persons in the business of leasing and renting vehicles, including vehicles leased to interstate common carriers.



**CAUTION:** The tire excise tax is separate from Kansas sales tax. Tire sales that are exempt from Kansas sales tax may be subject to tire excise tax.



New or used farm machinery and equipment, repair, and replacement parts (including new tires) are exempt from **sales** tax by law. However, when new tires for a combine are purchased, the tire excise tax is due. The new tires on a new combine are also subject to the tire excise tax.

Other tire sales exempt from Kansas retailers' sales tax but subject to the tire excise tax include new tires sold to: interstate common carriers; the state of Kansas; Kansas political subdivisions (cities, counties, police departments, etc.); public or private elementary and secondary schools and other educational institutions; nonprofit hospitals; and, nonprofit 501(c)3 museums, religious organizations, and zoos. These buyers must pay the tire excise tax on their direct purchases\* of new tires.

\* A direct purchase is one that is invoiced to the exempt buyer and is paid by check, warrant or voucher from the exempt buyer.

### TIRE SALES NOT SUBJECT TO TIRE EXCISE TAX

The tire excise tax does not apply to these tire sales.

- Used, recapped, or retreaded tires.
- A spare tire included in the sale of a new vehicle.
- Innertubes.
- New tires for vehicles not authorized or allowed to operate on public streets and highways, such as garden tractors, ATVs and wheelbarrows.

- New tires for vehicles powered by humans, such as bicycles and tricycles.
- New tires for mobile or manufactured homes.
- New tires sold to the federal government (also exempt from sales tax if a direct purchase).
- New tires delivered by the retailer to a point outside of Kansas or delivered to an interstate common carrier for transportation to a point outside the state. (These out-of-state sales must be documented in the seller's records by invoice or bill of lading showing an out-of-state address.)
- New tires sold by one registered tire retailer to another registered tire retailer. The Tire Retailer Exemption Certificate (ST-28T) on page 12 must be completed and kept by the seller for the exemption to be valid.

include a cover sheet and daytime phone number with your faxed application.

**In Person:** This application program provides same day registration service so that you may file a return or purchase inventory. An owner, partner, or a principal officer (president, vice-president, or secretary-treasurer) may bring the completed application to our Assistance Center – see back cover for address.

The Kansas Department of Revenue will process your application, assign a registration number, and issue a Certificate of Registration if you have no outstanding tax liability. Registration certificates and reporting numbers may be given only to the owner, a partner, or one of the primary officers.



## TIRE EXCISE TAX NUMBER AND CERTIFICATE

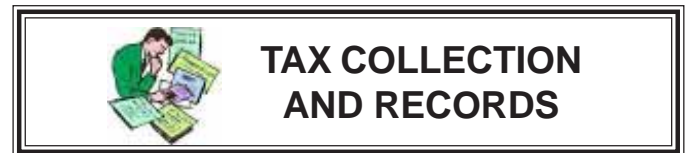
After your application is processed you are assigned a tire excise tax reporting number. It is an eleven-digit number that ends with 4000. For example: **000-0000-4000**. This tire excise tax reporting number is separate and distinct from your Kansas retailers' sales tax number. Use your excise tax number on all tire excise tax returns you file, any correspondence to the Kansas Department of Revenue, and on the Tire Retailer Exemption Certificate (ST-28T).

After an account number has been assigned, a registration certificate will be provided to you (see sample on the following page). When you receive your certificate, check it for accuracy and report any changes or corrections to the Kansas Department of Revenue immediately (see page 9).

## WHO MUST REGISTER?

A retailer is a sole proprietorship, partnership, limited liability company or corporation selling tangible personal property to the final user or consumer (retail sale). Tires and vehicles are tangible personal property. Kansas retailers must be registered to collect Kansas retailers' sales tax on their sales of tangible personal property. For more information about the types of sales and services that are taxed in Kansas obtain **Pub. KS-1510**, Kansas Sales and Compensating Use Tax, from our website ([ksrevenue.org](http://ksrevenue.org)).

If you sell new vehicle tires you must register with the Kansas Department of Revenue to collect the tire excise tax. Since this tax also applies to new tires on a new vehicle sold for the first time, dealers must also register to collect and remit the tire excise tax. This includes retailers or dealers of new boats, cars, combines, construction equipment, farm tractors, hay balers, motorcycles, plows, recreational vehicles, semi-trailers, trailers, trucks, truck-tractors, or any other type of vehicle.



## INVOICING THE TAX

The tire excise tax must be separately stated on the invoice, bill of sale, or sales receipt. If it is not separately stated, the tire excise tax amount becomes part of the gross sales price and will also be subject to sales tax. These examples show the proper way to invoice the retailers' sales and tire excise tax on a retail sale.

