



Sales and Use Tax - Rental or Lease of Motor Vehicles. WHEN THE OWNER RENTS OR LEASES A MOTOR VEHICLE TO A LESSOR SOLELY FOR LEASE TO A LESSEE AND THE OWNER HAS NOT MADE AN ELECTION TO PAY SALES AND USE TAX ON THE COST OF THE VEHICLE, THE ELECTION OF THE LESSOR SHALL GOVERN.

Advice has been requested as to whether sales tax is to be collected on the lease payments on a motor vehicle leased from an owner who has not elected to pay tax on the cost of the vehicle to a lessor who has received approval of an election to pay tax on the cost of the vehicle.

When the owner has not elected to pay tax on its vehicles under lease, but the lessor has a valid election on its vehicles under lease, the lessor will provide the owner with a Resale Certificate and, in lieu of collecting the sales and use tax on the gross lease receipts from the lessee, remit consumer's use tax to the Department of Revenue on the current market value of the lease to the lessor.

APPROVED:

A handwritten signature in cursive script that reads 'William E. Peters'.

William E. Peters
State Tax Commissioner

September 25, 1978