

Virginia Motor Vehicle Rental Regulations



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CHAPTER 100
VIRGINIA MOTOR VEHICLE RENTAL TAXES AND FEES RULES AND
REGULATIONS.

24VAC20-100-10 Definitions.

The following words, terms and phrases, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

"Commissioner" means the Commissioner of the Department of Motor Vehicles.

"Commonwealth" means the Commonwealth of Virginia.

"Daily rental vehicle" means a motor vehicle, other than a motorcycle or a manufactured home as defined in § 46.2-100 of the Code of Virginia, used for the transportation of persons or property whether on its own structure or by drawing another vehicle or vehicles, and rented for a period of less than 12 months.

"Department" means the Department of Motor Vehicles.

"Gross proceeds" means the total amount of the charges made or voluntary contributions received for the rental of a motor vehicle in this state. Gross proceeds includes charges for any services that are part of the rental contract, for collision coverage or waiver of property damage, public liability, or other forms of potential liability for the customer. However, gross proceeds does not include:

1. Cash discounts allowed and actually taken on a rental contract;
2. Finance charges, carrying charges, service charges, or interest from credit given on a rental contract;
3. Charges for motor fuels and fuels other than motor fuel which are subject to taxes imposed by Chapter 22 (§ 58.1-2200 et seq.) of Title 58.1 of the Code of Virginia;
4. Charges for optional accidental death insurance; and
5. Taxes or fees levied or imposed pursuant to Chapter 24 (§ 58.1-2400 et seq.) of Title 58.1 of the Code of Virginia.

"Manufactured home" means a structure, subject to federal regulation, transportable in one or more sections, which in the traveling mode is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein.

"Mobile office" means an industrialized building unit not subject to federal regulation, which may be constructed on a chassis for the purpose of towing to the

point of use and designed to be used with or without a permanent foundation, for commercial use and not for residential use; or two or more such units separately towable, but designed to be joined together at the point of use to form a single commercial structure, and which may be designed for removal to, and installation or erection on other sites.

"Motor vehicle" means every vehicle, except a mobile office, which is self-propelled or designed for self-propulsion and every vehicle drawn by or designed to be drawn by a motor vehicle, including manufactured homes, and every device in, upon, and by which any person or property is, or can be, transported or drawn upon a highway, except devices moved only by human or animal power, devices used exclusively upon stationary rails or tracks and vehicles, other than manufactured homes, used in this Commonwealth but not required to be licensed by the Commonwealth.

"Out-of-state rentor" means a rentor whose principal place of business is outside the Commonwealth but who has one or more places of business within the Commonwealth from which deliveries of rental motor vehicles are made to persons in Virginia.

"Person" means every natural person, firm, partnership, association, or corporation.

"Rental in this state (or Commonwealth)" means any rental of a motor vehicle that is delivered to a person in Virginia (including all land or interest in land within the Commonwealth which may be owned by or conveyed to the United States of America or the Commonwealth). The term applies regardless of where the rental agreement is written, where the rental terminates, or where the vehicle is surrendered. Conversely, if delivery is not made in Virginia, there is no "rental in this state" even if the contract is made, the rental terminates, or the vehicle is surrendered in Virginia.

"Renting" or "rental" means the renting, for consideration, without the transfer of ownership, of a motor vehicle for a period of less than 12 months, whether or not the motor vehicle is required to be licensed by the Commonwealth. A motor vehicle which is rented for a period of 12 months or longer is not a rental vehicle, but is considered a leased vehicle; therefore, it is not subject to the provisions of this chapter.

"Rentor" means any person engaged in the business of renting motor vehicles in this state for consideration, whether or not such motor vehicles are required to be licensed in the Commonwealth.

24VAC20-100-20 Certificate of registration for rentors.

All rentors, including out-of-state rentors, shall obtain from the commissioner a rentor's certificate of registration for each place of rental business to be operated in Virginia.

24VAC20-100-30 Application to the commissioner; form of application.

