

**NOTE: Due to limited funding, the Department of Revenue has discontinued the printing of this publication. It is available only through our web site.**



# KANSAS

## Tire Excise Tax

Since July 1, 1990, Kansas tire retailers and new vehicle dealers have been required to collect the Kansas Tire Excise Tax. This guide 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 the 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 12 of this guide. 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 by phone at (785) 296-1600; by fax at (785) 296-8909, or web site at [www.kdhe.state.ks.us/waste](http://www.kdhe.state.ks.us/waste).

The logo for the Kansas Department of Revenue features a stylized black silhouette of a five-pointed star with a long, wavy tail, similar to the one at the top of the page, positioned above the word "KANSAS" in a bold, sans-serif font. Below "KANSAS" are the words "DEPARTMENT OF REVENUE" in a smaller, all-caps, sans-serif font, and the website address "www.ksrevenue.org" in a standard sans-serif font.

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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. Exemption certificates are updated as laws change; consult our web site for current versions. A library of current policy information is also available on our web site: [www.ksrevenue.org](http://www.ksrevenue.org)



## INTRODUCTION

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### WHAT IS THE TIRE EXCISE TAX?

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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 is responsible for collecting it from the final user or consumer. The retailer holds it in trust for the state and then remits it to the Kansas Department of Revenue on a regular basis using the Tire Excise Tax Return, Form TE-1, provided by the Department of Revenue.

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### RATE OF TAX

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

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### WASTE TIRE MANAGEMENT FUND

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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;
- provide administrative funds for permits, planning, compliance, and enforcement of laws regulating the storage, recycling, processing, and disposal of used and waste tires.

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### WHAT VEHICLE TIRES ARE TAXED?

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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. The tire excise tax therefore applies to new tires for:

automobiles	motorcycles
boat trailers	pop-up campers
buses	recreational vehicles
combines	tractors
construction equipment	trailers
farm machinery	trucks
mopeds	truck tractors

\* WITHIN KANSAS: 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 the state of Kansas. This would include sales of tires by tire dealers located in Kansas and delivered in Kansas. It would also include tires sold by out-of-state dealers who are physically present within Kansas and selling tires at retail within the state of 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, such as bicycles, or those not authorized to operate on public highways, such as ATVs, golf carts or riding lawnmowers.

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### TAXABLE TIRE SALES

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

- 1) New tires sold to the final user or consumer, including, but not limited to, new tires sold to:
  - individuals and corporations
  - farmers and ranchers
  - entities exempt from Kansas sales tax
- 2) New tires mounted on new vehicles.
- 3) New tires mounted on used vehicles.
- 4) New tires installed on vehicles in Kansas even though the buyer is a resident of another state.
- 5) 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).
- 6) New tires sold for a truck mounted with a spreader or a mixer-feed truck used to dispense feed in a feedlot.
- 7) 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. Some tire sales that are exempt from Kansas sales tax are subject to the 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 that are exempt from Kansas Retailers' Sales Tax but are 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;
- Nonprofit 501(c)3 museums;
- Nonprofit 501(c)3 religious organizations; and
- Nonprofit 501(c)3 zoos.

Although these buyers are exempt from paying sales tax on their direct purchases\* of new tires, they ARE NOT exempt from paying the tire excise tax.

\* 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 homes 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 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 an 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, Form ST-28T, on page 14 must be completed and kept by the seller for the exemption to be valid.



## REGISTRATION AND TAX NUMBERS

### 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 retail sales of tangible personal property. For more information about the types of sales and services that are taxed in Kansas, obtain our Publication KS-1510, Kansas Sales and Compensating Use Tax, from our office, forms request line at (785) 296-4937 or web site at [www.ksrevenue.org](http://www.ksrevenue.org).

If you sell new vehicle tires you must register with the Kansas Department of Revenue to collect the tire excise tax. Since the tire excise tax also applies to the new tires on a new vehicle sold for the first time, new vehicle 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 register to collect the Kansas Retailers' Sales Tax and the Kansas Tire Excise Tax from your customers, obtain our Publication KS-1216, Kansas Business Tax Application Booklet, and complete the Business Tax Application, Form CR-16. This publication and form are available from our office, forms request line (785) 296-4937, or web site at [www.ksrevenue.org](http://www.ksrevenue.org). You may complete the application process 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 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 located on the 1st Floor of the Docking State Office Building, 915 SW Harrison St., Topeka.

