

## New and Used Motor Vehicle Dealerships and Vehicle Rental Companies Fact Sheet

The taxability of sales and purchases of tangible personal property and labor services by New and Used Motor Vehicle Dealerships and Vehicle Rental Companies are summarized below. **This list is not all-inclusive.** For additional information on the sale or lease of motor vehicles see Pub KS-1526, EDU-31A and EDU-32A which may be found at [www.ksrevenue.org](http://www.ksrevenue.org).

**Purchases by New and Used Motor Vehicle Dealerships and Vehicle Rental Companies:** Kansas sales or compensating use tax applies to those purchases identified or designated as taxable in the chart below. The applicable Kansas sales or Kansas consumers' use tax must be paid to the vendor or accrued and remitted directly to the Kansas Department of Revenue. Purchases from Kansas vendors may be reported using the retailers' sales tax return. Purchases from outside this state which are delivered to this state are to be reported on the Kansas consumers compensating use tax return.

Purchases for use	Taxable or Exempt
Motor vehicles to be placed in inventory and held for resale, rental or lease	Exempt
Office furniture and fixtures, including but not limited to: desks, lamps, tables, chairs, shelving, plants, planters, artwork, signs	Taxable
Shelving, display racks, checkout counters, storage cabinets, display cases, cash registers, cash register supplies, bins, boxes, etc.	Taxable
Business cards, office supplies, such as, paper, note pads, pens, pencils, labels, calculators, etc.	Taxable
Parts and labor services to repair, service or maintain a vehicle in a lease or rental inventory.	Exempt
Tools, materials and equipment used in the course of business such as: wrenches, air compressor, creepers, paint strippers, grinders, auto jig, lift, dent puller, transmission stand, drills, tin cutters, welder, plasma cutter, rasp and files, brushes, rags, spray gun, sander, bar clamps, hammers, tape measures, putty knives, screwdrivers, saws, pliers, etc.	Taxable
Subcontracted services such as brake disc or drum turning, windshield replacement, etc. A resale exemption certificate needs to be provided to the subcontractor.	Exempt
Disposal services (hauling away of used oil, chemicals).	Exempt
Tangible personal property which is consumed in performing repairs such as: paint, paint remover, glue, polish, wax, soaps and degreasers, windshield cleaner, tac rags. A Consumed in Production Exemption Certificate needs to be presented at the time of purchase.	Exempt
Parts purchased for resale-installed on customers' vehicles.	Exempt
Freight or delivery charges on items for resale, lease or rental.	Exempt
Machines and software along with manufacturer's software updates/upgrades for diagnostic machines and other specialty equipment used to analyze vehicle problems for repair purposes	Taxable
Merchandise withdrawn from resale inventory for dealership use or consumption	Taxable
Uniforms, uniform rental charges, shop apparel, linen supplies, oil rags, shop towels, etc.	Taxable
Safety equipment such as gloves, glasses, burn suits, ear plugs, hard hats, back support belts, mask, etc.	Taxable
Freight or delivery charges, billed by the vendor, on purchases subject to sales/use tax	Taxable
Laptop and desktop computers, copiers, printers, fax machines, calculators and other similar equipment.	Taxable
Canned Software installed on owned or leased computers or servers and software upgrades and labor services to modify, alter, update or maintain software.	Taxable
Software or databases accessed via the internet and <b>not</b> installed on owned or leased computers or servers	Exempt
Customized software, software upgrades and labor services to modify, alter, update or maintain customized software - "customized" software = software developed for a single end user	Exempt
Newspaper and magazine subscriptions, reference books and materials, forms, printed matter (including promotional brochures, etc.)	Taxable
Lease or rental of any tangible personal property - copier, fax, computers, and other equipment.	Taxable
Repairs and maintenance to existing buildings, and existing covered structures.	Taxable
Parts and labor services of repairing, servicing, altering or maintaining tangible personal property, such as computers, printers, copiers, security equipment, forklifts, hydraulic equipment, dollies etc.	Taxable
Warranty or service agreements for tangible personal property such as, computers, printers, copiers, security equipment, etc.	Taxable
Equipment such as, but not limited to forklifts, hydraulic equipment, dollies, ladders, batteries and chargers, fans etc. including the charges for repair and/or maintenance of said equipment	Taxable
Janitorial supplies such as toiletries, vacuums, sweepers, scrubbers, floor waxers, carpet cleaners, rags	Taxable
Professional services such as legal or accounting services	Exempt
Break room supplies such as microwaves, refrigerators, tables, chairs, paper products, etc.	Taxable
Advertising as in newspapers, radio, television, etc.	Exempt
Lease, rental or purchase of vehicles for dealer use; not held for resale	Taxable

