

Notice

Notice Number: Tire Excise Tax
Tax Type: Tire Tax
Brief Description: Tire Excise Tax
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Body:

NOTICE

TO: Tire Retailers and New Vehicle Dealers

FROM: Kansas Department of Revenue
Business Tax Bureau

SUBJECT: Tire Excise Tax (House Bill No. 2407)

DATE: June 12, 1991

**PLEASE READ THIS NOTICE CAREFULLY
LEGISLATION HAS BEEN ENACTED REQUIRING PERSONS PREVIOUSLY NOT REQUIRED TO
REGISTER FOR THE TIRE EXCISE TAX TO REGISTER
IF YOU HAVE ALREADY REGISTERED AS A TIRE RETAILER
PLEASE REVIEW THIS NOTICE FOR CHANGES IN THE TIRE EXCISE TAX LAW
THIS NOTICE SUPERSEDES ALL PREVIOUS TIRE EXCISE TAX NOTICES
DISREGARD THIS NOTICE IF YOU DO NOT SELL TIRES OR NEW VEHICLES**

In 1990, the Kansas legislature enacted a new law that imposed an excise tax on the sale of vehicle tires. The excise tax was imposed at the rate of \$.50 per tire on the retail sale of new tires for automobiles and for certain other vehicles. The 1991 legislature enacted House Bill No. 2407, which makes two significant changes to the existing tire excise tax law. First, the bill broadens the definition of "vehicle" so that it has the same meaning as provided by K.S.A. 8-1485. Second, the bill imposes the tire excise tax on tires mounted on a new vehicle when the new vehicle is sold at retail for the first time. This legislation is effective on July 1, 1991.

By adopting the definition of "vehicle" set forth in K.S.A. 8-1485, the legislature significantly broadened the category of tire sales that are subject to the tire excise tax. K.S.A. 8-1485 defines "vehicle" to mean "every device on, upon or by which any person or property is or may be transported or drawn upon a highway, except devices moved by human power or used exclusively upon stationary rails or tracks." Because of the new definition, the tire tax now applies to the sale of new tires for use on automobiles, buses, trucks, truck tractors, trailers, farm machinery, construction equipment and motorcycles. The tax does not apply to the sale of new tires for use on vehicles not authorized or allowed to operate on public streets and highway. As before, tax is imposed on the sale of new tires and does not apply to the sale of used, recapped, or retreaded tires.

The new legislation also broadens existing law by imposing the tire excise tax on tires mounted on new vehicles when the vehicle is sold at retail for the first time. The tire tax is imposed on the tires mounted on a new vehicle sold and delivered in Kansas to a resident of another state. The tax is not included on a spare tire that is included in the sale of a new vehicle. Because of the broadened imposition, new vehicle dealers are required to register for, collect and remit the tire excise tax to the Department of Revenue.

If your business includes the retail sale of new tires for vehicles, you are required to register to report the tire excise tax. If your business is not currently registered, you must complete the enclosed registration form. The completed form should be sent to the Tax Registration Section, Business Tax Bureau, Kansas Department of Revenue, Topeka, Kansas 66625-0001. **The form must be mailed by June 20, 1991. If you are already registered and reporting tire excise tax you should discard the registration form.**

The Business Tax Bureau will process your application and notify you of your tire excise tax registration number. You will receive returns on which to report the tire excise tax. The filing frequencies for returns is the same as for Kansas retailers' sales tax. For examples, if you file monthly Kansas retailers' sales tax returns, you will file monthly tire excise tax returns.

DO NOT USE YOUR RETAILERS' SALES TAX RETURN TO REPORT THE TIRE EXCISE TAX.

When a retailer sells new tires that are not for use on a "vehicle" as defined above, the purchaser must certify in writing on the

invoice, sales ticket or other billing document that the sale is exempt from the tire excise tax. The written certification must state that the tire is not for use on a vehicle, as defined by the act. The retailer is required to retain a copy of the signed invoice, sales ticket or billing document as a part of the retailer's business records.

The tire excise tax is imposed in addition to all other excise taxes imposed by law. The tire excise tax must be separately stated on the invoice, sales ticket or billing document in order to avoid being subject to retailers' sales tax. Tire excise taxes absorbed or included in the retailer's selling price and not separately identified on the billing document will be subject to retailers' sales tax.

New tires delivered by the retailer to a point outside the state, to a common carrier or to the U.S. postal service for transportation to a point outside the state of Kansas are not subject to the tire excise tax.

New tires installed on motor vehicles at a place within the state of Kansas are subject to the tire excise tax, even though the purchaser may be a resident of another state.

Registered tire retailers who make sales for resale to another retailer registered for the tire excise tax shall not collect the tire excise tax on such sales. The tire retailer making the sale is required to obtain a resale exemption certificate from the purchaser. The resale exemption certificate must contain the purchaser's retailers' sales tax registration number and the **tire excise tax registration number**.

Resale exemption certificates are available on request from the Business Tax Bureau. Write or call this Bureau at the address or telephone number listed below.

Sales of new tires to the state of Kansas, political subdivision, public or private elementary and secondary schools and other educational institutions are subject to the tire excise tax. However, sales of tires to the federal government are not subject to the tire excise tax.

Sales of new tires to an automobile dealer for installation on a **used** vehicle that is held for resale are subject to the tire tax.

Persons in the business of leasing and renting motor vehicles, including vehicles leased to interstate common carriers, who purchase new tires for use on leased vehicles are subject to the tire excise tax, even though the purchaser is exempt from Kansas retailers' sales tax and has issued to the seller a valid Kansas retailers' sales tax exemption certificate or possesses valid interstate common carrier authority.

If you have any questions regarding the tire excise tax, please write the Business Tax Bureau, Kansas Department of Revenue, Topeka, Kansas 66625-0001, or call (913) 296-2461.

Enclosure: Tire Excise Tax Application for Registration.

Date Composed: 10/06/1997 Date Modified: 10/10/2001

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