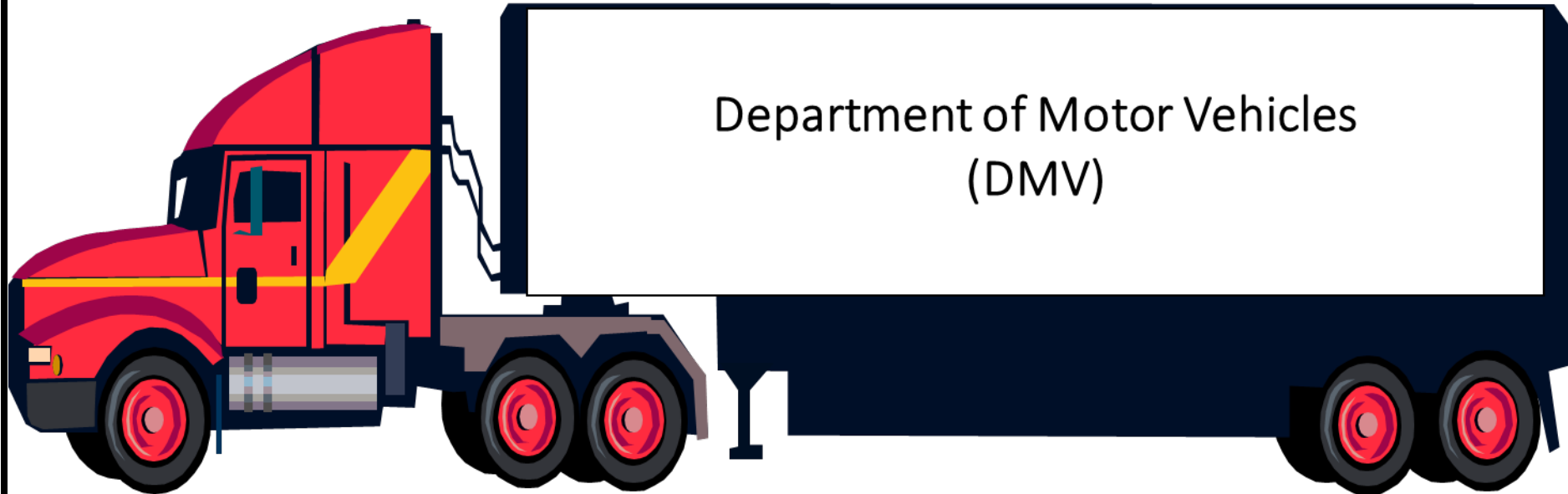




# North Carolina Department of Transportation

## Leasing Agreements





# Topics Presented

## Leasing Requirements

- Lease agreements
- Leasing motor carrier authority
- Identification number





# Leasing Requirements

<b>Lease Agreements</b>	<b>Leasing Motor Carrier Authority</b>	<b>Identification</b>
<ul style="list-style-type: none"><li>• Agreement must be written in the registrants name</li><li>• Agreement must be written by the company from whom the registrant is leasing motor carrier authority.</li></ul>	<ul style="list-style-type: none"><li>• Agreement must have the vehicle description, including the vehicle identification number</li></ul>	<ul style="list-style-type: none"><li>• Agreement must be signed by the lessee and the lessor</li><li>• Agreement must show the USDOT number</li></ul>



Questions?



## Leasing Agreements and Independent Contractor Agreements



# Topics Presented



## Lease Agreements

- Leases of less than 30 days
- Leases of 30 days or more

## Independent Contractors

- Leases of less than 30 days
- Leases of 30 days or more



# Lease Agreements (General Rule)

## Lease Agreement

### 29 Days or Less

**Who:**

- a. Is regularly engaged in the business of leasing or renting motor vehicles;
- b. Without drivers;
- c. For compensation;
- d. For a period of **29 days or less**

The Lessor is the Motor Carrier and will report and pay the fuel use tax owed.

**Unless:**

- 1. The Lessor has a written rental contract with designates the Lessee (the person leasing or renting the property) as the party responsible for reporting and paying the fuel use tax;

**AND**

- 2. The Lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental.

**Then:**

The Lessee is the Motor Carrier and will report and pay the fuel use tax owed.

If the Lessee will report and pay the fuel use tax owed, the Lessee gives the Secretary written notice by filing a return.

## Lease Agreements

### 30 Days or more

**A Lessor: the person who owns the property that is leased or rented,**

**Who:**

- a. Is regularly engaged in the business of leasing or renting motor vehicles;
- b. Without drivers;
- c. For compensation;
- d. For a period of **30 days or more**

The Lessor is the Motor Carrier, **is issued a license**, and will report and pay the fuel use tax owed.

**Unless:**

- 1. The Lessor has a written rental contract which designates the Lessee (the person leasing or renting the property) as the party responsible for reporting and paying the fuel use tax.

**Then:**

The Lessee is the Motor Carrier and will report and pay the fuel use tax owed.

If the Lessee will report and pay the fuel use tax owed, the Lessee gives the Secretary written notice by filing a return.



# Independent Contractor Leases (General Rule)

## Independent Contractor

### 29 Days or less

A Lessee: the person leasing or renting the property,

Who:

- a. Leases or rents a qualified motor vehicle;
- b. From an independent contractor;
- c. For a period of **29 days or less**

The **Independent Contractor is the Motor Carrier** and will report and pay the fuel use tax owed.

## Independent Contractor

### 30 Days or more

A Lessee: the person leasing or renting the property,

Who:

- a. Leases or rents a qualified motor vehicle;
- b. From an independent contractor;
- c. For a period of **30 days or more**

The **parties may designate who will be the Motor Carrier** and therefore responsible for reporting and paying the fuel use tax owed.

If a written agreement designates the Lessor as the party responsible for reporting and paying the fuel use tax owed, the Lessor gives the Secretary written notice by filing a return.

In the absence of a written agreement or contract, or if the document is silent regarding the responsibility for reporting and paying the fuel use tax,

Then:

The Lessee is considered the Motor Carrier and therefore responsible for reporting and paying the fuel use tax.





# Example: Lease Agreement Addendum

- An example of a lease agreement is a written and signed contract between 2 parties
  - Lessor
  - Lessee
- It needs to indicate who is responsible for
  - Filing the IFTA returns
  - Requesting the IFTA/IN decals

## LEASE AGREEMENT ADDENDUM

Test Case (Company Name) will be responsible for filing and paying all highway fuel taxes, fees, permits, and fines that will be required by the North Carolina Department of Revenue. If the responsible party hires a second party to report taxes to the State of North Carolina; it **will not** change the responsibility of the taxpayer to ensure all filings and taxes are submitted to the Department.

LESSOR: (signature) Case Date: 6/1/2024  
LESSOR: (print) Case

LESSEE: (signature) Test Case Date: 6/1/2024  
LESSEE: (print) Test Case

# Questions ?

