

Form E-500F Motor Vehicle Lease and Rental Tax Return
Instructions - General

1. Use Form E-500F to file and report your North Carolina motor vehicle lease and rental taxes. Do not report the motor vehicle lease and rental tax liability on the sales and use tax return. Lease receipts for long-term leases (365 continuous days or more) are taxed at 3% and lease receipts for short-term leases (less than 365 continuous days) are taxed at 8%. For more information on motor vehicle lease and rental tax, click [here](#).
2. A tax return must be filed for each return period by the due date or a delinquent notice for failure to file is issued by the Department. The tax shown due must be paid with the return or penalty and interest will be assessed by the Department. If you do not owe any tax for a filing period, you must file a return and enter zero (0.00) on Line 6. Do not write "No Tax Due" or any similar text on the return.
3. Complete the motor vehicle lease and rental tax return in its entirety on your computer and print the return.
4. If you discontinue business operations or sell your business, complete [Form NC-BN, Out-of-Business Notification](#), and mail it separate from any returns to the Department at the address shown on the form.
5. Payment must be made in U.S. dollars by check or money order drawn on a U.S. (domestic) bank payable to the North Carolina Department of Revenue. Do not mail cash, stamps, or post dated checks with your return.
6. Sign the return and payment and mail to the address on the return.

How to Prepare Return: Specific Line Instructions

Line 1 - Long-term Leases - 3% Rate: Under the column "Receipts," enter the total amount of gross receipts derived from leases or rentals of at least 365 continuous days, which are subject to the 3% rate of tax excluding the tax collected. Compute the tax due on the total amount of "Receipts" at the 3% rate and enter that amount under the column "Tax."

Line 2 - Short-term Leases - 8% Rate: Under the column "Receipts," enter the total amount of gross receipts derived from leases or rentals of less than 365 continuous days, which are subject to the 8% rate of tax excluding the tax collected. Compute the tax due on the total amount of "Receipts" at the 8% rate and enter that amount under the column "Tax."

Line 3 - Total Tax: Add the tax amounts on Lines 1 and 2, and enter the sum.

Line 4 - Penalty: If the return is filed after the due date, add the failure to file return penalty of 5% per month of the tax shown on Line 3 for each month, or fraction thereof, that the return is filed late. The maximum failure to file return penalty is 25% of the tax amount shown on line 3.

If the tax was not paid when due, add the failure to pay tax when due penalty of 10% of the tax amount shown on Line 3.

Line 5 - Interest: If the return is filed after the due date and tax is due, compute interest on the total tax on Line 3 from the time the taxes were due until paid. The Secretary of Revenue establishes the interest rate on a semiannual basis. The interest rate is 5% per year or .417% per month through December 31, 2018. Check the Department's website or contact the Department for the interest rate, in effect on or after January 1, 2019.

Line 6 - Total Due: Enter the total amount due by adding Lines 3, 4, and 5 and pay this amount.
Do not fold your payment.

Additional information about the motor vehicle lease and rental tax may be obtained from the Department's website at www.ncdor.gov.