A. Applications for certificate of registration must be filed with:

Commissioner, Department of Motor Vehicles
P.O. Box 27422
Richmond, Virginia 23261-7422

B. Applications must be on forms prescribed by the department; a separate application must be submitted for each place of rental business in this Commonwealth.

24VAC20-100-40 (Repealed.)

24VAC20-100-50 Out-of-state and occasional renters.

Out-of-state renters and renters who rent vehicles only occasionally must apply for a certificate of registration for each place of rental business in Virginia just as in-state renters and full-time renters must apply.

24VAC20-100-60 Issuance of certificate of registration.

As soon as practicable after receipt of a rentor's application for certificate of registration, the department, upon examination and approval of the application, will issue to the rentor an official certificate or certificates of registration for the specific place of business or places of business for which the application was filed. The certificate of registration is not reassignable, and it is valid only for the rentor in whose name it is issued and for the transaction of business at the place designated on it. The certificate of registration must be conspicuously displayed at all times at the place for which it was issued.

24VAC20-100-70 Change of business location.

If the holder of a certificate of registration desires to change his place of business to another place of business within the state, he is required to inform the department in writing and to return the certificate of registration so that a revised certificate of registration may be issued. There is no charge for issuing a new certificate.

24VAC20-100-80 Cessation of business.

If the holder of a certificate of registration ceases to conduct his rental business at the place specified in his certificate, or if he sells such place of business, his certificate for that place of business expires upon his cessation of business at that location. The holder of such a certificate is required to inform the department, at the address given in this chapter, in writing, within 30 days of his cessation of business at such place. The certificate of registration must be returned to the department with this notice. (See 24VAC20-100-520 and 24VAC20-100-530.)

24VAC20-100-90 Change in ownership of business location.

Whenever the ownership of a place of rental business changes, the new owner must apply for a new certificate of registration, and the previous certificate must be surrendered to the department for cancellation or for reissuance at a new location.

24VAC20-100-100 Change in business structure treated as change in ownership.

The following changes in the structure of the entity operating a rental business are considered changes in ownership, so that the new operating entity, as a new owner, must apply for a new certificate of registration while the old entity must surrender its old certificate to the department. The changes are:

1. Change of a partnership or sole proprietorship into a corporation;
2. Change of a corporation into a partnership or sole proprietorship;
3. Change of a partnership into a sole proprietorship;
4. Change of a sole proprietorship into a partnership; and
5. Change from one partnership to another partnership where none of the partners remain the same.

24VAC20-100-110 Change of name or change of partners not considered change in ownership.

If a corporation or partnership merely changes its name, a revised certificate of registration may be issued without charge. If some, but not all, of the partners in a partnership change, the certificate need not be changed, but the department should be notified of the names of all partners following the change.

24VAC20-100-120 Suspension and revocation of certificate of registration.

Whenever any person fails to comply with any provision of the Motor Vehicle Sales and Use Tax Act (Chapter 24 (§58.1-2400 et seq.) of Title 58.1 of the Code of Virginia) or any regulation of the commissioner relating to that act, the commissioner, after giving such person 10 days notice in writing, specifying the time and place of hearing and requiring him to show cause why his certificate of registration should not be revoked or suspended, may, after such hearing, revoke or suspend any one or more of the certificates of registration held by such person. A rentor whose certificate of registration has been suspended or revoked shall pay the commissioner a fee of \$10 for the renewal or reissuance of such certificate of registration; but, such certificate shall not be renewed or reissued until the expiration of the suspension or revocation period and until the rentor has satisfied all other requirements for issuance of a certificate of registration.

24VAC20-100-130 Cancellation of rentor's certificate of registration without a hearing.

The commissioner shall cancel any rentor's certificate of registration for:

1. Failure to file a timely motor vehicle rental tax return, provided a reminder of such failure has been mailed to the rentor 10 days prior to cancellation;
2. Failure to remit with any return the taxes and fees payable as stated on the return; or
3. Failure to satisfy an assessment by the commissioner or to institute an appeal of such assessment to the circuit court of the City of Richmond within 15 days of such assessment.

