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:

William E. Peters
State Tax Commissioner

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