## HOW TO REGISTER

To register to collect Kansas tire excise tax from your customers, obtain **Pub. KS-1216** from our website and complete the business tax application form (**CR-16**). The Kansas Department of Revenue will accept your application by mail, by fax, or in person.

**By Mail:** Mail your completed business tax application to our Topeka office 3-4 weeks prior to making retail sales. This will help ensure that your Kansas tax account number(s), registration certificate(s), and tax returns are issued before your first tax payment is due.

**By Fax:** Fax your completed application to our Topeka office at 785-291-3614. To expedite processing, please

### New Tire Sales

Two new tires .....	\$ 150.00
Less Sale discount .....	<u>30.00</u>
Net cost .....	\$ 120.00
Mounting labor .....	16.00
Tire disposal fee .....	<u>3.00</u>
Net taxable .....	\$ 139.00
6.5% Sales Tax .....	9.04
Tire Excise Tax (25 cents per tire) .....	<u>.50</u>
Total due .....	\$ 148.54

**SAMPLE**

KANSAS DEPARTMENT OF REVENUE  
Division of Taxation

**TIRE EXCISE TAX REGISTRATION CERTIFICATE**



1

DAVID A. SAMPLEPERSON  
DBA KANSAS TIRE RETAILER  
1235 ELM STREET  
ANYTOWN KS 66677-0001

2

Tax Account Number: 000-0000-4000  
Inception Date: 07-01-2001  
Filing Frequency: Quarterly

This Registration Certificate is valid until canceled and is not transferable.

This is your Kansas Tire Excise tax certificate. Please keep this document with your important business records. If this certificate is lost or destroyed, request a duplicate from the Department of Revenue. Should you decide to close or sell your business please complete the information requested below and return this document to notify us so that we may be able to close your tax account.

3

**DISCONTINUATION OF BUSINESS**

To cancel your certificate, sign below and indicate the date the business ceased to operate under this ownership. Mail this document to Customer Relations, Kansas Department of Revenue, Topeka KS 66612-1588. If you have any questions, please call 785-368-8222.

Date business ceased to operate under this ownership \_\_\_\_\_

\_\_\_\_\_  
Signature of Owner, Partner, or Principal Corporate Officer

\_\_\_\_\_  
Date

ACERT

112399

- 1 **BUSINESS NAME AND ADDRESS:** Name and business name under which your account is registered and current mailing address for tax returns. *DBA* means *Doing Business As*.
- 2 **TAX ACCOUNT NUMBER:** Eleven-digit number assigned by the Kansas Department of Revenue (KDOR) to record your tire excise tax account information.  
**INCEPTION DATE:** This is the starting date of your business or the date you began making retail sales subject to the tire excise tax as indicated on your Business Tax Application.  
**FILING FREQUENCY:** How often you are required to file your Kansas tire excise tax returns. Your filing frequency is based on the amount of tire tax collected in a year according to the chart on page 6.
- 3 **DISCONTINUATION OF BUSINESS:** Complete this section to cancel your registration when you have a change of ownership or are no longer making retail sales subject to the tire excise tax. See *Reporting Business Changes* on page 9.



Labor charges to **mount the tire** and other fees you may charge for **disposal of tires** or filters and other environmental charges are subject to the Kansas retailers' sales tax because they are a part of the *gross selling price* of the tire.

### **New Vehicle Sales**

New vehicle .....	\$ 17,800.00
Less trade-in .....	<u>4,500.00</u>
Net taxable .....	\$ 13,300.00
6.15% Sales Tax .....	864.50
Tire Excise Tax (25 cents per tire) .....	\$ <u>1.00</u>
Total due .....	\$ 14,165.50

The tire excise tax is due on the four new tires and is not due on a spare tire included in the sale of a new vehicle.

**Local Sales Tax.** The sales illustrated above are also subject to any **local** (county or city) retailers' sales taxes in effect at the location of the retailer. Only the state sales tax rate of 6.5% is shown in these illustrations.

### **EXEMPTION CERTIFICATES**

An exemption certificate document shows why sales tax was not collected on an otherwise taxable sale. The exemption certificate you will use to purchase your inventory of new tires for resale is the *Tire Retailer Exemption Certificate* on page 12. It acts as a resale exemption certificate for Kansas sales tax purposes as well as an exemption from the tire excise tax.

As a registered retailer, collecting Kansas retailers' sales tax, you should have our publication on Kansas exemption certificates (**KS-1520**) that is available on our website. Taxpayers who are exempt from sales tax must provide you, the retailer, with a completed sales tax exemption certificate to verify that the sale is exempt from sales tax.



**CAUTION:** Regardless of the buyer, most new tire sales and new vehicle sales are subject to the tire excise tax. Only the federal government is exempt from paying either tax on its direct purchases of new tires or new vehicles.