24VAC20-100-140 Engaging in business as a rentor without a certificate of registration.

The Motor Vehicle Sales and Use Tax Act, Chapter 24 (§ 58.1-2400 et seq.) of Title 58.1 of the Code of Virginia, provides that any person who engages in business as a rentor in this state without obtaining a certificate of registration or while such certificate of registration is suspended or revoked, including each officer of any corporation which so engages in business, shall be guilty of a Class 1 misdemeanor. Each day's continuance in business without a valid certificate of registration constitutes a separate offense.

24VAC20-100-150 Registration and licensing of rental vehicles.

Any motor vehicle required to be licensed by the Commonwealth which is held for rental purposes must be registered with the department as a rental motor vehicle, or as an apportionable vehicle under the International Registration Plan, and must have special license plate designations indicating that the motor vehicle is a rental vehicle or an apportioned vehicle. Such registration and special plates are required even if the vehicle is rented only occasionally, except that vehicles registered and licensed as for-hire vehicles need not be registered or licensed as rental vehicles when used only occasionally as rental vehicles.

24VAC20-100-160 Transfer of a motor vehicle from rental status.

If a rentor desires to transfer a motor vehicle registered in Virginia from its rental status, the registration of the motor vehicle must be transferred with the department. The applicable fee will be charged for transfer of the registration. At the time a motor vehicle registration is transferred from rental status, the 3.0% Motor Vehicle Sales and Use Tax will be collected, unless such tax was paid when the vehicle was first registered. No credit against the Motor Vehicle Sales and Use Tax will be allowed for taxes or fees previously paid on the gross proceeds from the rental of that vehicle.

24VAC20-100-170 Use of a rental motor vehicle for other purposes.

A motor vehicle held for rental purposes and properly so registered does not cease to be a rental vehicle even though from time to time it may be used temporarily as a substitute for a leased motor vehicle or as a demonstrator. Nor does its status as a rental vehicle change when it is used temporarily for customer service, promotion, employee transportation, or when it is being held for maintenance, or when it is being transferred from one location to another.

24VAC20-100-180 Transfer of a motor vehicle to rental status.

If a rentor desires to transfer a nonrental motor vehicle to rental status, he must transfer the registration of the motor vehicle with the department. The applicable fee will be charged for transfer of the registration, plus any difference in fees between the existing registration and the rental registration. At the time the motor vehicle is registered as a rental motor vehicle, the appropriate form or forms must be filed with the department verifying that the motor vehicle will be held exclusively for rental purposes. Rental license plates for the vehicle will be issued by the department.

24VAC20-100-190 Motor vehicle rental taxes and fees.

Taxes and fees are levied on the gross proceeds from the rental of motor vehicles in Virginia. The taxes are comprised of a 4.0% rental tax and a 4.0% additional rental tax. There is also a 2.0% rental fee on daily rental vehicles.

The 4.0% rental tax is a state tax and is levied on the gross proceeds from the rental in Virginia of all motor vehicles (refer to definition) with a gross vehicle weight rating or a gross combination weight rating of 26,000 pounds or less.

The 4.0% additional rental tax is levied on the gross proceeds from the rental in Virginia of any daily rental vehicle (refer to definition). The 4.0% additional tax is distributed by the department to the city, town, or county wherein the daily rental vehicle was delivered to the rental customer. No county, city, or town shall impose any tangible personal property tax, license tax, license fee or the requirement of a license tag, sticker or decal upon any daily rental vehicle that is subject to the 4.0% additional rental tax. The 4.0% additional rental tax is in addition to, and not in lieu of, the 4.0% rental tax.

The 2.0% rental fee is levied on the gross proceeds from the rental in Virginia of any daily rental vehicle (refer to definition). The 2.0% rental fee is used to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide Agencies Radio System (STARS) for the Department of State Police. The 2.0% rental fee is in addition to the 4.0% rental tax and the 4.0% additional rental tax.

