



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).

ksrevenue.org

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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's website at: 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).

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 lawn mowers).

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.



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).

If you sell new vehicle tires you must register with the 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.

HOW TO REGISTER

To apply for a tax number or to register for Kansas Retailers' Sales Tax, visit ksrevenue.org and sign in to the KDOR Customer Service Center. After you complete the application you will receive a confirmation number for your registration and account number(s). For complete instructions about the application process, obtain **Pub. KS-1216**, Business Tax Application and Instructions, from our website.

If you prefer, you may apply in person – it provides same-day registration service. An owner, partner, or a principal officer (president, vice-president, or secretary-treasurer) may bring the completed application to our assistance center. We will process it assign a registration number, and issue a Certificate of Registration if you have no outstanding tax liability.

Another option is to mail or fax your completed business tax application to our office 3-4 weeks prior to making retail sales. This will ensure that your tax account number and registration certificate are issued before your first tax payment is due.

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 8).



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.

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

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
6.5% 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

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, PO Box 3506, Topeka KS 66601-3506. 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

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 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.

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 (**Pub. 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).



REPORTING AND PAYING TIRE EXCISE TAX

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—\$400	Annual	On or before January 25th of the following year.
\$400.01—\$4,000	Quarterly	On or before the 25th of the month following the end of the calendar quarter— April 25, July 25, October 25, January 25.
\$4,001.01 and over	Monthly	On or before the 25th of the following month (e.g., 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 Department of Revenue. The tax return will have your business name, address, reporting number, filing period, and due date pre-printed on it. Be sure to keep a copy of the completed return with your tax records.



IMPORTANT: You must file a Kansas tire excise tax return (Form TE-1) for each reporting period, even if you have no tax to report.



David's Tire and Auto Supply Company sells new and used tires. During the 4th quarter of 2016 he sold 250 tires; 200 were new tires, 40 were recaps and 10 were for bicycles. The completed 4th quarter, 2016 tire excise tax return is as follows:

TE-1

(Rev. 10/15)

KANSAS DEPARTMENT OF REVENUE
DIVISION OF TAXATION

Tire Excise Tax Return

Return for Oct Nov Dec 2016 file and pay tax by January 25, 2017 Tax Account Number 000-0000-4000

<p>NEW OWNERS DO NOT USE PREVIOUS OWNERS FORM</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Number of new tires sold for vehicles</td> <td style="text-align: right; border-bottom: 1px solid black;">200</td> </tr> <tr> <td>2. Tax due (multiply amount on line 1 by \$.25).....</td> <td style="text-align: right; border-bottom: 1px solid black;">50.00</td> </tr> <tr> <td>3. Penalty and interest (see instructions)</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 0</td> </tr> <tr> <td>4. Credit memorandum (see instructions)</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 0</td> </tr> <tr> <td>5. Total due (add amounts on lines 2 and 3, then subtract amount on line 4).....</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 50.00</td> </tr> </table>	1. Number of new tires sold for vehicles	200	2. Tax due (multiply amount on line 1 by \$.25).....	50.00	3. Penalty and interest (see instructions)	\$ 0	4. Credit memorandum (see instructions)	\$ 0	5. Total due (add amounts on lines 2 and 3, then subtract amount on line 4).....	\$ 50.00	
1. Number of new tires sold for vehicles	200											
2. Tax due (multiply amount on line 1 by \$.25).....	50.00											
3. Penalty and interest (see instructions)	\$ 0											
4. Credit memorandum (see instructions)	\$ 0											
5. Total due (add amounts on lines 2 and 3, then subtract amount on line 4).....	\$ 50.00											

If zero sales this filing period write "NO SALES"

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

I declare under the penalties of perjury that this is a true, correct and complete return.

SIGNATURE David A Sampleperson

TITLE President

Daytime phone number 785-555-1234

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 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 information 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 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 Department of Revenue. These consumer-paid taxes are not an expense of your business. However, when the returns are late, the 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 list provides rates for current year and some previous years. Interest rates for all other years can be found on our website.

Year	Monthly Rate	APR
2019	0.500%	6%
2018	0.417%	5%
2017	0.417%	5%
2016	0.333%	4%



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, or fail to file a return for a required filing period, you will receive a notice from the Department of Revenue. Respond immediately to avoid problems and additional correspondence. Follow the instructions on the statement, which may include returning a copy of the notice to the department with your return(s) and payment for the balance due. If you had already paid the balance and/or filed the missing return(s), use the reply section of the notice to report it so we may update our records.