### **TIRE EXCISE TAX RECORDS**

Like any part of your business operation, complete and accurate records of tire and vehicle sales must be kept for at least **three prior years**. For Kansas tire excise tax purposes, your records should have the following information and documents.

- All invoices of new tire sales and/or sales of new or used vehicles.
- All exempt sales allowed by law.
- All exemption certificates.
- A true, complete inventory taken at least once a year.

Your records of retail sales and tire excise tax must be available for, and are subject to, inspection by the Director of Taxation (or authorized representative).



### **FILING FREQUENCIES AND DUE DATES**

How often you report and pay the Kansas tire excise tax you have collected depends on the amount of tire excise tax collected in a calendar year. The larger the annual tax amount, the more frequently returns are required. Kansas has three tire excise tax filing frequencies – annual, quarterly, and monthly.

Your filing frequency is established when you register, based upon the estimate you gave on the business tax application. The filing frequency established for your tire excise tax may be different than your sales tax. For example, a new car dealer may report sales tax on a monthly basis and the tire excise tax on a quarterly basis.

Like sales tax, the tire excise tax is due on or before the 25th of the month following the close of the reporting period. The following chart shows the filing frequencies based on annual tax liability and due dates of tire excise tax returns:

Annual Tax Due	Filing Frequency	Return Due Date
\$0 - \$80	Annual	On or before January 25th of the following year.
\$80.01 - \$1,600	Quarterly	On or before the 25th of the month following the end of the calendar quarter – April 25, July 25, October 25, January 25.
Over \$1,600	Monthly	On or before the 25th of the following month. For example, a March return is due by April 25.

### **TIRE EXCISE TAX RETURN — FORM TE-1**

Toward the end of each reporting period you will receive your tire excise tax return from the Kansas Department of Revenue. The return will have your business name, address, reporting number, filing period, and due date pre-printed on it. Be sure to make a copy of the completed return for your records.



**IMPORTANT:** You must file a Kansas tire excise tax return for **each** reporting period, even if you have no tax to report.



David's Tire and Auto sells new and used tires. During the 4th quarter of 2013 he sold 250 tires; 200 were new tires, 40 were recaps and 10 were for bicycles. The completed 4th quarter, 2013 tire excise tax return is as follows:

KANSAS DEPARTMENT OF REVENUE  
DIVISION OF TAXATION  
TIRE EXCISE TAX RETURN

000-0000-4000

Registration Number

RETURN FOR OCTOBER, NOVEMBER, DECEMBER, 2013 MUST BE FILED AND PAID BY JANUARY 25, 2014  
IF NO SALES WERE MADE - WRITE "NO SALES," SIGN AND RETURN FORM.

DAVID A SAMPLEPERSON  
DBA DAVIDS TIRE AND AUTO  
1235 ELM ST  
ANYTOWN KS 66677-0001

1. Number of New Tires Sold for Vehicles .....	<u>200</u>
2. Tax due (multiply line 1 by \$.25) .....	<u>50.00</u>
3. Penalty & Interest (see instructions) .....	_____
4. Credit Memorandum (see instructions) .....	_____
5. Total Amount Due .....	<u>50.00</u>

I CERTIFY THAT THIS IS A TRUE, CORRECT AND COMPLETE RETURN.

X David A. Sampleperson Owner (785) 368-1111  
SIGNATURE TITLE PREPARER'S PHONE NUMBER

TE-1

### YOUR REMITTANCE

To help ensure proper credit to your tire excise tax account, use the following check list before mailing your return and payment to the Kansas Department of Revenue.

- ✓ Make your remittance payable to "Kansas Tire Excise Tax." DO NOT SEND CASH.
- ✓ Write your Tire Excise Tax number and the filing period on your check or money order.
- ✓ DO NOT staple the return and payment together. Instead, enclose them loosely in the envelope.

### AVOIDING COMMON MISTAKES

**Identify each payment.** Always mail a return, Form TE-1, with your payment. Write your Kansas Tire Excise Tax account number and filing period on your payment.

**Use the proper return.** Each pre-printed return is encoded for processing purposes – do not change the printed information on the return. If the information on your return is incorrect or if you do not have a pre-printed return, obtain a blank return from our office or website for filing. See *Taxpayer Assistance* on the back cover.

**File a return for each reporting period.** If your filing frequency is monthly, you must file a return for each of the 12 calendar months, even if you have no new tire sales or tire excise tax to report. If you have no tax to report in any given reporting period, simply enter "0" on lines 1 and 5 of the return, sign, and mail it to the Kansas Department of Revenue.

**File returns on the established filing frequency.** Do not file your Kansas tire excise tax returns either more or less frequently than your current established filing frequency. If you believe a change in filing frequency is needed (monthly to quarterly, etc.), follow the instructions on page 9, *Changing Your Filing Frequency*.