The following table is provided to clarify the tax and fee structure by listing certain types of vehicles and the taxes that apply.

TYPE OF VEHICLE	APPLICABLE TAX
Motor vehicles with a gross vehicle weight rating or gross combination weight rating of 26,000 pounds or less.	4.0% rental tax and 4.0% additional rental tax and 2.0% rental fee.
Motor vehicles with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.	4.0% additional rental tax and 2.0% rental fee
Manufactured homes.	4.0% rental tax.
Mobile offices.	No rental tax or fee.
Motorcycles.	4.0% rental tax.

24VAC20-100-200 Collection by the rentor from his customer.

All rentors, including out-of-state rentors and occasional rentors, must collect the 4.0% rental tax and the 4.0% additional rental tax and the 2.0% rental fee on the gross proceeds from the rental in this state of motor vehicles in accordance with 24VAC20-100-190. The 4.0% rental tax, the 4.0% additional rental tax and the 2.0% rental fee must be collected from the rental customer, and must be separately stated as a tax and a fee and added to the rental price on the rental contract. The tax and the fee are debts from the rental customer to the rentor until paid, and are recoverable in an action at law in the same manner as other debts. It is unlawful for any rentor to advertise or to hold out to the public, directly, indirectly, or in any manner whatsoever, that the rentor will absorb any part of the rental tax or fee or in any way relieve the rental customer of the obligation to pay such tax or fee.

24VAC20-100-210 Transactions exempt from the rental tax and additional rental tax and rental fee.

The following transactions are exempt from the 4.0% motor vehicle rental tax and the 4.0% additional rental tax and the 2.0% rental fee in Virginia:

1. Rentals to the government of the United States or any governmental agency thereof, or to the Commonwealth or any political subdivision thereof, or to any volunteer fire department or rescue squad not operated for a profit;
2. Rentals to accredited consular or diplomatic officers of foreign governments, whether for official or personal use by such officers, provided such officers are nationals of the country by which they are appointed and are not citizens of the United States;
3. Rentals to employees of any governmental agency of the United States or of the Commonwealth while such employees are traveling under formal orders, which orders or similar documentation must be presented to the rentor in order for the rental transaction to qualify for this exemption;

4. Rentals to any person for the purpose of rental as an established business, as part of an established business, or incidental or germane to an established business. The person who will be renting the vehicle must have a rental certificate of registration in order for a transaction to qualify for this exemption;
5. Rentals to private nonprofit institutions of learning for the sole purpose of use in driver education instruction that is a part of such institution's curriculum for full-time students;
6. Rentals of self-contained mobile computerized axial tomography scanners to a nonprofit hospital or a cooperative hospital service organization; and
7. Rentals of self-contained mobile units designed exclusively for human diagnostic or therapeutic service to a nonprofit hospital or a cooperative hospital service organization established for research in, diagnosis of, or therapy for human ailments.

24VAC20-100-220 Nonexempt transactions.

The following transactions are not exempt from the 4.0% motor vehicle rental tax or the 4.0% additional rental tax or the 2.0% rental fee. (This list is not all inclusive. Only rentals specifically listed in 24VAC20-100-210 are exempt; however, in the interest of clarity, the following transactions which might be thought to be exempt, but which are not, are listed for your information):

1. Rentals to churches, nonprofit schools and colleges and other nonprofit or charitable organizations;
2. Rentals to government employees for their private use and not for official business;
3. Rentals in which delivery of the vehicle is made on federal or state controlled property, so long as such property is within the Commonwealth;
4. Rentals by out-of-state renters where delivery of the motor vehicle is made in Virginia; and
5. Rentals in which the motor vehicle delivered is not required to be registered in Virginia, so long as delivery of the vehicle is made in Virginia.

24VAC20-100-230 (Repealed.)

24VAC20-100-240 (Repealed.)

24VAC20-100-250 (Repealed.)

24VAC20-100-260 (Repealed.)

24VAC20-100-270 (Repealed.)

24VAC20-100-280 (Repealed.)

