

NOTICE 24-19

USED MOTOR VEHICLE SALES TRANSACTIONS

(NOVEMBER 21, 2024)

During the 2024 Legislative Session House Bill 2098 was passed and signed into law. New Section 2 and Section 3 of the Bill address the sales and use tax treatment of certain used motor vehicle sales transactions.

For purposes of the New Sections 2 and 3, the term “motor vehicle” has the same meaning as that found in K.S.A. 8-126. K.S.A. 8-126(ss) provides:

(ss) “Vehicle” means every device in, upon or by which any person or property is or may be transported or drawn upon a public highway, excepting electric personal assistive mobility devices or devices moved by human power or used exclusively upon stationary rails or tracks.

K.S.A. 8-126(w) provides:

(w) “Motor vehicle” means every vehicle, other than a motorized bicycle, electric-assisted bicycle or a motorized wheelchair, that is self-propelled.

Based on those definitions, the term “motor vehicle” does not include boats, trailers, motorized bicycle, electric-assisted bicycle or a motorized wheelchair, that is self-propelled.

New Section 2(a) provides, effective for transactions occurring on and after January 1, 2025, when:

- (1) a used motor vehicle is sold by an individual, instead of being traded in by the individual as a partial payment on the sale of a new or used motor vehicle, and
- (2) the individual purchases a new or used vehicle of greater value within 120 days before or after such sale,

then Kansas sales or compensating use tax shall be paid only on the difference between the higher price of the new vehicle and the amount received for the used vehicle sold by the individual. The price of the new vehicle is based on the “total consideration paid” for the vehicle which, in accordance with New Section 2(f), means the amount paid after any rebate or discount. In the event the amount paid for the new vehicle is equal to or less than the amount the individual received for the sale of the used vehicle, no sales or use tax will be due.

It is important to note the New Section(s) contemplate only one vehicle being sold and one vehicle being purchased. Sales of multiple vehicles, or multiple single vehicle sales, cannot be used to reduce the purchase price of a new vehicle upon which sales tax is computed.

New Section 2(b) addresses how any sales or use tax due will be paid, and how a refund of sales or use tax may be claimed. It provides the individual may either:

- (1) Provide to the county treasurer the completed bills of sale for the vehicle sold and the vehicle purchased at the time the purchased vehicle is registered. The county treasurer will then collect any tax due, in accordance with Section 2(a); or
- (2) If taxes have already been paid on the purchased vehicle, and that tax is greater than the tax owed in accordance with Section 2(a), apply to the Department of Revenue for a refund of the excess tax paid by the individual, by providing both the completed bills of sale for the vehicle sold and the vehicle purchased.

New Section 2(c) sets forth the documentation and information that must be provided if the deduction for the price of the used vehicle is to be allowed. New Section 2(c)(1) provides no deduction shall be allowed unless the taxpayer claiming the deduction provides a copy of the bills of sale required by New Section 2(b), and such bills of sale are on Department of Revenue Form [TR-312 Bill of Sale](#), or, at a minimum, include information necessary to tie the specific purchase transaction to the related sale transaction including, but not limited to, the:

- (A) Seller's printed name and address;
- (B) buyer's printed name and address;
- (C) year, make and vehicle identification number of the vehicle;
- (D) sale price and date of sale of the vehicle; and
- (E) signatures of the seller and the buyer and the date signed.

New Section 2(c)(2) provides the sale price, date of sale and the name of at least one buyer and seller listed on the bill of sale must match the information entered in the assignment of title on the back of the certificate of title.

And New Section 2(c)(3) provides that if the taxpayer claiming such deduction fails to provide such signed bills of sale, the tax shall be due on the total consideration paid for the new or used vehicle.

In addition to this information, the Department of Revenue requires a copy of the title for a vehicle being sold, and for a vehicle being purchased. County treasurers may make a similar requirement when registering a vehicle.

New Section 2(d) establishes a statute of limitations period for the issuance of a refund by the Department of Revenue. It provides the Department of Revenue shall issue a refund pursuant to subsection (b)(2) for any valid claims filed within three years from the date of the purchase of the replacement vehicle.

New Section 2(e) requires the Director of Vehicles to prescribe forms for compliance with New Section (2).

New Section 2(f) provides that “consideration paid” means the amount paid after any rebate or discount.

Section 3 of the Bill amends K.S.A. 12-199, which imposes a local compensating use tax for the privilege of using or storing within a city or county any vehicle that is required to be registered, and that is purchased within Kansas but outside of the local retailers' sales taxing jurisdiction of such city or county. The tax is imposed by every city or county imposing a retailers' sales tax. The amended language in Section 3 indicates the provisions of Section 3 continue to apply, except as otherwise provided in New Section 2.

When the Director of Vehicles has prepared the necessary forms prescribed by New Section 2(e) those forms will be available through the Department of Revenue website at: www.ksrevenue.gov.

If it is necessary to claim a refund, use Form [ST-21VT Request for Sales Tax Refund of a Motor Vehicle Sold within 120 Days of a New or Used Motor Vehicle Purchase](#).

And for additional information, see [Frequently Asked Questions about the Sale of a Used Motor Vehicle within 120 Days of the Purchase of a New or Used Motor Vehicle](#).

TAXPAYER ASSISTANCE

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

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