

Form E-500F Motor Vehicle Lease & Subscription Tax Return

General Instructions

1. Use Form E-500F to file and report North Carolina motor vehicle limited possession commitment tax liability. Do not report the motor vehicle limited possession commitment tax liability on the sales and use tax return. Limited possession commitments include: (1) long-term lease or rentals; (2) vehicle subscriptions; and (3) short-term lease or rentals.

If a vehicle is subject to the tax, tax applies to the gross receipts derived from the limited possession commitment at the applicable rate. The rates of tax are as follows:

Long-Term Lease or Rental - 3%

Short-Term Lease or Rental - 8%

Vehicle Subscription - 5%

A long-term lease or rental is a lease or rental made under a written agreement to lease or rent one or more vehicles to the same person for a period of at least 365 continuous days and that is not a vehicle subscription.

A vehicle subscription is a written agreement that grants a person the right to use and exchange motor vehicles owned, directly or indirectly, by the person offering the agreement upon payment of a subscription fee, but it does not include a vehicle sharing service. The subscription fee must provide a person exclusive use of an agreed-upon number of motor vehicles at any given time during the full term of the subscription.

A short-term lease or rental is a lease or rental of a motor vehicle or motor vehicles, including a vehicle sharing service, that is not a long-term lease or rental or a vehicle subscription.

2. You must file a tax return for each filing period on or before the file by date. If you do not file on time you will receive a delinquent notice and may owe penalty and interest. If you do not owe any tax for a filing period, you must file a return and enter zero (0.00) on Line 7. Do not write "No Tax Due" or any similar text on the return.

If your business is seasonal and you registered as a seasonal business, only file returns for the seasonal filing periods indicated for motor vehicle lease & subscription tax on the business registration form unless you have business activity during other filing periods. If you have business activity in other filing periods, you must file returns for those periods.

3. Complete the Motor Vehicle Lease & Subscription Tax Return on your computer and print the return.

You must pay the tax due when your return is due. If you do not pay the tax due on or before the file by date, you will owe penalty and interest.

You must pay in U.S. dollars. Pay by check or money order drawn on a U.S. (domestic) bank. Make any check or money order payable to the North Carolina Department of Revenue and write your account number and tax period in the memo section. Do not mail cash, stamps, or postdated checks.

4. **If the ownership of your business changes**, the new owner must submit a new registration application to obtain a new motor vehicle lease & subscription tax account number.

If you discontinue business operations or sell your business, you must complete [Form NC-BN, Out-of-Business Notification](#). You can now complete and submit the Form NC-BN online at ncdor.gov, or you can mail the paper Form NC-BN separate from any return to the address shown on the form.

5. 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: On Line 1 of the “Receipts” column, enter your gross receipts derived from long-term lease or rentals. Next, multiply the amount entered in the “Receipts” column by 3% (.03) and enter the amount in the “Tax” column.

Line 2 - Vehicle Subscription - 5% Rate: On Line 2 of the “Receipts” column, enter your gross receipts derived from vehicle subscriptions. Next, multiply the amount entered in the “Receipts” column by 5% (.05) and enter the amount in the “Tax” column.

Line 3 - Short-term Leases - 8% Rate: On Line 3 of the “Receipts” column, enter your gross receipts derived from short-term lease or rentals. Next, multiply the amount entered in the “Receipts” column by 8% (.08) and enter that amount in the “Tax” column.

Line 4 - Total Tax: Add the amounts on Lines 1, 2, and 3, of the “Tax” column and enter the sum.

Line 5 - Penalty: Enter the sum of the penalties that apply to you.

If you file a return after the due date, multiply the tax amount shown on Line 4 by 5% (.05) for each month, or part of a month, that the return is filed late. The maximum penalty is 25% of the total tax.

If you do not pay the tax when due, multiply the tax amount shown on Line 4 by 5% (.05). The Department will publish a notice if this penalty rate changes.

Line 6 - Interest: If you do not pay the tax when due, compute interest on the tax amount shown on Line 4. The interest rate is currently 7% per year or .583% per month through December 31, 2023. The interest rate for the period July 1, 2019 through December 31, 2022 was 5% per year or .417% per month. Check the current and past interest rates at ncdor.gov/taxes-forms/interest-rate.

Line 7 - Total Due: Enter the total amount you owe by adding Lines 4, 5, and 6. This amount is due on the due date of the return.

Signature and Verification: You must sign and date your return. You should also include your title and phone number in the spaces provided.

Do not fold your return or payment.

Additional information about the motor vehicle lease & subscription taxes may be obtained from the Department’s website, ncdor.gov.