24VAC20-100-290 Recordkeeping, rental tax returns, and payment of rental taxes and fees.

Every rentor, on or before the 20th day of each month, is required to forward a return to the commissioner, upon forms prescribed and furnished by the department, showing the gross proceeds from taxable rentals of all motor vehicles with a gross vehicle weight rating or gross combination weight rating of 26,000 pounds or less and of all daily rental vehicles during the preceding calendar month. The rentor is required to include all pertinent information requested on the monthly tax return. Payment of the amount of tax and fees due must accompany the return. Adequate and complete records, as necessary to complete the tax returns and to determine tax liability, must be maintained by every rentor.

24VAC20-100-300 Surety bond requirement.

The commissioner may require any rentor who fails to file a timely report or pay taxes and fees when due to file a bond or other security to assure the Commonwealth's collection of moneys due.

24VAC20-100-310 Amount of the bond.

The amount of bond shall be determined upon investigation by the commissioner or is to be approximately three times the anticipated average monthly rental taxes and fees due by the rentor in the next succeeding three month period. In no case can the bond be less than \$500 or more than \$20,000.

24VAC20-100-320 Form of the bond.

The bond shall be:

1. Executed on forms approved and furnished to the rentor by the commissioner;
2. Executed by some surety company licensed to do business under the laws of the Commonwealth;
3. Conditioned upon the prompt filing of true reports and the payment by the rentor to the commissioner of any rental or additional taxes and rental fees together with any penalties or interest; and
4. Written so that it will continue in force from year to year, upon timely payment of premium, unless sooner terminated.

24VAC20-100-330 Other security in lieu of surety bond; assignment required with other security.

Any rentor may deposit one or both of the following securities with the commissioner in lieu of a surety bond:

1. Negotiable bonds which are direct obligations of the United States government or of the Commonwealth; and
2. A certificate of deposit in any banking institution approved by the commissioner. Certificates of deposit drawn on banks or savings and loan associations within the Commonwealth have been approved by the commissioner.

The amount of security to be required shall be determined in accordance with 24VAC20-100-310.

Any rentor who deposits other security with the commissioner in lieu of a surety bond, shall deliver with the security an assignment authorizing the commissioner to use or receive payment of the security, or any part thereof, for the purpose of paying any liability of the rentor to the state for rental taxes and rental fees due and payable to the commissioner, including penalties and interest accrued thereon, and any damages for which the rentor may be liable by reason of his failure to comply with the provisions of the Virginia Motor Vehicle Sales and Use Tax Act.

24VAC20-100-340 When new or additional bond or security required; cancellation of certificate of registration.

In the event that liability upon the surety bond or other security filed by a rentor with the commissioner shall be discharged or reduced, whether by judgment rendered, payment made, or otherwise, or if it is the opinion of the commissioner that any surety on the bond has become unsatisfactory or unacceptable, the commissioner may require the filing of a new bond with like surety and in the same amount, or, in lieu thereof, other security, as provided in 24VAC20-100-330. The commissioner shall forthwith cancel any rentor's certificate of registration for failure to comply with this requirement.

24VAC20-100-350 Waiver of requirement for surety bond or other security; release.

The commissioner may, on request of the rentor, waive the requirement for depositing surety bonds or other security after timely filing of returns and payment of rental taxes and fees on rental vehicles for a period of two fiscal years. The fiscal year shall be from July 1 to June 30. The commissioner will notify the rentor in writing if waiver is approved and will release the surety on the bond deposited or return any other security that was deposited in lieu of a bond.

24VAC20-100-360 Release of surety and requirement of new bond; cancellation of certificate of registration.

The surety on a bond filed by any rentor will be released and discharged from any and all liability accruing on the bond to the commonwealth after the expiration of 60 days from the date upon which the surety company has filed a written request with the commissioner to be released and discharged. No such request will operate to relieve, release, or discharge the surety from any liability already accrued or which shall accrue before the expiration of the 60-day period.