NON-COMPLIANCE PENALTIES

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.



TAX ASSISTANCE

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 there is a question not answered in this publication, contact the 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.

Many business questions can be answered by the customer representatives in our Tax Assistance Center in Topeka. However, like many businesses, the Department of Revenue uses an automated answering system to direct incoming phone calls to the appropriate area. See back cover for the address and phone numbers of our assistance center.

WEBSITE – ksrevenue.org

Our website contains information about all aspects of the **Kansas Department of Revenue**. Forms and publications, exemption certificates, and information about all the taxes administered are published here. Each division of the Department of Revenue is represented. Additionally, our website contains current information devoted to paperless file and pay options.

POLICY INFORMATION LIBRARY (PIL)

Another service available to taxpayers is an **online library** of policy information (PIL) for all taxes administered by the Kansas Department of Revenue. The PIL contains Kansas statutes and regulations, Revenue Notices, Revenue Rulings and other written advice issued by the Department of Revenue. Opinion Letters and Private Letter Rulings are also included.

WRITTEN RULINGS

At times there are unique situations that may require an interpretation or clarification based upon the law, regulations, and specific facts of the case. To assist you in understanding how the law applies to your business, the Department of Revenue issues three types of written advice: revenue notices, revenue rulings, and private letter rulings. This written advice is binding on the Department of Revenue and may be relied upon as long as the statute or regulation on which they are based is not altered by the Legislature, changed by a court decision, or the ruling itself modified or rescinded by the Department of Revenue.

You should not rely on a verbal opinion from the Department of Revenue regarding taxability not specifically addressed in the law. When an issue arises in your business that is not directly addressed in the law, document the problem in writing and request a Private Letter Ruling or an Opinion Letter from the Department of Revenue. Fax or mail your request for a written ruling to:

Tax Policy Group
Kansas Department of Revenue
PO Box 3506
Topeka, KS 66601-3506
Fax: 785-296-7928

You will receive a written ruling within 30 days after your request (and any additional information necessary for the ruling) is received. Private letter rulings are published in our Policy Information Library (PIL), but the letters have been "scrubbed" to protect the privacy of the taxpayer—any information identifying the taxpayer, such as name, address, product, etc., is blanked out.

REPORTING BUSINESS CHANGES

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.

CHANGE OF CORPORATE OFFICERS OR DIRECTORS

When there is a change in your corporate officers or directors, complete and return an Ownership and Signature Form (**CR-18**), and also provide the name(s) and title(s) of the resigning officer(s) or director(s). If you prefer you may mail or fax us a letter on your corporate letterhead listing the name, title, home address and Social Security number of each new corporate officer or director, the name and title of each officer or director resigning, and the effective date of the change. A copy of the corporate minutes is also helpful, but is not required.

CHANGE OF PARTNERS

If less than 50 % of the ownership (measured by interests in capital and profits) of a partnership changes, complete an Ownership Change form (**CR-18**), available on our website. As an alternative, you may mail or fax a new list of partners to our office. Include the full name, address, telephone and Social Security number of each partner, the tax account numbers and the effective date of the change.

A partnership must apply for a new registration when 50% or more of the ownership changes hands within a 12-month period, or the partnership is dissolved and a new one is started. See instructions that follow.

CHANGE OF BUSINESS OWNERSHIP

When the ownership of the business changes, a new registration is usually required. The following examples of ownership change requires new registration.

- An individual ownership to a partnership or corporation.
- Partnership to a corporation or sole proprietorship
- One corporation to another corporation.
- Any change in corporate structure that requires a new charter, certificate of authority, or new EIN.

If you must apply for a new registration number, you will also need to cancel your old registration.

CHANGING YOUR FILING FREQUENCY

Once a filing frequency (monthly, quarterly, annually) has been established for a calendar year, do not increase or decrease the filing frequency of your sales and/or compensating use tax. Our electronic filing applications are set up for the filing frequency established, and filing less frequently will cause non-filer bills to be printed.

Each year the Department of Revenue reviews the reporting history of Kansas retailers to ensure their filing frequency is in accordance with the statutory guidelines illustrated by the chart on page 6. The review is done late in the calendar year so that any necessary change will take effect on January 1 of the upcoming year. A notice of filing status change is provided to the affected retailers in November.

We realize, however, errors can occur in assigning a filing frequency to new businesses, or a business can change extensively over a calendar year, causing the returns to be due either too often or not often enough. If you believe your filing frequency is out of line with the guidelines, call us to request that it be changed.