### CORRECTING A RETURN

No matter how careful you are in reporting and paying the tire excise tax, errors may occur. Follow these guidelines to correct a previously filed return.

**Underpayments.** If you reported and paid **less** than the actual tire excise tax collected in a period, you need to file an amended return for that filing period using a blank return. You may copy the blank return on page 11 or obtain a blank return from our office or website.

Fill in all the information that is normally pre-printed on the return (name, address, filing period, tire excise tax account number), and write "AMENDED" in the upper right corner of the return. Then complete the return using the correct figures. If you are filing an amended return after the due date of the original return, the additional tax due is subject to penalty and interest.

**Overpayments.** When you reported and paid **more** than the actual tire excise tax collected in a period, send The Kansas Department of Revenue the original and amended figures for the affected reporting period(s) with a letter explaining why the return(s) were overstated. After reviewing this information, we will issue a Credit Memorandum for the amount of any verified overpayment. Enter the amount shown on the Credit Memorandum on line 4 of your tire tax return for the next available reporting period.

 **IMPORTANT:** Credit will first be applied to any existing tire tax balances. A copy of the Credit Memorandum **must** accompany any return with a credit on line 4. DO NOT take a credit without a credit memorandum.

### WHEN RETURNS ARE LATE

The Kansas tire excise and retailers' sales tax are often referred to as *trust fund* taxes. As a registered retailer, you collect these taxes from your customers, hold them in *trust*, and then remit them to the Kansas Department of Revenue. These consumer-paid taxes are not an expense

of your business. However, when the returns are late, the penalty and interest (late charges) are a business debt that decreases your profit margin.

Penalty and interest are figured as a percentage of the tax due. Returns filed on time without payment of tax due have the same penalties as returns filed late. If you file a return or pay the tax after the due date, use the following rates to calculate the penalty and interest due.

**Penalty.** [K.S.A. 65-3424e]

- 10% Return filed or tax paid within 60 days of due date.
- 25% Return filed or tax paid after 60 days of due date.
- 50% With fraudulent intent, failure to pay any tax, or make, render or sign any return, or to supply any information within the time required.

**Interest.** [K.S.A. 79-2968] In addition to penalty, interest is charged for each month or portion of a month the return is not filed or paid. The following shows rates by calendar year. Future rates will be available on the Kansas Department of Revenue's website.

CALENDAR YEAR	MONTHLY RATE	APR
2015, 2014, 2013	0.333%	4%
2012, 2011, 2010	0.417%	5%
2009	0.500%	6%
2008	0.750%	9%



A March tire tax return showing \$400 tax is due April 25 but it is not filed or tax paid until July 28 (four months late). The penalty is \$100 (25% of the tax). The interest will be the applicable monthly rate from the chart above X 4 months. Enter the total penalty and interest on line 3 of the return.

**About our Billing Process.** If you file a late return without paying the late charges due, or fail to file a return for a required filing period, you will receive a notice from the Kansas Department of Revenue. To avoid problems and further correspondence, be sure to respond immediately. Follow the instructions on the statement, which may include returning a copy of the notice to the Kansas Department of Revenue with your return(s) and payment for the balance due. If you have already paid the balance and/or filed the missing return(s), use the reply section of the notice to report this information so we may correct our records.

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### NON-COMPLIANCE PENALTIES

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**Fraud.** The law imposes fines of up to \$1,000, imprisonment, and penalties on any taxpayer who with fraudulent intent fails to file or pay the tire excise tax or who signs a fraudulent return.

**Bond.** Any taxpayer who fails to pay the tire tax for more than one filing period may be required to post a sum of money as a bond to secure against non-payment of the tax. The bond amount is set by the Kansas Department of Revenue and may be up to a maximum of six months estimated tire excise tax liability.

**Retailer and Corporate Officer Liability.** Every Kansas tire retailer and/or vehicle retailer is liable to the state for payment of retailers' sales and tire excise tax collected

from the final consumer. Officers and directors of a corporation, such as sole proprietors and partners, are personally liable for all Kansas retailers' sales and tire excise tax, penalties, and/or interest due during the period they hold office. Thus, if a corporation fails to remit the tax collected from the final consumer, each officer, director, or other responsible party may be held personally liable for these corporate debts.



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### WHEN IN DOUBT...

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This publication is for informational purposes only; the contents should not be used to set or sustain a technical position. Only the law, regulations, and written rulings issued by the Kansas Department of Revenue should be used to support a legal position. The law governing the Kansas Tire Excise Tax and Waste Tire Law is K.S.A. 65-3424 *et seq.*

When you have a question or a situation that is not addressed in this publication, contact the Kansas Department of Revenue. **DO NOT GUESS.** Clarification of whether a transaction is taxable or exempt will save you time in dealing with the same issue in the future and could also save you money by avoiding costly retailers' sales or tire excise tax deficiencies.

