

Notice

Notice Number: Vehicle Rental Excise Tax
Tax Type: Vehicles Rental Excise Tax
Brief Description: Vehicle Rental Excise Tax
Keywords:
Effective Date: 05/24/1991

Body:

NOTICE

TO: Motor Vehicle Rental Companies

**FROM: Kansas Department of Revenue
Business Tax Bureau**

SUBJECT: Vehicle Rental Excise Tax (Senate Bill No. 14)

DATE: May 24, 1991

**PLEASE DISREGARD THIS NOTICE IF YOU ARE NOT ENGAGED IN THE BUSINESS OF
RENTING OR LEASING MOTOR VEHICLES**

Senate Bill No. 14, enacted by the 1991 Kansas Legislature, changes the taxation of transactions involving the rental of motor vehicles. The new law contains two significant changes for businesses. First, the bill imposes an excise tax at the rate of 3.5% on the gross receipts received from the rental or lease of motor vehicles rented or leased for a period of time not exceeding 28 days. Second, the bill provides that motor vehicles that are subject to the vehicle rental excise tax shall be exempt from personal property taxes imposed on motor vehicles pursuant to K.S.A. 79-5101 *et seq.*

This bill does not affect businesses engaged in the long term leasing of motor vehicles. It is limited to businesses engaged in renting of motor vehicles for periods of 28 days or less. The legislation requires those persons to collect the vehicle excise tax from the consumer and remit it to the Kansas Department of Revenue. The new tax is imposed in addition to Kansas retailers' sales tax and local retailers' sales tax.

The new tax is effective on July 1, 1991.

All persons, partnerships and corporations engaged in the business of renting motor vehicles for 28 days or less are required to register with the Kansas Department of Revenue to report the vehicle rental excise tax. If your business includes such rental of motor vehicles, you must complete the enclosed vehicle rental excise tax registration form. The completed form should be sent to the Tax Registration Section, Business Tax Bureau, Kansas Department of Revenue, Topeka, Kansas 66625-0001. **The form must be mailed by June 3, 1991.**

The Business Tax Bureau will process your application and notify you of your vehicle rental excise tax registration number. You will be mailed returns on which to report the vehicle rental excise tax. The due date and the filing frequency of the returns will be the same as for Kansas retailers' sales tax returns.

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

The vehicle rental excise tax generally applies to the gross receipts received from renting or leasing of automobiles, busses, trucks, truck tractors, recreational vehicles and motorcycles. The tax does not apply to the renting or leasing of farm machinery and equipment, trailers, road rollers, fork lifts, mining equipment and non-highway construction equipment.

The vehicle rental excise tax is imposed on the same tax base as the Kansas retailers' sales tax. Accordingly, the tax should be calculated on the total amount of the rental fee with no deduction or exclusion from the fee for insurance, taxes, service or maintenance contracts, handling charges, administrative charges, late fees, repair service charges or any other charges. For the excise tax to be exempt from Kansas retailers' sales tax, the vehicle rental excise tax must be separately stated on the invoice, sales ticket or billing document. Vehicle rental excise taxes that are absorbed or included in the retailer's selling price and not separately identified on the billing document will be subject to the Kansas retailers' sales tax.

In order to exempt qualifying motor vehicles from personal property taxes, the person claiming exemption must furnish to the county treasurer: (1) the correspondence from the Department granting their registration number for the vehicle rental excise tax, and (2) a list that identifies each vehicle by plate number, vehicle identification number, year, make and model. The person will be required to

sign an exemption certificate provided by the county treasurer. The claim for exemption from personal property tax can only be made when registering the vehicles.

Vehicles previously held for rental for periods of time not exceeding 28 days that are subsequently leased to the same user for a period longer than 28 days become subject to personal property taxes. Failure to pay the property tax in a timely manner will result in the assessment of penalty and interest.

The gross receipts received from renting or leasing motor vehicles directly to the federal government, the state of Kansas, political subdivisions of the state of Kansas, public or private elementary and secondary schools and other educational institutions are exempt from the vehicle rental excise tax.

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

Enclosure: Motor vehicle rental excise tax registration form and return envelope
Director of Vehicles Notice

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

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