Recent federal legislation provides either a guaranteed $3,500 or $4,500 trade-in allowance for certain qualifying motor vehicles traded-in on the purchase of certain qualifying new motor vehicles between July 1, 2009 and November 1, 2009. The new vehicle must meet certain criteria, including a higher mile per gallon (mpg) rating than the trade-in vehicle. For example, if someone owns a vehicle with a value of $1,000 and wants to trade it in on the purchase of a new motor vehicle that has the required higher mpg – a participating motor vehicle dealer will allow either a $3,500 or $4,500 trade-in allowance for the "clunker" toward the purchase of a new motor vehicle. The federal government will issue the motor vehicle dealer a voucher for either $3,500 or $4,500 and the "clunker" must be transferred to a salvage dealer who must destroy the "clunker". For more information about this program go to:  www.cars.gov

The Kansas Department of Revenue will treat the $3500 or $4500 trade-in allowance that the customer receives from the dealer participating in CARS on the purchase of a new qualifying vehicle as a "trade-in" allowance for Kansas sales tax purposes. Thus, the $3500 or $4500 allowance would not be subject to Kansas retailers’ sales or Kansas compensating use tax and would not be part of the "sales price" for the new vehicle when calculating the sales tax due.

Taxpayer Assistance
Additional copies of this notice, forms or publications are available from our web site, www.ksrevenue.org. If you have questions, please contact:

Taxpayer Assistance Center
Kansas Department of Revenue
915 SW Harrison St., 1st Floor
Topeka, KS  66612-1588
Phone: 785-368-8222
Hearing Impaired TTY: 785-296-6461
Fax: 785-291-3614