Although our customer service personnel can answer most questions, there are situations that may require an interpretation or clarification based upon the law, regulations, and specific facts of the case. When this occurs, document your concern or question and submit your request for a written opinion (called a private letter ruling) to the Kansas Department of Revenue:

Office of Policy and Research  
Kansas Department of Revenue  
915 SW Harrison St.  
Topeka, KS 66612-1588

You will receive a written ruling within 30 days after your request (and any additional information necessary for the ruling) is received. A private letter ruling applies *only* to the requesting taxpayer and that taxpayer's specific factual situation. It cannot be cited or relied upon by any other taxpayer or group of taxpayers.

**Website (ksrevenue.org).** Perhaps one of the most useful resources available to our customers is our website. It contains information about all aspects of the Kansas Department of Revenue. Forms, informational publications, exemption certificates and information about all the taxes administered by the Kansas Department of Revenue are published here. Each division of the Kansas Department of Revenue is represented, including the divisions of Vehicles, Property Valuation, and Alcoholic Beverage Control.

**Policy Information Library.** As a service to taxpayers, a library of policy information for all taxes administered by the Kansas Department of Revenue is a part of our website.



Included in this library of written tax advice are the Kansas Statutes and Regulations, Revenue Notices, Private Letter Rulings and a Q&A section. For ease in locating information, the library may be searched by tax type and topic.

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## REPORTING BUSINESS CHANGES

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Business changes that affect your tire excise tax registration will usually affect your other tax registrations with the Kansas Department of Revenue, such as retailers' sales or withholding tax. When changes occur in your business, **promptly** notify the Kansas Department of Revenue (see back cover). If calling our office, have your tax account number available. If you prefer, you may mail your business changes to the Kansas Department of Revenue. Include your tax account number on your correspondence and send it to:

Tire Excise Tax Section  
Kansas Department of Revenue  
915 SW Harrison St.  
Topeka, KS 66612-1588

**Change of Corporate Officers or Directors.** When there is a change in your corporate officers or directors, you should mail or fax us a letter showing the name, title, home address, and Social Security Number of each new corporate officer or director, and the effective date of the change. Also provide the name(s) and title(s) of the resigning officer(s) or director(s).

**Change of Partners.** If your business is a partnership, and **less than 50%** of the partnership is changed, follow the previous instructions for corporate officer changes to report the new information on each partner. However, if **50% or more** of the partners in a partnership change, a new Kansas tax account number is required. Follow the instructions for change of business ownership to cancel your existing number and apply for a new number.

**Change of Business Ownership.** When the ownership of the business changes, a new registration is required (see page 4). You must also cancel your existing registration as of the effective date of the ownership change (see *Closing Your Tire Excise Tax Account* in the next column). Examples of ownership changes that require a new registration include:

- an individual ownership to a partnership or Limited Liability Partnership (LLP),
- a partnership to a corporation or Limited Liability Company (LLC),
- one corporation to another corporation, or
- any change in corporate structure that requires a new charter, certificate of authority or a new federal Employer's Identification Number (EIN).

**Changing Your Filing Frequency.** Once a filing frequency has been established for a calendar year, you should not increase or decrease the filing frequency of your tire excise tax returns. Returns are mailed for the filing frequency established, and filing less frequently will cause non-filer notices to be sent.

The Kansas Department of Revenue periodically reviews the reporting history of each Kansas retailer to ensure

their filing frequency is in accordance with the guidelines mandated in K.S.A. 65-3424d and illustrated by the chart on page 6. This is usually done late in a calendar year so that any change necessary will take effect January 1 of the upcoming year. A notice of the change is mailed to affected retailers in November. We realize, however, that errors can occur in assigning a filing frequency, or a business can change extensively over a calendar year causing the filing frequency to either be too often or not often enough. If you believe your filing frequency is out of line with the chart on page 6, contact our office.

**Closing Your Tire Excise Tax Account.** When you sell or change the ownership of the business, close your business, or are no longer selling tires or vehicles subject to the tire excise tax you must cancel your Kansas tire excise tax registration. There are a couple ways to cancel your registration — obtain from our website a Notice of **Discontinuation of Business (CR-108)**, complete it and mail or fax it to the Kansas Department of Revenue; **or** complete the *Discontinuation of Business* portion of your Tire Excise Tax Registration Certificate and mail or fax it to the Kansas Department of Revenue.

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## OTHER KANSAS TAXES

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As a retailer in the automotive industry and a Kansas business, you have other tax obligations to the Kansas Department of Revenue in addition to the Tire Excise Tax. A short summary of each type of tax follows. Use the **Business Tax Application (CR-16)** to register to collect and/or pay these taxes. For more information see *How to Register* on page 4.

