Kansas Department of Revenue
Office of Policy & Research

NOTICE 09-05

MANUFACTURER'S REBATE ON THE PURCHASE OR LEASE OF NEW MOTOR VEHICLES

In 2006 the Kansas Legislature exempted from Kansas retailers' sales tax and Kansas compensating use tax all manufacturer's cash rebates paid directly to the retailer as a result of a sale or lease of a new motor vehicle. The legislation provided this exemption for a limited amount of time – beginning on July 1, 2006 and ending on June 30, 2009:

K.S.A. 79-3602(ll)(3)(E) – "Sales or selling price" shall not include:

commencing on July 1, 2006, and ending on June 30, 2009, cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale.

At the conclusion of the 2009 Legislative Session, no legislative provisions to extend the ending date of June 30, 2009 have been enacted. Therefore, effective July 1, 2009 ALL manufacturer's rebates on new motor vehicles sold or leased in Kansas will be subject to Kansas retailers' sales or Kansas compensating use tax (as the case may be).

Taxpayer Assistance

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

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