Purchases for use continued	Taxable or Exempt
Floor sweep, polishing pads, razor blades, chamois, drop cloths, and disposable wheel, floor and seat protectors etc.	Taxable
Tangible personal property to be given away or donated.	Taxable
Complimentary bottled water, soft drinks, coffee, creamer, sugar, cups and stir sticks, balloons, stickers, pens and candy etc.	Taxable

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Trash removal and shredding services, cleaning services, (except when applying chemicals such as wax, scotch guard etc.) plant watering and care (except fertilizing).	Exempt
Promotional items including but not limited to calendars, mugs, and items of clothing, key chains, etc.	Taxable
Security cameras, mirrors, all other security equipment	Taxable
Printed materials such as catalogs and flyers distributed directly to customers at the dealership or mailed directly to customers or prospective customers through mailing or delivery service.	Taxable
Printed materials provided to a newspaper or other publication that is to be included as an insert in the newspaper or publication that is to be sold at retail.	Exempt
Signs, banners or posters purchased from outside printer or the costs of all materials if produced internally.	Taxable
Bulk oil, grease or other lubricants, electrical wire, anti-freeze or other fluids, sealant, etc. and other purchases charged to customers in a lump sum or percentage of repair charges.	Exempt

**Sales by New and Used Motor Vehicle Dealerships and Vehicle Rental Companies:** The taxability of sales of tangible personal property and labor services by New and Used Motor Vehicle Dealerships is summarized below. This list is not all inclusive. The applicable sales tax must be collected unless the purchaser provides a valid exemption certificate\*.

Sales	Taxable or Exempt
Sale of a motor vehicle, minus trade-in allowance for items placed in the dealer's inventory for resale.	Taxable
Gross receipts including labor services to install, repair or service tangible personal property.	Taxable
Sale of parts, supplies or other tangible personal property without installation	Taxable
Options & add-ons, dealer prep fees, administrative & handling fees, transportation, delivery & freight charges, VIN Etch, all warranties, maintenance or service agreements whether stated separately or not	Taxable
Shop supply charges to customers covering miscellaneous small items purchased in bulk (oil, grease, lubricant, wire, anti-freeze or other fluids, sealant, etc. (may be charged in lump sum or percentage of repair charges or any other basis.	Taxable
Interest, finance or carrying charge on installment purchases and Guaranteed Auto Protection (GAP) insurance, when stated separately on the invoice.	Exempt
In-house rebates or dealer discounts	Exempt
Warranty, service contract or Maintenance contract, whether sold at the time of a vehicle sale or sold separately at another time.	Taxable
Sale of a motor vehicle to a bona fide resident of another state, when the vehicle will not be registered in Kansas and the vehicle will be removed from Kansas within ten (10) days.	Exempt
Manufacturer's rebates on new motor vehicles sold or leased in Kansas	Taxable
Charges for subcontracted repair services (billed to your customer on your invoice)	Taxable
Warranty work with no charge to the customer	Exempt
Repair charges paid by vehicle maintenance or service agreement providers	Exempt
Repairs paid by insurance companies under liability, collision or comprehensive personal or commercial automobile insurance policies and deductibles paid by the customer under insurance policies	Taxable
Deductibles and any other charges paid by the customer for services not covered under a vehicle maintenance or service agreement	Taxable
Charges for detailing a customer's vehicle	Taxable
Vehicle lease/rental – Total amount of each payment including insurance, service or maintenance contracts, handling or administration charges, late fees, repair or service charges, property taxes or other charges.	Taxable
Mobility enhancing equipment and special accessories such as special hand and foot controls, wheel chair lifts, etc. to be attached to a motor vehicle including repair and replacement parts (must be a written prescription issued by a person licensed to practice the healing arts and the accessory must be used to provide or increase the ability to move from one place to another and is appropriate for use either in a home or a motor vehicle and is not generally used by persons with normal mobility.) The equipment on a motor vehicle normally provided by a motor vehicle manufacturer and the motor vehicle itself are not exempt. The exemption extends to the labor services to install, repair or service the accessory.	Exempt

\*Sales/rentals to entities with proper exemption certificates provided are exempt from sales tax. Ensure the exemption certificates are retained to substantiate all non-taxed transactions.

Note: Kansas tax applies to the "gross receipts" from the sale of taxable goods or services in Kansas. Gross receipts include any amounts collected from the customer including any charges billed for freight, delivery or special handling.