**Retailers' Sales Tax.** Kansas imposes a 6.15% state retailers' sales tax plus local taxes on the retail sale, rental or lease of tangible personal property; labor services to install, apply, repair, service, alter, or maintain tangible personal property; and admissions to entertainment, amusement, or recreation places in Kansas.



A retail sale is an exchange of tangible personal property (goods, wares, merchandise, products and commodities) for money or some other consideration to the final user or consumer. Examples of taxable services include auto repair; commercial wallpapering, painting, and remodeling; washing and waxing of vehicles; and pet grooming.

**Local Sales Tax.** Kansas cities and counties may also levy a local sales tax ranging from .10% to 2%. Each retailer reports and remits the total of the state and local retailers' sales tax collected to the Kansas Department of Revenue. The publication for **Kansas Jurisdiction Codes** (Pub. KS-1700) provides a listing of the current combined state and local rates for each of the incorporated cities, counties, and special jurisdiction areas in Kansas. This publication is available on our website.




**Consumers' Compensating Use Tax.** This use tax is due on property purchased from another state that will be used, stored or consumed in Kansas; and on which a sales tax equal to the sales tax rate in effect where the item will be used, stored, or consumed has not already been paid.

Individuals and businesses who purchase goods from a retailer in another state, bring them into Kansas or have them shipped into Kansas for their consumption, use or storage (not resale), must pay Kansas use tax equal to the Kansas sales tax rate in effect where the item will be used, stored or consumed. If the state and local sales tax paid in another state is less than the total tax rate at Kansas buyer's location, only the difference is due to Kansas.


**Corporate Income Tax.** This tax is imposed on the taxable income of every corporation doing business within or deriving income from sources within Kansas. The current "normal" tax rate is 4% of the Kansas taxable income of a corporation with a "surtax" of 3% for tax years 2011 and thereafter, on Kansas taxable income over \$50,000.



 **Motor Fuel Tax.** This tax is imposed on the use, sale or delivery of *motor vehicle fuels* (gasoline & gasohol) or *special fuels* (diesel & alcohol) in this state. Tax revenues are used to defray the cost of constructing Kansas highways.

The motor fuel tax is remitted to the Kansas Department of Revenue by the distributor of the fuel; however, the tax is included in the price of every gallon of gasoline or diesel that consumers purchase at the *pump*. There is no motor fuel tax on dyed diesel fuel used only for non-highway purposes. The current tax on "motor vehicle fuels" is 24 cents per gallon; on *special fuels* it is 26 cents per gallon, and on LP-gas it is 23 cents per gallon.

**Vehicle Rental Excise Tax.** When a vehicle is leased or rented for 28 consecutive days or less, a vehicle rental excise tax of 3.5 % is charged. This tax is in addition to the sales tax due on these transactions. Car rental agencies, vehicle dealers, repair shops, and others who rent cars must register to collect this tax.

 **Withholding Tax.** This tax is deducted by employers from wages paid to employees to prepay the employee's income tax liability. Kansas withholding tax is also required on certain taxable non-wage payments by payors, on management and consulting fees paid to nonresidents, and on the Kansas taxable income of the nonresident owners of partnerships, S corporations and limited liability companies. In addition to being registered with the Kansas Department of Revenue, employers must register with the Kansas Department of Labor and the Internal Revenue Service.

Because of differences in the computation of the federal and Kansas income taxes, it is not uncommon for a taxpayer to receive a federal income tax refund while owing taxes to Kansas or vice versa. For this reason, the Kansas Department of Revenue has made available a **Form K-4** to be completed along with the federal W-4 form.

For more information about this tax type, including the withholding tax tables, obtain a copy of our withholding tax guide (**Pub. KW-100**) from our website.

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## KANSAS WASTE TIRE LAW

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If your business generates or collects waste tires, you may also have specific responsibilities under the Kansas Waste Tire law administered by the Kansas Department of Health and Environment (KDHE). In addition to setting up the tire excise tax in 1990, the Kansas legislature established laws for tire retailers in order to deal with the storage and disposal of waste tires in an environmentally safe manner.

Not all tire businesses are subject to this law. Some businesses, such as new car dealers, may collect the tire excise tax, but do not meet the definition of a tire retailer. A tire retailer is defined as *a person in the business of selling new or used replacement tires at retail*. If your business does not sell new or used replacement tires, simply disregard this section.

Under the Kansas Waste Tire Law tire retailers are required to:

- prominently display or make available to customers educational materials provided by the Kansas Department of Health and Environment and the Kansas Department of Revenue relating to proper waste tire management practices;
- accept waste tires from customers when they purchase new tires; and
- meet waste tire storage and disposal standards.

