**Private Letter Ruling**

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| **Ruling Number:** | **P-1999-61** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Transfer of tractors and trailers to a wholly owned company in exchange for equity.** |
| **Keywords:** |  |
| **Approval Date:** | **03/08/1999** |

**Body:**

Office of Policy & Research

March 8, 1999  
  
XXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXX  
  
Dear XXXXXXXXXXX:  
  
I acknowledge receipt of your letter dated February 3, 1999.  
  
You stated that you were in the process of transferring three tractors and four trailers from XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX a wholly owned company of XXXXXX. When you applied for registration and titles at the Motor Carrier Services Bureau, you were informed that you had to pay sales tax in order to register and tag these vehicles.  
  
XXXXXXXXXX was formed as of July 1, 1998 with assets that were transferred from XXXX in exchange for equity in XXXXXX. At that time your conversation with XXXXXX in the Taxpayer Assistance Bureau led you to believe that this transfer was not a taxable event. No sales tax was paid when you registered and tagged five tractors and five trailers. In August, 1998, you registered and tagged two more tractors and two more trailers without paying sales tax. On September 29, 1998 you transferred an additional tractor without paying sales tax. All these assets have been transferred from XXXX to XXXXXX in exchange for equity in XXXXX.  
  
When you were transferring, registering and tagging the current three tractors and four trailers, the question of tax again arose. This time your were told this was a taxable event due to the different FEIN’s of XXXX and XXXXXXX. You later submitted a request for a private letter ruling.  
  
All the assets in question have been transferred from XXXX to XXXXXX in exchange for equity. XXXXXX is a single member LLC with that member being XXXX. You now request a private letter ruling concerning the taxability of the above transfers.  
  
Kansas law taxes the retail sale and the isolated or occasional sale of a motor vehicle and trailers. However, there is an exception to this imposition where the transfer is "by a person to a corporation solely in exchange for stock or securities in such corporation." K.S.A. 79-3603 (o). Because the sales tax statutes define "person" to include "corporation," any transfer of motor vehicles from XXXX to XXXXXX as part of the contribution would be exempt as well, provided it is "solely in exchange for stock or securities" in XXXXXX.  
  
This private letter ruling is based solely on the facts provided in your request. If it is determined that undisclosed facts were material or necessary to make an accurate determination by the department, this ruling is null and void. This private letter ruling will be revoked in the future by operation of law without further department action if there is a change in the statutes, administrative regulations, or case law, or a published revenue ruling, that materially affects this private letter ruling.  
  
Sincerely,  
  
Mark D. Ciardullo  
Tax Specialist  
  
MDC  
  
  
**Date Composed: 03/09/1999 Date Modified: 10/11/2001**