Upon receipt of such notice from a surety company, the commissioner will:

1. Notify the rentor who furnished the bond of the request for release of the surety; and
2. Request the rentor to file a new bond or other security with the commissioner on or before the expiration of 60 days from the date the surety filed a request with the commissioner.

Failure of any rentor to file a new bond or other security as requested will result in the cancellation of the certificate of registration of such rentor.

If a new bond or other security is furnished by the rentor, the commissioner will cancel and surrender the bond of the rentor for which such new bond or other securities were substituted.

24VAC20-100-370 Maintenance and preservation of rental records.

Every rentor is required to maintain and preserve adequate and complete records as are necessary to complete the rental tax returns and to determine the amount of rental taxes and fees for which he is liable. Such records must be retained for a period of four years. Such records include, but are not limited to, the following:

1. A daily record of all cash and credit rentals by place of business, including rentals under any type of financing or installment plan in use, with indications of which rentals involved daily rental vehicles;
2. A copy of all rental contracts for each vehicle held for rental; and
3. A record of all documentation for any exemptions or adjustments claimed against the rental taxes and fees.

Records are required to be open for inspection and examination at all reasonable hours of the business day by the commissioner or his duly authorized agents. The commissioner has all powers under this Act with respect to the records of such persons as are granted the Tax Commissioner under §58.1-633 of the Code of Virginia.

If an assessment has been made and an appeal to the commissioner or to the court is pending, all books, records, and reproductions specified above relating to the period covered by the assessment must be preserved until the final disposition of the appeal.

24VAC20-100-380 Filing returns for rental taxes and fees.

Returns must be filed monthly, within 20 days of the end of the month for which the return is filed. Rentors having more than one place of business in Virginia may file a consolidated return for all such places of business; however, the return must state the place of business from which all gross proceeds from the rental of daily rental

vehicles are derived. Rentors who regularly keep books and accounts on the basis of an annual period, which varies between 52 and 53 weeks, may report gross proceeds and rental taxes and fees in a manner consistent with such accounting period, provided a satisfactory explanation is attached to the first return filed under such accounting period or to the rentor's application for a certificate of registration.

24VAC20-100-390 Computation of rental taxes.

The taxes and fees to be paid are computed as a flat 4.0% of the total gross proceeds from the rental in Virginia of all motor vehicles with a gross vehicle weight rating or gross combination weight rating of 26,000 pounds or less, plus a flat 4.0% of the total gross proceeds from the rental of all daily rental vehicles in Virginia, plus a flat 2.0% of the total gross proceeds from the rental of all daily rental vehicles in Virginia. The only adjustments permitted in the computation are as follows:

1. Proceeds from transactions which are exempt from the rental taxes and fees may be deducted from the gross proceeds on which the taxes and fees are computed; and
2. Bad debt accounts on rental transactions, if such accounts have been charged off as worthless for federal income tax purposes, may be deducted from the gross proceeds on which the taxes and fees are computed. However, any recovery of payment for bad debts previously charged off must be included as gross proceeds in the month for which payment is received.

24VAC20-100-400 Payment of rental taxes and fees.

Payment of the amount of taxes and rental fees due, as computed on the return, must be made with and must accompany a timely filed return. Failure to include payment with the return may cause the tax and fees to become delinquent.

24VAC20-100-410 Extension of time for filing return and paying rental taxes and fees.

A rentor may apply in writing to the commissioner for additional time to file a return and pay the rental taxes and fees. Application for an extension of time must be made before the return becomes delinquent and must state all facts that made additional time necessary. If the commissioner determines that the facts justify an extension of time for good cause shown, he may grant an extension without interest. Failure to file a return and pay the rental taxes and fees within the extended time will result in the application of penalties and interest against the rentor in the same manner as though no extension had been granted.

24VAC20-100-420 Interest and penalties.