**Waste Tire Disposal Requirements.** Tire retailers should only arrange to dispose of their waste tires with persons holding a permit from the Kansas Department of Health and Environment. Responsibility for the waste tires generated by a business is released only when waste tires are given to a permitted transporter, processor, or solid waste facility. Tire retailers may contract with a waste tire transporter or deliver their waste tires directly to a tire disposal or solid waste facility permitted by the Kansas Department of Health and Environment. A list of current waste tire permit holders is available online from the Kansas Department of Health and Environment at the website shown below.

Waste tires may be given to unpermitted parties for approved beneficial uses such as silo covers and feed bunks. However, if someone without a waste tire permit hauls away the tires, the tire retailer could be required to pay for clean up if they are illegally dumped. It is in the best interest of every tire retailer to check the permit list and require copies of current permits from any contractor removing waste tires from its business. Tire retailers must maintain records of tire disposal for three years.

For additional information about your responsibilities under environmental laws and regulations for disposal of waste tires contact:

Kansas Department of Health and Environment  
Bureau of Waste Management  
Phone: 785-296-1600  
FAX: 785-296-8909  
[kdhe.state.ks.us/waste](http://kdhe.state.ks.us/waste)

**KANSAS DEPARTMENT OF REVENUE  
DIVISION OF TAXATION  
TIRE EXCISE TAX RETURN**

\_\_\_\_\_  
Registration Number

RETURN FOR \_\_\_\_\_ MUST BE FILED AND FEE(S) PAID BY \_\_\_\_\_  
IF NO SALES WERE MADE – WRITE “NO SALES,” SIGN AND RETURN FORM.

- |  |       |
|--|-------|
| 1. Number of New Tires Sold for Vehicles ..... | _____ |
| 2. Tax Due (multiply line 1 by \$.25) .....    | _____ |
| 3. Penalty & Interest (see instructions) ..... | _____ |
| 4. Credit Memorandum (see instructions) .....  | _____ |
| 5. Total Amount Due .....                      | _____ |

I CERTIFY THAT THIS IS A TRUE, CORRECT AND COMPLETE RETURN.

**X** \_\_\_\_\_  
SIGNATURE TITLE PHONE NUMBER

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**INSTRUCTIONS FOR TIRE EXCISE TAX RETURN**

- LINE 1: Number of New Tires Sold for Vehicles.** Enter on line 1 the total number of new tires sold for vehicles during the reporting period. Also include all new tires mounted on new or used vehicles sold at retail for the first time and all new tires for use on automobiles, buses, trucks, truck tractors, trailers, farm machinery, construction equipment, and motorcycles. **Do not include** new tires sold for use on vehicles not authorized or allowed to operate on public streets and highways; or used, recapped, or retreaded tires.
- LINE 2: Tax Due.** Multiply line 1 by \$.25 (twenty-five cents).
- LINE 3: Penalty and Interest.** Penalty and interest is due if the return is not filed by the due date. Penalty is computed at 10% of the tax due for delinquent payment, if paid within sixty days (60) of the due date; and 25% on the balance due if payment is received after sixty days (60) of the due date. Interest is computed on the tax due for each month or any portion of a month that the tax remains unpaid. For information about current or prior penalty and interest rates, consult our website: [ksrevenue.org](http://ksrevenue.org)
- LINE 4: Credit Memorandum.** Use line 4 to deduct any allowable credits from prior tire excise tax returns. A credit memorandum issued by the Kansas Department of Revenue must accompany the tire excise tax return to support any tire excise tax credit.
- LINE 5: Total Amount Due.** Add lines 2 and 3, then subtract line 4 and enter the result.

Sign the completed return and mail it with your remittance on or before the due date. Make your check or money order for the amount due on line 5 payable to “Tire Excise Tax.” Be sure to write your Tire Excise Tax account number and tax period on your check or money order.

For additional information, address your inquiries to the Kansas Department of Revenue, Miscellaneous Tax, 915 SW Harrison St., Topeka, Kansas 66612-1588, or call 785-368-8222.

KANSAS DEPARTMENT OF REVENUE  
**TIRE RETAILER EXEMPTION CERTIFICATE**

The undersigned tire retailer certifies that the **new tires** purchased from:

Seller: \_\_\_\_\_  
Business Name

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State ZIP + 4

are exempt from **Kansas Tire Excise Tax** for the following reason:

The new tires purchased with this exemption certificate will be resold by the undersigned tire retailer who is duly registered by the Kansas Department of Revenue to collect the Kansas Tire Excise Tax levied by K.S.A. 65-3424d.

**Description of tangible personal property or services purchased:** \_\_\_\_\_

The undersigned purchaser understands and agrees that if the new tires are used other than as stated above or for any other purpose not exempt from the tire excise tax, the undersigned tire retailer becomes liable for the tax.