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

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## YOUR TIRE EXCISE TAX NUMBER

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After your application has been 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**


Use your tire excise tax number on all tire excise returns, correspondence to the department about your tire tax account, and on the Tire Retailer Exemption Certificate, Form ST-28T, on page 14. Your Tire Excise Tax reporting number is separate and distinct from your Kansas Retailers' Sales Tax number used to report and pay your sales tax.

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## YOUR REGISTRATION CERTIFICATE

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After a tax account number has been assigned, a tire excise tax registration certificate will be mailed to you. When you receive your certificate, check it for accuracy and report any changes or corrections to the department immediately (see page 10). Following is a sample Tire Excise Tax Registration Certificate (shown smaller than actual size) with explanation.

<b>KANSAS DEPARTMENT OF REVENUE</b> <i>Division of Taxation</i>	
<b>TIRE EXCISE TAX REGISTRATION CERTIFICATE</b>	
<div style="font-size: 2em; font-weight: bold;">1</div> <div style="font-size: 3em; font-weight: bold; margin-top: 10px;">SAMPLE</div>	<div style="font-size: 2em; font-weight: bold;">2</div> <div style="text-align: center;"></div>
DAVID A. SAMPLEPERSON DBA KANSAS TIRE RETAILER 1235 ELM STREET ANYTOWN KS 66677-0001	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 66625-2007. If you have any questions, please call our Taxpayer Assistance Center at 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 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 7.
- 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 10.

## TAX COLLECTION AND RECORDS



### 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
5.3% Sales Tax**	7.37
Tire Excise Tax	<u>.50</u>
Total due	\$ 146.87

The tire excise tax is 25 cents on each of the two new tires sold.

\*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	4,500.00
Net taxable	\$ <u>13,300.00</u>
5.3% Sales Tax**	704.90
Tire Excise Tax	\$ <u>1.00</u>
Total due	\$ 14,005.90

The tire excise tax is 25 cents on each of the four new tires on a new vehicle. The tire excise tax is not due on a spare tire included in the sale of a new vehicle.

**Tax Rate Note:** The rate changed on July 1, 2001 to 25 cents per tire. From July 1, 1990 through June 30, 2001 the tire tax rate was 50 cents per new tire sold.

#### \*\*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 5.3% is shown in these illustrations.

### EXEMPTION CERTIFICATES

An exemption certificate is a document that 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 on page 14, "Tire Retailer Exemption Certificate." This certificate 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 also collecting Kansas Retailers' Sales tax from your customers, you should also have our complete guide on Kansas Sales and Compensating Use Tax exemptions, Publication KS-1520, "Kansas Exemption Certificates." This publication is available from our office, forms request line (785) 296-4937, or web site. 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, current, complete and accurate records of tire and vehicle sales must be kept. 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**; and
- a true and complete **inventory** taken at least once a year.

KEEP your tire excise tax records for your current year of business and at least **three prior years**. Your new tire sales records should be maintained separate from your other retail sales records.

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) at all times during daily business hours.





## FILING FREQUENCIES & 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 initial filing frequency is established when you register, and is based upon the estimate you gave in Part 4 of 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 chart below shows the filing frequencies based on annual tax liability and due dates of tire excise tax returns.

Annual Tire Excise Tax Due	Filing Frequency	Return Due Date
\$0.00 — \$80.00	Annual	On or before January 25th of the following year.
\$80.01 — \$1,600.00	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 \$1,600.00	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 the due date pre-printed on it. Be sure to make a copy of the completed return for your records.

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

 David's Tire and Auto sells new and used tires. During the 4th Qtr., 2004 he sold 250 tires; 200 were new tires, 40 were recaps and 10 were for bicycles. The completed 4th Qtr., 2004 tire excise tax return is below.

<u>000-0000-4000</u> Registration Number		<b>KANSAS DEPARTMENT OF REVENUE</b> <b>DIVISION OF TAXATION</b> <b>TIRE EXCISE TAX RETURN</b>	
RETURN FOR <u>OCTOBER, NOVEMBER, DECEMBER, 2004</u> MUST BE FILED AND PAID BY <u>JANUARY 25, 2005</u> 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 <u>David A. Sampleperson</u> SIGNATURE	<u>Owner</u> TITLE	<u>(785) 368-1111</u> PREPARER'S PHONE NUMBER	
<small>TE-1 (Rev. 3/04)</small>			

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## YOUR REMITTANCE

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

- ✓ 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.
- ✓ Use the envelope enclosed with your return to mail the tax payment and return. DO NOT staple the return and payment together.