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 — complete a Notice of Discontinuation of Business (**CR-108**); or complete the Discontinuation of Business portion of your Tire Excise Tax Registration Certificate. Mail or fax a completed form to the Department of Revenue (see back cover).

OTHER KANSAS TAXES

As a retailer in the automotive industry and a Kansas business, you have other tax obligations to the 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*, herein.

RETAILERS' SALES TAX

Kansas imposes a 6.5% 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 .05% to 3%. Each retailer reports and remits the total of the state and local retailers' sales tax collected to the Kansas Department of Revenue. See **Pub. KS-1700**, Sales Tax Jurisdictions for a listing of the current combined state and local rates for each of the incorporated cities, counties, and special jurisdiction areas in Kansas.

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 in Kansas. The current "normal" tax rate is 4 percent of the Kansas taxable income of a corporation with a "surtax" of 3 percent 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 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.

KANSAS WASTE TIRE LAW

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.



IMPORTANT: Under the Kansas Waste Tire Law tire retailers are required to: 1) prominently display or make available to customers educational materials provided by the Kansas Department of Health and Environment and the Department of Revenue relating to proper waste tire management practices; 2) accept waste tires from customers when they purchase new tires; and 3) 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 non permitted 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 more 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

Return for _____ file and pay tax by _____ TAX ACCOUNT NUMBER _____

**NEW OWNERS
DO NOT USE
PREVIOUS
OWNERS FORM**

- 1. Number of new tires sold for vehicles _____
- 2. Tax due (multiply amount on line 1 by \$.25)..... \$ _____
- 3. Penalty and interest (see instructions)..... \$ _____
- 4. Credit memorandum (see instructions) \$ _____
- 5. Total due (add amounts on lines 2 and 3, then subtract amount on line 4)..... \$ _____

If zero sales this filing period write "NO SALES"

I declare under the penalties of perjury that this is a true, correct and complete return.

SIGNATURE _____

TITLE _____

Daytime phone number _____

Mail return and payment to: MISC. TAX SECTION, KANSAS DEPARTMENT OF REVENUE, PO BOX 750680, TOPEKA KS 66675-0680

..... Detach and send with payment

Instructions for Tire Excise Tax Return (TE-1)

GENERAL INFORMATION

- The due date is the 25th day of the month following the date printed on this return. You must file a return even if there were no taxable sales.
- Keep a copy of your completed return for your records.
- **Sign your return** and provide a daytime phone number.
- Be sure your check or money order contains your tax account number and a daytime phone number.
- Mail your return and payment to: **Miscellaneous Tax, Kansas Department of Revenue, PO Box 750680, Topeka, KS 66675-0680.**
- If you have questions contact our office at 785-368-8222 or visit our website at ksrevenue.org.

LINE BY LINE INSTRUCTIONS

- Line 1 – Number of new tires sold for vehicles.** Enter 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 number of tires on line 1 by \$.25 (twenty-five cents).
- Line 3 – Penalty and interest.** If you are filing a late return, enter amount of penalty and interest due. See our website for current rates.
- 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 the credit reported.
- Line 5 – Total due.** Add amounts on lines 2 and 3, then subtract amount on line 4.

Notice of Change in Business

If any of the following information has changed, complete this form and return it to the Kansas Department of Revenue at the address shown above.

- 1. Name as shown on tax return _____
- 2. Tax account number as shown on tax return _____
- 3. If the ownership has changed within monthly period, provide the following information:
Name of new owner: _____ Date of Change: _____
- 4. If the business was discontinued permanently within the period covered by this return, provide the date of closing: _____
- 5. If the business location was changed, provide the new address: _____
- 6. If the trade name has changed, provide the new trade name: _____

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.

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, you may contact the Kansas Department of Revenue:

By Phone

785-368-8222

By Mail

Tax Operations
PO Box 3506
Topeka KS 66625-3506

By Appointment

Go to ksrevenue.org to set up an appointment at the Topeka or Overland Park office by using the Appointment Scheduler.

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-1510, Kansas Sales Tax 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 Business Taxes for Motor Vehicle Transactions
- Publication KS-1527, Kansas Business Taxes for Political Subdivisions
- Publication KS-1530, Kansas Tire Excise Tax
- Publication KS-1540, Kansas Business Taxes for Hotels, Motels and Restaurants
- Publication KS-1550, Kansas Business Taxes for Agricultural Industries
- Publication KS-1560, Kansas Business Taxes for Schools and Educational Institutions
- Publication KS-1700, Kansas Sales & Use 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).