Interest of 12 % per month or fraction of a month will be added to any rental taxes and fees not paid when due and to any penalties added to such taxes and fees, until such overdue taxes and fees and penalties have been paid in full. Penalties may be imposed in the following situations:

1. Rentors who fail to make a return and pay the rental taxes and fees when due are subject to a penalty of 10% or \$10, whichever is greater, of the taxes and fees due. Returns filed late with no rental taxes or fees due will be subject to the minimum penalty of \$10; and

2. Rentors who are found to have filed a false or fraudulent return, or to have willfully failed to file any return, with intent to defraud the state of any rental taxes or fees due under the Motor Vehicle Sales and Use Tax Act, are subject to a penalty of 50% of the amount of the proper rental taxes and fees due. It is prima facie evidence of intent to defraud the state for a rentor to understate by 50% or more the gross proceeds from rentals in this state.

24VAC20-100-430 Waiver of penalties for good cause shown.

The commissioner may, at his discretion, for good cause shown, waive the penalties described in subdivision 1 of 24VAC20-100-420. The penalty described in subdivision 2 of 24VAC20-100-420 may not be waived.

24VAC20-100-440 Penalties and interest paid as though part of the taxes and fees.

All penalties and interest are paid by the rentor and collected by the commissioner in the same manner as if they were part of the taxes and fees. The rentor may not collect such penalties or interest from his customers.

24VAC20-100-450 Final return upon sale or termination of rental business; obligation of successor to withhold part of purchase price.

Any rentor who sells or terminates a rental business must file a final rental tax return and pay all rental taxes and fees due within 15 days of selling or terminating the business. The rentor's successors or assigns, if any, are required to withhold a sufficient amount of the purchase money to cover the amount of any taxes, fees, penalties, and interest due and unpaid until the former rentor produces a receipt from the commissioner showing that no taxes, fees, penalties, or interest are due. If the purchaser of a rental business fails to withhold a sufficient amount of money to cover the amount of taxes, fees, penalties, and interest due, the purchaser is personally liable for the payment of the taxes, fees, penalties, and interest due and unpaid on account of the operation of the business by any former owner.

24VAC20-100-460 Uncollected checks submitted for payment of taxes or fees.

If any check submitted to the department for the payment of taxes or fees is returned to the department unpaid because the bank on which the check is drawn finds insufficient funds in the account, no account in the name of the licensee, or that the account is closed, an additional fee of \$25, or the amount specified in § 2.2-614.1 of the Code of Virginia, or 10% of the check, whichever is greater, will be imposed upon the person presenting such check to the department. This penalty applies to checks submitted for any fee or tax required or authorized to be collected by the department and is in addition to any other penalties imposed, except that where there is a specific

penalty set forth by statute for the nonpayment or late payment of fees or taxes, this penalty applies only to the extent that it exceeds such specific penalty. The fees received by the commissioner under this section are used to defray the expenses incurred by the department in the collection of bad checks and are in addition to the regular appropriation made by the General Assembly.

24VAC20-100-470 Exemption from the 3.0% motor vehicle sales and use tax.

Rental vehicles are exempt from the 3.0% motor vehicle sales and use tax which is normally levied on a motor vehicle at the time that it is first titled in Virginia. However, in order to qualify for this exemption, the vehicle must be held exclusively for rental as an established business, part of an established business, or incidental or germane to an established rental business, at the time that it is first required to be titled in Virginia. An exemption form must be filed with the department verifying that the vehicle is so held.

24VAC20-100-480 Occasional rentals.

Vehicles which are used only occasionally for rental purposes are not exempt from the 3.0% motor vehicle sales and use tax.

24VAC20-100-490 No credit for prior taxes paid.

Even though a rental vehicle is exempt from the 3.0% motor vehicle sales and use tax, no credit can be given if that tax, or any other similar tax in another state, has already been paid on such a vehicle prior to its conversion to rental use, or prior to the provision of this exemption by statute. In addition, no credit for sales or other taxes imposed by any other taxing jurisdiction will be allowed with respect to any motor vehicle for any rental taxes or fees due on a rental in this state.

24VAC20-100-500 Termination of exemption.