## AVOIDING COMMON MISTAKES

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### 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. If you do not have a pre-printed return, make a copy of the blank return on page 13, or obtain a blank return from our office, forms request line (785) 296-4937 or web site.

### Use the Proper Return

Each pre-printed return is encoded for processing purposes – do not use another return or change the printed information on the return. If you do not have a pre-printed return for the filing period you are reporting, use a blank return. You may copy the blank return on page 13, or obtain a blank form from our office, forms request line (785) 296-4937 or web site.

### 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 and 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 in the envelope provided.

### File Your 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 11, “Changing Your Filing Frequency.”

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## CORRECTING A RETURN

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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 have reported and paid less than the actual tire excise tax collected in a period, you will need to file an amended return for that filing period using a blank return. Copy the blank return on page 13 or obtain a blank return from our office, forms request line at (785) 296-4937 or web site.

Fill in all the information that is normally pre-printed on the return (name, address, filing period, Kansas Tire Excise Tax number), and write the word “AMENDED” in the upper right corner of the return. Then complete the return as 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 have reported and paid more than the actual tire excise tax collected in a period, send the department 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:** Available 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 on line 4 of the return without a credit memorandum.

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## WHEN RETURNS ARE LATE

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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 the



tax due have the same penalties as returns filed late. If you are filing a return or paying the tax after the due date, use the rates that follow to calculate the penalty and interest to include on the tire excise tax return.

#### Penalty (K.S.A. 65-3424e)

- 10% Return filed or tax paid within 60 days of the due date.
- 25% Return filed or tax paid after 60 days of the 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 the late penalty, interest is charged for each month or portion of a month the return is not filed or paid. Since 1998 our annual percentage rate (APR) for interest has been tied to the federal underpayment rate and may change each year. The chart below shows our interest rates by tax year. The rate for future years will be available from the department's office and web site.

Tax Year	Monthly Rate	APR
2005	0.417%	5%
2004	0.5%	6%
2003	0.583%	7%



A March tire excise tax return showing \$400 tax is due April 25. The return is not filed and/or paid until July 28 (four months late). The penalty is \$100 (25% of the tax). The interest will be the applicable monthly interest 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 department. To avoid problems and further correspondence, it is most important that you respond to it immediately.

Follow the instructions on the statement and return a copy to the department with your return(s) and payment of the balance due in the return envelope provided. 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 to us so we may correct our records.

## NON-COMPLIANCE PENALTIES

### Fraud

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



### WHEN IN DOUBT...



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 situation that is not addressed in this publication, contact the department. **DO NOT GUESS.** Clarification of whether a transaction is taxable or exempt will save you time in dealing with the 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 happens, document the problem or question in writing and request a written opinion (called a private letter ruling) from the Kansas Department of Revenue.

Address your request to:

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.

#### Web Site — [www.ksrevenue.org](http://www.ksrevenue.org)

Perhaps one of the most useful resources available to our customers is our web site. The following are just a few items that can be found on our web site:

- Tax Forms, Instructions, and Publications
- Schedule of Free Tax Workshops
- Electronic Filing Information
- Tax Registration Information
- Economic Development Incentives
- Links to other business resources and the IRS

#### Policy Information Library

As a service to taxpayers, a library of policy information for all taxes administered by the department is a part of our web page. Included in this library of written tax advice are the Kansas Statutes and Regulations, Revenue Notices, Private Letter Rulings and Questions & Answers. 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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When changes occur in your business, *promptly* notify the Kansas Department of Revenue. Business changes that affect your tire excise tax registration will also usually affect your other tax registrations with the department, such as sales or withholding tax.

Include your Kansas Tax Account Number, contact name and daytime telephone number on any form or

letter reporting changes. You may also report changes to our office by calling us at (785) 368-8222 or by fax (785) 291-3614.

Mail business change correspondence to:

Tire Excise Tax  
Customer Relations  
Kansas Department of Revenue  
915 SW Harrison Street  
Topeka, KS 66625-2007

#### 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. 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).

To apply for a new Kansas Tax Account Number, obtain Publication KS-1216, Kansas Business Tax Application, and complete Form CR-16. Refer also to "How to Register" on page 4.

