

Kentucky Motor Vehicle Usage Tax Implications for Volkswagen (VW) Court Settlement

VW has reached settlement agreements for different diesel vehicle classes covered in its emissions testing violations. Kentucky vehicle owners have received contacts from local VW dealerships detailing the options offered to compensate them for their defective vehicles.

- 1) VW offers to buy back the vehicle based upon a pre-determined NADA date value or
- 2) VW offers to repair the vehicle with approved emissions modifications.

With either option, VW also provides customers restitution with a calculated cash payment.

There is no trade-in credit for motor vehicle usage tax if consumers elect to use the money received from VW to purchase another vehicle from the dealer because with the buyback option the vehicle owner is not trading the vehicle in to the dealer. The consumer is under no obligation to use the cash received to buy another VW vehicle. Any new purchase is a completely separate transaction from the vehicle buyback.

Furthermore, the owner restitution payment provided separate from the buyback amount is income that may be subject to reporting for Kentucky income tax purposes.

For further information regarding settlement provisions, see contact information below:

- Inquire with Class counsel at www.vwcourtsettlement.com or 1-800-948-2181.
- The Federal Trade Commission's online resource is available at <https://www.consumer.ftc.gov/blog/vw-owners-get-facts>.