When a motor vehicle is no longer used as a rental vehicle, if it is otherwise required to be registered in Virginia, it must be re-registered as a nonrental motor vehicle, and the 3.0% motor vehicle sales and use tax will be collected at that time on the then current value of the vehicle. No credit against this 3.0% motor vehicle sales and use tax is allowed for any rental taxes or fees paid with respect to such vehicle.

24VAC20-100-510 Relationship of the rental tax to the 42 % retail sales and use tax.

The retail sale, lease, rental or use of most personal property in Virginia is subject to a 42 % retail sales and use tax. However, that tax is not applicable to motor vehicles, trailers, semitrailers, manufactured homes and travel trailers, and therefore does not normally apply to transactions by motor vehicle renters in this state. Nevertheless, the retail sales and use tax may apply to the rental of equipment or supplies that may sometimes be rented in connection with a motor vehicle rental. Renters are advised to consult the retail sales and use tax regulations published by the Department of Taxation for further information.

24VAC20-100-520 Obligation of a former rentor.

Any rentor who sells or terminates a rental business is required to do the following:

1. File final rental tax returns and pay any taxes and fees due within 30 days of selling or terminating the business;
2. Surrender his certificate of registration to the commissioner with his final return; and
3. File, with his final returns, a letter to the commissioner explaining the conditions of the sale or termination of the business and the names and addresses of any successors to the business.

24VAC20-100-530 Obligations of a successor rentor.

Any person, desiring to engage in the operation of a business as successor to another rentor is required to file an application for a certificate of registration as described in 24VAC20-100-20.

In applying for a certificate of registration, a successor is required to inform the commissioner of the acquisition of the business and to furnish the name and certificate number of the previous rentor. The successor may request a receipt or certificate from the commissioner showing the amount of taxes, fees, penalties, and interest due the department by the previous owner. The successor may also request a receipt or certificate from the commissioner showing that no amount of taxes, fees, penalties, or interest are due. Such receipt or certificate from the commissioner stating that no taxes, fees, penalties, or interest are due will be sufficient evidence to authorize the successor to release to the previous rentor any funds withheld from the purchase price to cover any such taxes and fees. A certificate of registration may not be issued to a successor who has been notified by the Commissioner of the Department of Motor Vehicles that any taxes, fees, penalties, or interest are due and unpaid by previous rentors until such amount is paid in full.

24VAC20-100-540 Rental tax and fee refunds.

If it appears, to the satisfaction of the commissioner, that all or a part of the 4.0% rental tax or the additional 4.0% rental tax, or 2.0% rental fee, or all three, have been erroneously or illegally collected from or charged to any person and the taxes and fees have been forwarded to the department, a refund will be paid to the rentor by the State Treasurer, after the rentor acknowledges that he will refund such taxes and fees to the person who was overcharged. No refund will be made unless a written statement is filed with the commissioner setting forth the reason for the refund. The claim must be in a form prescribed by the commissioner and must be filed within three years of the date of the payment of the taxes or fee.

24VAC20-100-550 Implementation, enforcement and collection of the 2.0% rental fee.

The 2.0% rental fee on the gross proceeds from the rental in Virginia of daily rental vehicles was enacted by Chapter 522 of the 2004 Acts of Assembly, to become effective July 1, 2004. Such 2.0% rental fee will be implemented, enforced and collected by the department as if it were a tax for purposes of the provisions of Chapter 24 (§ 54.1-2400 et seq.) of Title 58.1 of the Code of Virginia, and, further, will be implemented, enforced and collected in accordance with these regulations.

FORMS

Commonwealth of Virginia Rentor's Tax Bond, RT421 (rev. 2/02).

Motor Vehicle Rental Tax Return, RT420 (rev. 7/04).

Motor Vehicle Rental Tax Application, RT423 (rev. 10/02).

Motor Vehicle Rental Tax Schedule of Additional Tax, RT424 (rev. 7/04).

Rental Tax Irrevocable Letter of Credit, RT428 (rev. 10/03).

Assignment of Securities, RT422 (rev. 11/03).

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