You must also cancel your existing registration as of the effective date of the ownership change. To do this, follow the instructions in "Closing Your Tire Excise Tax Account" on page 11.

## 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 only 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 insure the retailer's filing frequency is in accordance with the guidelines mandated in K.S.A. 65-3424d, and illustrated by the chart on page 7. 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 filing frequency change is mailed to the affected retailers in November.

However, we realize errors can occur in assigning a filing frequency to new businesses, 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 for the tire excise tax is out of line with the chart on page 7, call our office at (785) 368-8222 for instructions.

## 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 three ways to cancel your registration.

- Complete Form CR-108, Notice of Discontinuation of Business, and forward it to the department by mail or fax. This form is on page 15, and may be used to cancel more than one type of tax registration. Use the address/fax number shown on the front cover.

**OR**

- Complete the "Discontinuation of Business" portion of your Tire Excise Tax Registration Certificate and mail or fax it to us.

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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, Form CR-16 to register to collect and/or pay these taxes.



**Retailers' Sales Tax.** Engaging in the sale of tangible personal property or taxable services to the end user.

Kansas imposes a 5.3% 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 Department of Revenue. Combined state and local rates in Kansas currently range from 5.3% (no local taxes) to 8.15%. Publication KS-1700, Kansas Jurisdiction Code Booklet, provides 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 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 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.** Corporate income tax is assessed against every corporation doing business in Kansas or deriving income from sources within Kansas.

The corporate income tax rate consists of two rates. The normal tax is 4% of taxable income. A surtax of 3.35% is imposed on taxable income over \$50,000.



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

The motor fuel tax is remitted to the department 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 the wages paid to employees to pre-pay the employees’ income tax liability. Effective July 1, 2000, Kansas withholding tax is also required on payments other than wages that are made by payors to payees.

Employers must also register with the Kansas Department of Human Resources and the Internal Revenue Service. Additional information, the tables to compute withholding tax, and sample completed returns are in our Publication KW-100, “A Guide to Kansas Withholding Tax.”

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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 Department of Health and Environment and the Department of Revenue relating to proper waste tire management practices. Educational posters are available free from KDHE.
- Accept waste tires from customers when they purchase new tires.
- 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 KDHE. 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 KDHE. A list of current waste tire permit holders is available from KDHE or online at [www.kdhe.state.ks.us/waste](http://www.kdhe.state.ks.us/waste).

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 are required to 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  
[www.kdhe.state.ks.us/waste](http://www.kdhe.state.ks.us/waste)

Registration Number

KANSAS DEPARTMENT OF REVENUE  
DIVISION OF TAXATION  
TIRE EXCISE TAX RETURN

RETURN FOR \_\_\_\_\_ MUST BE FILED AND 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 PREPARER'S PHONE NUMBER

TE-1 (Rev. 3/04)

INSTRUCTIONS FOR COMPLETING THE TIRE EXCISE TAX RETURN  
FORM TE-1

**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.

Include on Line 1 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 on Line 1 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 & Interest.** Penalty and interest are due if the return is not filed by the due date. **Penalty** is computed at 10% of the tax due for delinquent payment of tax 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 web site: [www.ksrevenue.org](http://www.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 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, subtract Line 4 and enter the result.

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

For additional information, please address your inquiries to Kansas Department of Revenue, Tire Excise Tax, Customer Relations, 915 SW Harrison St., Topeka, Kansas 66625-2007, 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 the **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 new tires purchased with this certificate:**

\_\_\_\_\_  
\_\_\_\_\_

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.

Tire Retailer: \_\_\_\_\_  
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?**

Effective July 1, 2001, the tire excise tax is 25 cents on each new vehicle tire sold. (From its inception on July 1, 1990 through June 30, 2001, the tire excise tax was 50 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 vehicle when the new vehicle is sold at retail for the first time. 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 web site: **[www.ksrevenue.org](http://www.ksrevenue.org)**.

**WHO MAY USE THIS EXEMPTION?**

Only those tire retailers that have a tire excise 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 eleven digits, the last four of which are always "4000." A typical tire excise tax registration would be 000-0000-4000.