Purchaser: \_\_\_\_\_  
Business Name

Tire Excise Tax Number: \_\_\_\_\_ Kansas Sales Tax Number: \_\_\_\_\_

Address: \_\_\_\_\_  
Street, RR, or P. O. Box City State ZIP + 4

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.**

**WHAT IS THE TIRE EXCISE TAX?**

The tire excise tax is 25 cents on each new vehicle tire sold. New tires for automobiles, motorcycles, trucks, truck tractors, trailers, buses, farm machinery, construction equipment, and other vehicles authorized or allowed to operate on Kansas public streets and highways are subject to the tire excise tax. The tax also applies to the tires mounted on a new or used vehicle when the vehicle is sold at retail. Therefore, most vehicle and implement dealers must also be registered to collect the tire excise tax. Additional information about the tire excise tax in our Publication KS-1530, Kansas Tire Excise Tax, available from our office or website: [www.ksrevenue.org](http://www.ksrevenue.org).

**WHO MAY USE THIS EXEMPTION?**

Only those tire retailers that have a tire excise tax registration number and a Kansas Retailers' Sales Tax Registration Number (see explanation below) from the Kansas Department of Revenue may use this certificate.

**WHAT TIRE PURCHASES ARE EXEMPT?**

Only **new** tires intended for *resale* may be purchased exempt from the tire excise tax (as well as sales tax) with this certificate. A tire retailer or vehicle dealer will use this certificate to purchase new tires exempt from both the tire excise tax and sales tax. The tire retailer will collect the Kansas Retailers' Sales and Tire Excise Tax when the tires are sold to the final user or consumer.

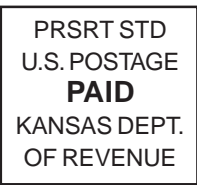
**Used**, recapped and retreaded tires are not subject to tire excise tax. A business selling used tires should use the Resale Exemption Certificate, Form ST-28A, to purchase its inventory of used tires.

**TAX REGISTRATION NUMBERS.**

This certificate is an exemption from the tire excise tax and also acts as a resale exemption certificate. In order to be exempt, the buyer must provide its Kansas tire excise tax registration number and its Kansas sales tax number. This certificate is not complete unless both numbers are given. A tire excise tax registration number contains 11 digits, the last four of which are always "4000." A tire excise tax registration number format would be 000-0000-4000.

# — NOTES —





## **TAXPAYER ASSISTANCE**

This publication is a general guide and will not address every situation. If you have questions or need additional information, please contact taxpayer assistance at the Kansas Department of Revenue (KDOR).

Taxpayer Assistance Center  
Docking State Office Building - 1st floor  
915 SW Harrison St.  
Topeka, KS 66612-1588

**Phone:** 785-368-8222  
**Fax:** 785-291-3614  
**Website:** [ksrevenue.org](http://ksrevenue.org)

Office hours are 8 a.m. to 4:45 p.m., Monday through Friday.

## **PUBLICATIONS**

Below is a list of publications available on the Kansas Department of Revenue's website. These publications contain instructions applicable to specific business industries and general information for all business owners.

- Publication KS-1216, Kansas Business Tax Application
- Publication KS-1500, North American Industry Classification System
- Publication KS-1510, Kansas Sales and Compensating Use Tax
- Publication KS-1515, Kansas Tax Calendar of Due Dates
- Publication KS-1520, Kansas Exemption Certificates
- Publication KS-1525, Kansas Sales and Use Tax for Contractors, Subcontractors and Repairmen
- Publication KS-1526, Kansas Sales and Use Tax for Motor Vehicle Transactions
- Publication KS-1527, Kansas Sales and Use Tax for Kansas Political Subdivisions
- Publication KS-1530, Kansas Tire Excise Tax
- Publication KS-1540, Kansas Business Taxes For Hotels, Motels and Restaurants
- Publication KS-1550, Kansas Sales and Use Tax for the Agricultural Industry
- Publication KS-1560, Kansas Tax Guide for Schools and Educational Institutions
- Publication KS-1700, Kansas Sales Tax Jurisdiction Code Booklet
- KW-100, Kansas Withholding Tax Guide

## **STATE SMALL BUSINESS WORKSHOPS**

As part of our commitment to provide tax assistance to the business community, Tax Specialists within the Kansas Department of Revenue conduct small business workshops on Kansas taxes at various locations throughout Kansas. Whether you are a new business owner, an existing business owner, or an accountant, these workshops will give you the tools and understanding necessary to make Kansas taxes easier and less time consuming for you. Topics covered include filing and reporting requirements and methods, what is taxable, what is exempt and how to work with the department in collecting and remitting Kansas taxes.

For a **[schedule of our workshops](#)**, visit our website. Pre-registration is required and a fee may be charged by the sponsoring Small Business Development Center (SBDC).



*Your suggestions and comments on this publication are important to us. Please address them to: Taxpayer Education, Kansas Department of Revenue, 915 SW Harrison St., Topeka, KS 66612-1588 or call 785-296-1048.*