## KANSAS DEPARTMENT OF REVENUE

## Customer Relations

Topeka, Kansas 66625-9000

Phone: (785) 368-8222

Fax: (785) 291-3614

## FOR OFFICE USE ONLY

Inactive:

Date/Initial

Audited:

Date/Initial

Deleted:

Date/Initial

## NOTICE OF DISCONTINUATION OF BUSINESS

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_  
 Kansas Taxpayer Consolidated ID No. Federal Employer's ID No. Business Phone No.

4. \_\_\_\_\_ 5. \_\_\_\_\_  
 Business Name Business Address

6. \_\_\_\_\_ 7. \_\_\_\_\_ 8. \_\_\_\_\_  
 Owner's/Officer's Name Current Address Telephone Number

9. On \_\_\_\_\_, \_\_\_\_\_ this business was discontinued and I wish to cancel my registration for the following tax(es).  
 Check each box that applies and enter the **specific account number** for that tax.

<input type="checkbox"/> Retailers' Sales _____	<input type="checkbox"/> Bingo Enforcement _____
<input type="checkbox"/> Retailers' Compensating _____	<input type="checkbox"/> Dry Cleaning Surcharge _____
<input type="checkbox"/> Liquor Enforcement _____	<input type="checkbox"/> Withholding _____
<input type="checkbox"/> Liquor Excise _____	<input type="checkbox"/> Transient Guest Tax _____
<input type="checkbox"/> Consumer's Use _____	<input type="checkbox"/> Vehicle Rental Tax _____
<input type="checkbox"/> Tire Excise _____	<input type="checkbox"/> Water Protection Fee _____

10. Does this business currently have employees? ☐ Yes ☐ No If no, enter effective date: \_\_\_\_\_

11. Has there been a **transfer** or a **change** in ownership? ☐ No ☐ Yes If yes, complete lines a, b and c:

a. Trade name of new business \_\_\_\_\_

b. New owner's name \_\_\_\_\_

c. Starting date of new business \_\_\_\_\_ Taxpayer ID No. \_\_\_\_\_

12. This business has ☐ a cash bond ☐ an escrow bond ☐ a surety bond ☐ no bond ☐ unknown

13. Have all applicable forms for the taxes checked above been filed up to date of closing? ☐ Yes ☐ No If no, all must be filed with this form.

14. If this is a consolidated registration, are all locations being closed? ☐ Yes ☐ No If no, list the specific locations to be closed under "Remarks" on line 15.

15. Remarks and final settlement or arrangement for settlement: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGN  
HERE** ➔

Signature of Retailer/Employer

Title

Date

Signature of Preparer

## FOR OFFICE USE ONLY

Was the date that the business was discontinued estimated? ☐ No ☐ Yes If yes, give source of information: \_\_\_\_\_

Accounts receivable remain to be collected: ☐ No ☐ Yes If yes, tax type: \_\_\_\_\_

Mailing address: \_\_\_\_\_

A Jeopardy Assessment is recommended. ☐ No ☐ Yes If yes, tax type: \_\_\_\_\_

A warrant is recommended. ☐ No ☐ Yes If yes, tax type: \_\_\_\_\_

Comments: \_\_\_\_\_

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_



State of Kansas  
Department of Revenue  
915 SW Harrison  
Topeka, KS 66612-1588

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OF REVENUE



### **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 66625-2007

**Phone:** (785) 368-8222  
**Hearing Impaired TTY:** (785) 296-6461  
**Fax:** (785) 291-3614  
**Web site:** [www.ksrevenue.org](http://www.ksrevenue.org)

Office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

### **REQUEST FOR TAX FORMS**

In addition to the publications listed below, KDOR's web site contains a library of policy information forms, press releases, and other informational notices. You can obtain printed copies by visiting our office in Topeka or by calling our voice mail Forms Request Line at 785-296-4937. (Due to limited state funding, KDOR has discontinued printing some of these publications; however all are available from our web site.)

- 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, Sales & Use Tax for Motor Vehicle Transactions
- Publication KS-1527, Sales and Use Tax for Kansas Political Subdivisions
- 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-1640, Kansas Bingo Licensee Operational Handbook
- Publication KS-1700, Sales Tax Jurisdiction Code Booklet
- KW-100, A Guide to Kansas Withholding Tax



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 66625-1588 or call (785) 296-2481.